

Retailers Who Are Moving Ahead

Not everyone's closing up shop — these retailers and restaurants have made strides in 2009, and are planning expansions in 2010, and beyond.

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As the holidays approach, the retail industry is showing signs of new life. Buoyed by 3.5 percent third-quarter growth of the gross domestic product, the retail sector may have seen the worst.

Always important to the rebound are plans for store expansion. In fact, 2009 shows more than 250 individual retailers who had plans to expand by more than a total 10,000 units. A summary by merchandise class is given below:

TYPE	COMPANIES	UNITS
Food and Beverage	113	4,258
Apparel	63	1,506
Discount Stores	7	1,263
Department Stores	4	78
Apparel – Cosmetics	4	184
Other	69	2,932

Announced plans for 2010 include more than 49 different retailers with plans for more than 3,500 new locations. While not all of the aforementioned expansions are in the United States, the sheer volume signals better times for the retail sector.

THE TOP 50 IN 2009

A list of the top 50 expanding companies by number of units is shown in Chart 1. As can be seen, the most expansive include McDonalds at 1,000 new units; Walgreens at 554 units; Dollar General at 500; Subway at 484; Zara at 450 (through 2011); GameStop at 400; Family Dollar at 385; Dollar Tree at 235; 7-Eleven at 200; and O'Reilly Automotive at 150. Obviously, the lower end of the retail spectrum is gaining the most in this recession.

But that is not the whole story. Some of the more interesting of the retail stories are discussed below, after the discussion of retail expansion by merchandise category.

**CHART 1: U.S. RETAILERS EXPANDING IN 2009
TOP 50 COMPANIES**

#	NAME	# OF STORES	#	NAME	# OF STORES
1	McDONALD'S	1,000	26	PANERA BREAD	80
2	WALGREENS	554	27	BUFFALO WILD WINGS	75
3	DOLLAR GENERAL	500	28	IHOP	75
4	SUBWAY	484	29	ALDI SUPERMARKETS	75
5	ZARA (THROUGH ZOLL WORLDWIDE)	450	30	GYMBOREE	75
6	GAMESTOP	400	31	TARGET	75
7	FAMILY DOLLAR	385	32	FASTENAL	73
8	DOLLAR TREE	235	33	DARDEN	70
9	7-ELEVEN	200	34	WENDY'S	70
10	O'REILLY AUTOMOTIVE	150	35	SEPHORA	69
11	PAPA JOHN'S	140	36	CHICK-FIL-A	64
12	PLAY N TRADE	140	37	SMASHBURGER	60
13	CHIPOTLE MEXICAN GRILL	120	38	PET SMART	60
14	WAL-MART	112	39	BED BATH & BEYOND	57
15	POPEYE'S (AFC ENTERPRISES)	110	40	BROWN SHOE CO.	56
16	WIRELESS ZONE	102	41	KOHL'S	56
17	GO GREEN STATION	100	42	FAMOUS FOOTWEAR	55
18	PAPA MURPHY'S	100	43	VAPIANO	55
19	YOSHINOYA	100	44	SUPERVALU	53
20	AUNTIE ANNE'S	94	45	HIBBETT SPORTS	52
21	AFC ENTERPRISES	90	46	ROSS DRESS FOR LESS	50
22	FRESHII	90	47	CVS BEAUTY	50
23	TJX STORES (TJ MAXX, MARSHALLS, HOMEGOODS, A.J. WRIGHT)	85	48	JACK-IN-THE-BOX	50
24	LOWE'S	85	49	BIG LOTS	50
25	AUTO ZONE	84	50	SPRINT BOOST MOBILE	50

This article contains data from an article, "Recession Expansion: Complete List of 2009 U.S. Retail Industry Store Openings" by Barbara Farfan that appears at <http://www.about.com>. Numbers cited in this article were for future stores planned as of 2009 (expansion in 2009 and beyond).

THE TOP 50 BY MERCHANDISE CLASS

As the saying goes, the devil is in the details. A look at some of the more expansive retailers in each merchandise class provides a picture of what is happening now and what the outlook holds.

Food and beverage operators, as shown in Chart 2, comprise the majority of new locations, accounting for more than 4,200 new units. Some of the most prolific include McDonald's, Subway, 7-Eleven, Papa John's, Chipotle Mexican Grill, Popeye's, Go Green Station, Papa Murphy's, Yoshinoya, and Auntie Anne's.

In the apparel and accessory category, the top 50 companies' number of units is shown in Chart 3.

