

This Week's Top Stories in Retail

October 31, 2008

Circuit City Receives Listing Warning From NYSE

Richmond, Va. (October 30, 2008)

Circuit City Stores announced Thursday that, on Oct. 24, the New York Stock Exchange (NYSE) notified the company that it did not satisfy one of the NYSE's standards for continued listing applicable to the company's common stock. The NYSE noted specifically that the company was "below criteria" for the NYSE's price criteria for common stock because the average closing price of the company's common stock was less than \$1 per share over a consecutive 30-trading-day period as of Oct. 22.

Under NYSE policy, in order to cure the deficiency for this continued listing standard, the company's common stock share price and the average share price over a consecutive 30-trading-day period must both exceed \$1 by six months following receipt of the non-compliance notice. The NYSE also notified the company that the NYSE has the right to reevaluate continued listing determinations with respect to qualitative listing standards, including an abnormally low selling price at sustained levels.

Walgreen Outlines Strategic Growth Initiatives

Chicago (October 30, 2008)

Walgreen Co. hopes to cut \$1 billion in annual costs by 2011 and will cut its capital expenses next fiscal year, the company told analysts Thursday at its Analyst Day conference in Chicago. The drug store chain anticipates approximately \$1.8 billion in capital investments for fiscal 2009, vs. \$2.2 billion in fiscal 2008.

Walgreens used the meeting to announce a series of strategic initiatives to drive growth. The company said it plans to slow store expansion to free up capital to invest in its core business and to develop its management ranks. At the same time, Walgreens is expanding its Health and Wellness division, which now encompasses more than 600 in-store clinics and worksite health centers. Walgreens expects to have more than 800 of these facilities by the end of fiscal 2009.

Hot Topic Launches Online Music Site

New York City (October 30, 2008)

Hot Topic announced Wednesday that it has launched ShockHound, an online music site offering millions of MP3s, band merchandise, music videos, and editorial content.

The new site offers tracks from major record labels, like Universal Music Group, Sony BMG, Warner Music Group, and EMI Music, as well as independent labels, according to Hot Topic. The company says that artists will be able to upload and sell their own music directly to users without requiring a record label to act as the broker between ShockHound and the artist.

PacSun Rejects Second Bid by Adrenalina

Anaheim, Calif. (October 30, 2008)

Pacific Sunwear of California Inc. has rejected a second buyout proposal from Miami's Adrenalina.

The bid, made Wednesday, was for \$5 a share, which valued the company at about \$329 million.

Best Buy Completes Offering Period for Napster Shares

Minneapolis (October 30, 2008)

Best Buy Co. has concluded the subsequent offering period of the cash tender offer by its wholly owned subsidiary, Puma Cat Acquisition Corp., to purchase all outstanding shares of common

stock of Napster, Inc.

The subsequent offering period followed Best Buy's initial tender offer, in which Best Buy acquired approximately 35.5 million Napster shares, or 75.3% of all outstanding Napster shares, and which expired on Oct. 24.

Williams-Sonoma Cuts 3Q, 4Q and Full-Year Outlooks

San Francisco (October 30, 2008)

Williams-Sonoma Inc. slashed its fiscal third-quarter, fourth-quarter and full-year profit and sales forecasts Wednesday, citing softer sales.

The retailer now expects a third-quarter loss between 10¢ and 12¢ per share compared with a prior forecast for break-even earnings to a 4¢-per-share profit. Revenue is anticipated between \$732 million and \$742 million, down from \$802 million to \$820 million.

Best Buy to Double Stores in China

Minneapolis (October 30, 2008)

Best Buy Co. plans to more than double its store numbers in China to at least 12 by the end of 2009, according to the Minneapolis-St. Paul Star Tribune.

According to the report, the company plans to "open several hundred stores across China over time," Robert Willett, CEO of Best Buy's international business, said in Shanghai on Wednesday at the opening ceremony of its second store. We're not slowing our growth."

Kohl's Holiday Marketing Has Value Message

Menomonee Falls, Wis. (October 30, 2008)

Kohl's Corp. hopes to attract uneasy shoppers this holiday season by focusing on value. The company is launching an expanded holiday marketing campaign that includes new television ads and signs in stores pointing out budget gifts.

"Our entire holiday program is designed to help customers stretch their budget during an especially difficult holiday season," said Kevin Mansell, president and CEO for Kohl's Department Stores.

King Kullen Joins Green Initiative

New York City (October 29, 2008)

King Kullen Grocery Co. and its subsidiary, Wild by Nature, have joined with the U.S. Environmental Protection Agency's (EPA) Earth-friendly GreenChill Advanced Refrigeration Partnership, a voluntary program to promote green technologies, strategies, and practices that protect the stratospheric ozone layer, reduce greenhouse gases and save money.

"King Kullen and Wild by Nature have pledged to go above and beyond existing regulatory requirements to help protect the environment," explained Cindy Newberg, branch chief in the EPA's Stratospheric Protection Division.

CVS Says Tender Offer for Longs is Complete

Woonsocket, R.I. (October 29, 2008)

CVS Caremark Corp. said Wednesday it has completed its tender offer for California-based Longs Drugs Stores Corp., and expects to close the \$2.7 billion buyout Thursday.

CVS said a total of 28.3 million shares, or 78.1% of available Longs stock, was tendered in favor of its bid. It said the sale will close Thursday, after which Longs shares will no longer be publicly traded.

Wal-Mart Set to Unveil New Design for Supercenters

Bentonville, Ark. (October 29, 2008)

Wal-Mart Stores Inc. is launching a new design for its supercenters, which will feature wider aisles, lower shelves and a more convenient layout.

The company is to unveil the designs Wednesday at stores in Rogers, Ark., and Fayetteville, Ark.

Office Depot Swings to 3Q Loss

Delray Beach, Fla. (October 29, 2008)

Office Depot Inc. said it may close North American stores and sell some assets after it posted a worse-than-expected loss in the third quarter because of slumping sales in the region. Mike Newman, CFO, said the retailer will conduct a strategic review of its asset base during the fourth quarter.

"Examples of what will be included in the strategic review include potential sale and leaseback arrangements, potentially exiting businesses with negative cash flows and possibly closing a number of North American retail stores," Newman told investors during a conference call, according to the Associated Press. "We will determine in the coming months how best to change our business to succeed in the current and future anticipated economic environment."

Report: Adrenalina Ups Bid for PacSun

New York City (October 29, 2008)

Extreme-sports marketer and retailer Adrenalina has once again made an offer for Pacific Sunwear of California Inc., valuing the apparel retailer at about \$329 million.

The offer is for \$5 a share. PacSun's shares were trading at \$3.18 in early afternoon trading.

Shareholder Proposes Target Spin Off Property Company

New York City (October 29, 2008)

Pershing Square Capital Management LP, which owns just under 10% of Target's common stock, on Wednesday proposed a plan to spin off the chain's real estate holdings. Pershing says the plan could increase the value of the company, send shares higher and create long-lasting value for the company, according to the Associated Press.

Pershing Square is proposing that the company spin off a type of real estate investment trust which will own the land under its buildings. Target would lease the land back under a 75-year lease.

General Growth Replaces CEO and President, Will Sell Las Vegas Portfolio

New York City (October 29, 2008)

Real estate investment trust General Growth Properties Inc., the second-largest U.S. mall owner, has replaced its chief executive and president with two directors, and puts its Las Vegas property portfolio on the selling block in an effort to raise capital to pay down its debt.

The company replaced CEO John Bucksbaum, son of General Growth founder Matthew Bucksbaum, with Adam Metz. Thomas Nolan has taken over the role of president, formerly held by Robert Michaels. However, John Bucksbaum remains chairman, and Michaels will remain COO.

Jones Apparel Group 3Q Profit Drops

New York City (October 29, 2008)

Jones Apparel Group Inc. reported that its third-quarter net income dropped 93% to \$27.3 million from \$400.1 million a year ago, citing slower sales and the elimination of two sportswear lines.

The exit of those moderate sportswear lines hurt profit by about \$65 million in the quarter, the company said.

Lane Bryant Names Senior VP, Product Design

Bensalem, Pa. (October 29, 2008)

Charming Shoppes Inc. announced that Debbie Martin has been appointed senior VP, product design and development, for the company's Lane Bryant brand, effective immediately.

Most recently, Martin served as the VP of product development for Chico's FAS, Inc. Previously, she was the VP and group product development director for Liz Claiborne, Inc., and prior to that, the VP of product development for The Talbots, Inc. Martin has also held product development and fashion-merchandising positions at Barney's New York, Bergdorf Goodman, and Henri Bendel.