Zara, a fast-fashion Spanish retailer, is the most expansive, although their 450-unit expansion includes stores worldwide through 2011. TJX Stores' expansion indicates the public's thirst for discount fashion. Brown Shoe Company, Famous Footwear, and Ross Dress for Less make up the number three, four, and five positions. Forever 21's new format larger store will account for the majority of the 44 new stores and again highlights the public's demand for current fashion at a low price brought to market ASAP. Aeropostale, with its inexpensive teen clothing, is expanding while many in the genre are losing market share. Fashion Metro, Urban Outfitters and Dress Barn finish out the top 10 and continue the trend of reasonably priced fashion-forward "cheap-chic" clothing.

10 RETAILERS/RESTAURANTS TO WATCH IN 2010

Many of the expanding retailers are unexpected in this downturn. Ten of the more interesting and prolific brands are highlighted below.

Aeropostale — With 40 new stores planned for 2009, this teen apparel retailer is growing while most competitors in its category are lagging. Inventory management, a new brand serving 7- to 12-year-olds (P S from Aero), and double-digit sales increases in 2009 back Aeropostale's success. The brand is poised to exceed earnings projections through year-end.

Go Green Stations — This new alternative fuel distributor is planning approximately



Walgreens has the second largest number of stores planned in 2009, second only to McDonald's.

CHART 2: U.S. RETAILERS EXPANDING IN 2009 TOP 50 FOOD AND BEVERAGE COMPANIES

#	NAME	# OF STORES	#	NAME	# OF STORES
1	MCDONALD'S	1,000	26	ARBY'S	40
2	SUBWAY	484	27	ELEVATION BURGER	40
3	7-ELEVEN	200	28	MARCO'S PIZZA	40
4	PAPA JOHN'S	140	29	RED MANGO	40
5	CHIPOTLE MEXICAN GRILL	120	30	CHILI'S	37
6	POPEYE'S (AFC ENTERPRISES)	110	31	NOODLES & COMPANY	35
7	GO GREEN STATION	100	32	PIZZAVITO	32
8	PAPA MURPHY'S	100	33	SMOOTHIE KING	32
9	YOSHINOYA	100	34	TASTI D-LITE	30
10	AUNTIE ANNE'S	94	35	TEAVANA	30
11	AFC ENTERPRISES	90	36	FRESH & EASY	26
12	FRESHII	90	37	TACO MAKER	25
13	PANERA BREAD	80	38	PUBLIX	24
14	BUFFALO WILD WINGS	75	39	SHEETZ	23
15	IHOP	75	40	RED ROBIN GOURMET BURGERS	21
16	ALDI SUPERMARKETS	75	41	GHENGIS GRILL	20
17	DARDEN	70	42	TEXAS ROADHOUSE	17
18	WENDY'S	70	43	FAMOUS FAMIGLIA	16
19	CHICK-FIL-A	64	44	LONGHORN STEAKHOUSE	16
20	SMASHBURGER	60	45	NRGIZE LIFESTYLE CAFE	15
21	VAPIANO	55	46	WHOLE FOODS MARKET	15
22	SUPERVALU	53	47	ROUNDY'S	13
23	JACK-IN-THE-BOX	50	48	HARRIS TEETER	12
24	EINSTEIN BROS.	43	49	BURGER KING WHOPPER BAR	12
25	APPLEBEE'S	40	50	FANNIE MAY CONFECTIONS	12

100 convenience stores in 2009 and 1,000 in 2010, located on the eastern seaboard. The company is a subsidiary of Alternative Fuel Distributors, organized in 2007 to develop, construct, own and operate convenience stores offering alternative fuels and convenience goods to retail customers. Fuel available will include E-85, which is a grade of fuel comprised of 85 percent ethanol. The company currently operates 1,500 stations in the United States.

Ulta Salon Cosmetics and Fragrances — One sector that always does well in a recession is moderately priced cosmetics, and Ulta is one of the best. Offering an extensive cosmetics line and beauty products as well as a store brand, this retailer also has a salon. Visit any store and you will observe women of all ages primping and experimenting with beauty products of all kinds. With 35 new stores announced in 2009, Ulta will be one to watch as the economy improves.

Smashburger — This cook-to-order Angus beef burger is “smashed,” seared and seasoned on the grill and topped with a variety of cheeses, fresh produce and condiments. The food is served quickly and on a plate — not in a bag. Smashburger offers online, telephone orders or in-store dining. Smashchicken sandwiches, salads, veggie frites, haystack onions, Haagen-Dazs shakes, beer and wine are also offered.

Buckle — With a shopping cart of more than 75 brands, this retail giant owns Guess, Lucky, Billabong, Hurley and Converse, making it one of the premium brands excelling in a down economy. The company also owns a less expensive line of private-label apparel. About 370 retail stores have thrived in the past 24 months, and 20 new stores are planned for 2009.