Survey: Halloween to Boost Retail Spending

Los Angeles (October 28, 2008)

Total spending this Halloween will rise 5% to \$5.77 billion this year, according to IBISWorld Inc.

The business-research firm believes there are two main factors contributing to growth in Halloween sales: higher prices and pure escapism. Anxious families that have been consumed by the instability of the financial markets will view Halloween as an opportunity to forget about their finances and have some fun, the firm said.

Report Shows Sales Rise of 1.0% for Week

Chicago (October 28, 2008)

ShopperTrak RCT Corp. announced in its National Retail Sales Estimate (NRSE) on Tuesday that retail sales continued to mirror the country's current economic climate, as sales for the week ending Oct. 25 increased a slim 1.0% as compared to 2007, and slipped 0.9% as compared to the previous week ending Oct. 19.

Although economic news remained rather gloomy for the week, retailers did see some spending as seasonal weather and reduced gasoline prices may have provided some incentive for consumers to seek out fall merchandise bargains.

Study Points to Online Impact on Stores

Baltimore (October 28, 2008)

The number of Americans surfing the Web to research items but making the actual purchases at the store has increased 10% since 2006, according to Vertis Communications' Customer Focus 2008 Holiday Retail study. In contrast, the number of consumers both researching and buying online has increased only 4% in the same period of time.

"Recent reports have been quick to cast doom and gloom over the retail industry for the 2008 holiday season," said Scott Marden, director of marketing research for Vertis Communications. "However, if retailers hone their marketing efforts in on key consumer segments-such as Americans devoted to browsing online before going in-store to shop-and design marketing campaigns around media these shoppers turn to most, then retailers can become more optimistic about boosting their holiday ROI."

Target Evaluating Real Estate Structure

Minneapolis (October 28, 2008)

Target Corp. confirmed on Tuesday that it has been evaluating ideas presented by shareholder Pershing Square Capital Management concerning an alternative ownership structure related to Target real estate.

The company said it has not yet reached a conclusion regarding the merits of the ideas.

Wal-Mart Will Open Fewer Supercenters in 2009, 2010

Bentonville, Ark. (October 28, 2008)

As part of its previously announced leaner growth plans, Wal-Mart Stores said on Tuesday in its annual analyst and investor meeting that it will open fewer supercenters next year and in 2010.

Wal-Mart said its plans now call for opening 166 supercenters in the fiscal 2009 year ending in January, down from 191 in the prior year. In 2010, it will open just 125 to 140 supercenters. According to the company, the reduced numbers reflect a continued focus on supercenter growth, but in fewer numbers.

Sam's Club to Open Hispanic Format

Bentonville, Ark. (October 28, 2008)

Sam's Club announced Tuesday during the Wal-Mart Stores' annual analyst conference that it plans to open a membership warehouse club that will feature an expanded assortment of imported products from Mexico. The new format, called Mas Club, will debut during the first half of 2009, in Houston.

"Mas Club will cater to the wants and needs of Hispanic families and entrepreneurs," said Doug McMillon, president and CEO of Sam's Club. "Our objective is to create an additional shopping choice that provides currently unavailable value for families, restaurant owners, convenience stores and more."

CRI Unveils 'Best Customer Service' Perceptions Results

Findlay, Ohio (October 28, 2008)

Corporate Research International released on Monday the third quarter 2008 results of RealPeopleRatings.com, its quarterly customer-service survey that underscores the impact of brand image and customer perception.

Olive Garden, Papa Murphy's Take 'n' Bake Pizza, Speedway, Nordstrom, Stride Rite, Ace Hardware, Staples, Dick's Sporting Goods, Publix, Walgreens, Southwest Airlines, Credit Unions, Best Buy and Marriott earned the highest marks in their categories this quarter.

Jimmy Jazz to Open 4 South Carolina Stores

Brooklyn, N.Y. (October 28, 2008)

Urban fashion retailer Jimmy Jazz said Monday it will launch its South Carolina retail debut by opening four new locations: two in Columbia, one in Myrtle Beach and one in North Charleston.

With the openings, Jimmy Jazz will have in excess of 60 locations in the east. In addition to the South Carolina openings, the company said it will enter the North Carolina market this fall with 3 new stores, as well as launch its e-commerce site.

DJM Realty Will Handle Linens 'n Things Disposition

Melville, N.Y. (October 28, 2008)

DJM Realty, a Gordon Brothers Group Co., announced Monday that it has been retained to manage the national disposition of the remaining Linens 'n Things 371 retail store leases and three distribution centers.

Linens 'n Things operated 551 U.S. locations in the beginning of 2008. On May 2, it filed to reorganize under Chapter 11 and since then DJM Realty has been disposing of the retailer's real estate.

Applebee's Parent to Sell Restaurants to Pay Down Debt

Lenexa, Kan. (October 28, 2008)

DineEquity Inc., which owns Applebee's and IHOP, has agreed to sell 66 company-owned Applebee's restaurants in Texas and New Mexico to reduce debt, according to the Kansas City Star.

The announcement Monday came at the same time that the company reported a \$16.4 million loss for the quarter ended Sept. 30, compared with a loss of \$11.6 million in the same quarter a year ago. It reported revenue of \$391.2 million compared with \$91.3 million in the same quarter a year ago, before it had taken on Applebee's.

Winn-Dixie Loss Widens on First Quarter

Jacksonville, Fla. (October 28, 2008)

Winn-Dixie Stores, Inc. announced Monday that its first-quarter losses widened due to increased operating costs, including spending on store remodels. Same-store sales, however, rose 3%.

The grocer reported a net loss of \$2.3 million for the quarter, compared with a net loss of nearly \$800,000 in the same quarter last year.

Tuesday Morning Posts 1Q Loss

Dallas (October 28, 2008)

Tuesday Morning Corp. announced Tuesday that net sales for the first quarter of fiscal 2009 dropped 14%, from \$201.7 million for the quarter ended Sept. 30, to \$173.4 million. Net loss for the quarter was \$4.3 million, compared to net income of \$1.2 million for the same period last year.

Comp-store sales for the quarter fell 17.3%.

Wal-Mart to Trim Growth, Increase Store Remodeling Efforts

New York City (October 27, 2008)

Wal-Mart Stores' U.S. namesake division plans to cut new store growth over fiscal 2009 and 2010 while increasing its capital spending for store remodels, MarketWatch reported.

Capital spending for Wal-Mart U.S. is expected to decline to \$5.8 billion to \$6.4 billion for fiscal 2009 from \$9.1 billion last year, Eduardo Castro-Wright, head of Wal-Mart Stores US, said at the company's investor and analyst meeting.

Report: Activist Investors Want Dillard's Management Change

New York City (October 27, 2008)

Two activist investors in Dillard's Inc. are seeking the ouster of its family-led management, including chief executive William Dillard II, over the department store operator's consistently poor results, Reuters reported.

In an Oct. 24 letter to the U.S. Securities and Exchange Commission released on Monday, hedge funds Barington Capital Group LP and Clinton Group Inc.

Study: Holiday Same-Store Sales to Fall 2.7%

New York City (October 27, 2008)

Chief marketing officers (CMOs) at leading U.S. retailers expect same-store sales for the 2008 holiday season to decrease from last year by a drastic 2.7%, according to a new study conducted by BDO Seidman. Thirty-nine percent of CMOs at leading retailers expect same-store sales to decrease this holiday season, while 41% expect sales to be flat and only 20% expect sales to increase. These findings are from the most recent edition of The BDO Seidman Retail Compass Survey, which surveyed CMOs at leading retailers throughout the country. The study was conducted after the financial market meltdown in September.

More than half (54%) of the CMOs cited uncertainty in the financial markets as the one external issue that will have the greatest impact on the holiday shopping season.

Penney Breaks Ground on Future LEED Store

New York City (October 27, 2008)

J.C. Penney has broken ground on its first store registered and expected to obtain LEED (Leadership in Energy and Environmental Design) certification from the U.S. Green Building Council (USGBC).

The 115,000-sq.-ft. store, in Fairview, Texas, will open in August 2009 as an anchor of Fairview's new 1 million-sq.-ft. lifestyle center, The Village at Fairview.

Ben & Jerry's Testing Green Freezers

Burlington, Vt. (October 27, 2008)

Ben & Jerry's is introducing a cleaner, greener freezer for testing in the United States with the hope that it will eventually be approved for long-term use.

The company announced the launch of a pilot project testing hydrocarbon-based freezers that are designed to minimize the freezer's impact on global warming. The featured technology is currently allowed in every country except the United States.