**CHART 3: U.S. RETAILERS EXPANDING IN 2009
TOP 50 APPAREL COMPANIES**

#	NAME	# OF STORES	#	NAME	# OF STORES
1	ZARA (THROUGH)	450	26	CLAIRE'S	17
2	TJX STORES (TJ MAXX, MARSHALLS, HOME GOODS, A.J. WRIGHT)	85	27	CATO	15
3	BROWN SHOE CO.	56	28	GOODY'S	14
4	FAMOUS FOOTWEAR	55	29	AJ WRIGHT (TJ MAXX)	13
5	ROSS DRESS FOR LESS	50	30	J. CREW	12
6	FOREVER 21	44	31	LILLIANS SHOPPES	12
7	AEROPOSTALE	40	32	COACH	11
8	FASHION METRO	40	33	COLDWATER CREEK	10
9	URBAN OUTFITTERS	35	34	DSW	10
10	DRESS BARN	31	35	NORDSTROM RACK	10
11	AMERICAN APPAREL	30	36	P.S. FROM AEROPOSTALE	10
12	STAGE STORES (BEALLS, PALAIS ROYAL, PEBBLES)	30	37	SHOE CARNIVAL	10
13	AMERICAN EAGLE	28	38	ABERCROMBIE & FITCH	10
14	LIMITED BRANDS	28	39	STRIDE RITE	7
15	FOOT LOCKER	25	40	BEBE	6
16	GAP	25	41	CHILDREN'S PLACE	6
17	TRUE RELIGION APPAREL	25	42	COLE HAAN	6
18	BEALLS	22	43	HENRI BENDEL	6
19	ESPRIT (U.S. & WORLDWIDE)	22	44	IO METRO	6
20	CHARLOTTE RUSSE	20	45	LANE BRYANT	6
21	HERMES (ASIA & US)	20	46	FINISH LINE	5
22	JIMMY JAZZ	20	47	GUESS	5
23	WET SEAL	20	48	JUICY COUTURE	5
24	THE BUCKLE	20	49	SAKS OFF 5TH	4
25	TALBOT'S UPSCALE OUTLET	18	50	TANDY LEATHER	4

Red Mango — While most premium food operators are suffering in these slim economic times, this premium yogurt operator from Korea is planning 40 new units in 2009. With only one operator as its true competitor (Pinkberry), Red Mango offers a delicious brand of yogurt offered in limited flavors including Green Tea, Pomegranate by POM Wonderful, and Tangomonium. Also offered are fresh fruit toppings, dry cereal and Ghirardelli chocolate sprinkles.

Freshii — With fresh and natural food products as its overriding concepts, Freshii is one of the most prodigious food operators in 2009, with plans to open 90 new units. The brand focuses on healthy, fresh meals and snacks served quickly. Freshii offers build-your-own salads, wraps, rice bowls and soups. As of July, the chain had 15 units open in Chicago and Toronto, with restaurants under construction in Illinois, Washington D.C., California, Pennsylvania, Colorado and Wyoming.

Buckle is a brand on the rise; it's one of the few apparel retailers who are expanding. The company had 20 stores planned in 2009.

The Dollar Segment Stores — Once the domain of the lowest consumer economic sector, this retail category is thriving in today's economy. The three major players are planning more than 1,000 stores by year-end 2009, as shown below:

Family Dollar	385 units
Dollar General	500 units
Dollar Tree	235 units

Even when the economy recovers, this segment is poised to keep doing brisk sales, as the growing Boomer demographic reaches retirement age and must cope with fixed incomes.

Vapiano — This chain offers casual dining serving hand tossed pizzas, fresh pasta and gourmet salads. With 30 locations, another 100 are under development, and 55 are coming online in 2009. Customers use a "chip card" to order food and drinks with their own individual choices of ingredients.

Chipotle Mexican Grill — This chain specializes in burritos and tacos using high-quality raw ingredients and classic cooking methods. With 830 restaurants, this fast-casual operator was bought by McDonalds, who has since sold the chain in 2006. The restaurant design adopts simple materials in a distinctive way, offering venues more architectural and less standardized than other fast casual restaurants. In 2009, Chipotle will build 120 new units.



Panera Bread — Panera Bread sells fresh food and warm bread at full price, encouraging customers to linger in the store and use the Wi-Fi or visit with friends. The St. Louis based company had sales increases of 16.2 percent in 2008 and profits were up 33 percent in the first half of 2009. Annualized growth has been more than 31 percent. Panera Bread is opening 80 new units in 2009. **SCB**

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