Gap Inc. Expands Outlet Business to Canada

San Francisco (October 27, 2008)

Gap Inc. opened its first Banana Republic Factory Store and Gap Factory Store in Canada.

"During our meeting with investors last week, we described our focus on improving our core brands while we also identified growth opportunities in our International and online businesses," said Art Peck, president of Gap Inc.

Fresh & Easy Expands in Arizona

Phoenix (October 27, 2008)

Fresh & Easy Neighborhood Market has announced that it will open 11 additional Fresh & Easy markets in Arizona. Fresh & Easy currently has 26 markets operating in the state, with another store opening on Nov. 13. Fresh & Easy currently has 96 stores open in California, Arizona and Nevada.

Macy's Celebrates 150 Years on Tuesday

New York City (October 27, 2008)

The Macy's brand is turning 150 years old on Tuesday. As part of the celebrations, Macy's will rename 34th Street in New York City to R.H. Macy Way in honor of the brand's founder. The ceremonial unveiling of the street sign will take place the morning of Oct. 28.

The temporary signs will be on view until Nov. 15.

Best Buy Completes Tender Offer for Napster Shares

Minneapolis (October 27, 2008)

Best Buy Co., Inc. announced on Monday that it concluded the cash tender offer by its wholly owned subsidiary, Puma Cat Acquisition Corp., to purchase all outstanding shares of common stock of Napster, Inc.

The tender offer was made in accordance with its previously announced agreement and plan of merger, dated Sept. 14, 2008, among Best Buy, Puma Cat and Napster.

Barnes & Noble Launches 'My B&N'

New York City (October 27, 2008)

Barnes & Noble has launched a new virtual experience on its site called "My B&N" that allows users to create free personal profiles around their life in books, music and movies. Customized profile pages include a pen name and avatar; a virtual Library; list-making tools; expanded customer review and ratings features; and updates on local store events.

On their profile page, users can create a virtual Library to showcase their favorite books, music and movies, as well as share what they are "Reading Now."

LEED-Certified Shopping Center to Open in Florida

Coconut Creek, Fla. (October 27, 2008)

The Promenade at Coconut Creek, the largest mixed-use lifestyle center in Northern Broward County, Fla., is opening on Nov. 1. Developed by Columbus, Ohio-based Stanbery Development, the center is one of the first major developments in the southeastern United States to win Leadership in Energy and Environmental Design (LEED) certification, a nationally accepted benchmark for the design, construction and operation of high-performance green buildings.

Phase 1 of Promenade is complete, with a total of 196,000 sq. ft. of retail and 50,000 sq. ft. of office space.

Value City Files for Bankruptcy

New York City (October 27, 2008)

Value City Department Stores Sunday filed for Chapter 11 bankruptcy protection, citing the slowing U.S. economy and tightened credit terms, according to court filings. Court papers said the chain intends to pursue a liquidation of its assets.

In its filing in the bankruptcy court of the Southern District of New York, the chain said sliding consumer spending and the tightening of credit terms by its suppliers have hurt profitability and liquidity.

Macy's to Resume Monthly-Sales Reporting

Columbus, Ohio (October 24, 2008)

Macy's Inc. plans to temporarily resume the posting of its monthly-sales data, a move that will keep shareholders abreast of company's performance as it operates in the volatile economic landscape, effective Nov. 6, the company announced on Friday.

The company will begin reporting same-store sales starting this month, and will continue the practice until further notice.

Stein Mart Begins Search for CEO

Jacksonville, Fla. (October 24, 2008)

Stein Mart has begun a nationwide search to replace Linda M. Farthing, president and CEO. Farthing will continue to serve in those roles until her successor is identified.

Farthing, a member of the company's board of directors since 1999, stepped into the additional role of president and CEO in Sept. 2007.

Cache Swings to 3Q Loss

New York City (October 24, 2008)

Cache Inc. said Friday it swung to a third-quarter loss, as consumers cut back on spending amid a struggling economy.

Losses for the quarter ended Sept. 27 totaled \$1.6 million compared with a profit of \$161,000 in the year-ago period.

Target Trims Store-Opening Projections

Minneapolis (October 24, 2008)

Target Corp. is cutting back on its 2009 store-opening plans amid the economic slowdown, the company said on Thursday.

"We are not happy with the current pace of our sales, and we are working diligently to drive our top-line performance," said CEO Gregg Steinhafel, speaking at an analyst and investor meeting