

The 50 Fastest Growing Discount Stores & Specialty Retailers

A Chain Store Guide Special Report



Chain Store Guide
Business Leads | Market Research

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Chain Store Guide's mission:

To be the leading provider of high quality business solutions and intelligence to the retail and foodservice markets.

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Apparel Stores	Chain Restaurants	Commercial Real Estate	Convenience Stores
Department Stores	Discount Stores	Drug Stores	Foodservice Distributors
Foodservice Technology	General Merchandise	Grocery Stores	Independent Restaurants
Hardware Chains	Health & Beauty Chains	Home Centers	Home Furnishings
Single Unit Supermarkets	Specialty Retailers	Retail Technology	Wholesale Grocers



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Introduction

Chain Store Guide's Database of Discount Stores & Specialty Retailers is a carefully edited compendium covering fifteen retail and two distributor markets. The files featuring specialty retailers include thirteen distinct retail markets ranging from consumer electronics retailers to computer dealers, toy/hobby stores to office supply retailers, book stores to pet stores to specialty candy stores and more.

To maintain an accurate report, the companies selected for comparison have been monitored by Chain Store Guide editorial for at least the five year period from which this report computes growth by total annual store count.

To help our clientele gain maximum perspective from this report, we are featuring highlights from companies which are currently exhibiting signs of expansion despite the rather dour economic conditions our world has experienced over the past two years. We have also chosen to report on select companies which represent the expanse of our fifteen retail market universe. Thus we hope to portray companies from diverse markets that have withstood the test of recent times. They have risen to meet the challenges of an economy that has too often placed retail and commercial real estate on the defensive and have excelled at growing their brand as well as the numbers of their clientele.

Similarly we have featured the fastest growing companies from our Discount and General Merchandise retailer files. As a group these companies emerge from relatively like platforms and unlike specialty retailers rely on eternally diverse product lines and pressure buying policies which promote clever buying practices in terms of price while carefully working competitive margin policies.

Discount and General Merchandise Retail Growth Leaders:

Five Below #1

Philadelphia, PA

www.fivebelow.com

240% Growth

Clearly one of the few retail success stories to survive the virtual worldwide recession has been the dollar store concept. Dollar stores generally fall into three categories; single price, where all (or virtually all) products are sold at or near one dollar, extreme value where most products are sold at relatively low margins and offered for ten dollars or less and odd-lot closeout, where low priced offerings are based on the retailer purchasing product based on manufacturing overruns, inability of other retailers to sell large quantities or the acquisition of distressed merchandise.

Then there is the Five Below credo. All products are boldly promoted at five dollars or less. Many items are offered for as little as one dollar. But the real kicker is in the promotion. Here there is a true sense of the treasure hunt.

Featured product categories include Sports with authentic footballs, basketballs, and soccer balls for just five dollars. Rawlings baseballs are offered at two dollars. Media ranges from DVD's to video games to cell phone screen protectors offered for just two dollars. Other categories include Crafts, Party (five foot tiki torches for \$3), Candy (movie theater style), Room (peace pillows and lava lamps for \$5), Style (clothing for men and women) and Now (child's play including boogie boards).

While number one in our database with a five year store count growth of 240 percent, Five Below remains true to its northeastern regional roots, operating stores as far south as Virginia and West Virginia. Expansion remains deliberate and focused as does the company's pursuit of a unique inventory featuring trend setting products at bargain prices.

Dollar Tree Stores Inc. #7

West Palm Beach FL
www.dollarstore.com
129% Growth

National in scope and still growing despite a threatening economic world, Dollar Tree has become the prototype for the pure dollar retailer. While similar regional chains and independents have quietly raised their price points to exceed one dollar and to include product at many times that price point, Dollar Tree remains true to its brand. Its concept has survived both challenges from the domestic recession as well as threatening international currency fluctuations.

Dollar Tree's current successes are seen in large part due to the company's deep pockets and purchasing flexibility. The company has maintained command of pricing from its suppliers. Its enterprise of offering companies large lots via Internet promotions serves as a semi-ancillary source of additional income.

Costco Wholesale Corp. #9

Issaquah, WA
www.costco.com
20% Growth

Costco is by far the most admired of the Membership Warehouse Club retailers. The company's insistence on strictly following its corporate mantra with attractively low prices on its considerable array of high quality items, including gourmet foods and perishables, has served to propel the company to number two in Chain Store Guide's Sales Index of Leading companies despite operating less than 570 locations.

Through the years the company has turned a deaf ear to advisers suggesting that some of the company's offerings infer ridiculous bargains and that a hike in margins would be virtually unnoticed. Here corporate sees its low-margin policies as part of a sacred pact with its clientele and a key to its ultimate success.

The company's recent foray into New York City has been served with challenges from that unique market. Costco's ability to adapt to the city should once again prove it more knowledgeable about its customer base than would-be experts.

Family Dollar Stores Inc. #16

Matthews, NC
www.familydollar.com
11% Growth

Dollar General Corp. #20

Goodlettsville, TN
www.dollargeneral.com
9% Growth

Not to confuse these two giants of extreme value retailing, but their strategies both immediately prior to and during the recession have been fairly similar. Both decided that there was a notable future in growing their food businesses and so they began investing in refrigeration equipment while considerably expanding grocery offerings in terms of product and space.

When the recession came, both companies adapted perspectives that took on aggressive views of the marketplace. Instead of seeing potential defeat by the economy, they pursued opportunities in inexpensive real estate, often in somewhat depressed communities. Thus they were seen as offering jobs where there were few and values where they were most needed. As the recession lifts, they continue with the image of smart saviors of communities and consumers.

The Disney Store #23

Pasadena, CA

www.disneystore.com

2% Growth

This concept has proven to be a true survivor as ownership was twice transferred in recent years. In 2004, the original owners, The Disney Corporation, decided that store level retailing was best left to retailers and sold the stores to The Children's Place which had aspirations to tweak operations a bit more akin to its concept store to drive greater sales and profits. However, the two concepts clashed more than blended and Disney licensing restrictions drove The Children's Place to seek an exit strategy.

Since the concept's return to the Disney fold in 2008, Disney has sought a path to expansion and modernization. While on this course, Disney has entered into a potential game changing agreement as it hired the retailing gurus at Apple, currently the nation's most admired retailer, to radically redesign its concept. This fall the new style Disney stores will be unveiled. It is expected to be promoted as a destination where parents will bring children for lengthy, interactive visits.

Brookstone Inc. #25

Merrimack, NH

www.brookstone.com

1% Growth

The demise of The Sharper Image as a retail entity led many to wonder about the future of Brookstone. No need to worry. Brookstone management always saw itself as a superior retailer as opposed to an inventor. Now the company shares its retail image with no one as it focuses on building its unique brand. This has involved an increase in private labeling with its offering of greater margins. However, this also involves a greater corporate responsibility in terms of product quality control as private label massage chairs, costing thousands of dollars, must meet challenging, store level demo tests or they could erode confidence in the company brand.

Top 25 Discount & General Merchandise Retailers

Rank	Company	City, State	Growth %
1	Five Below	Philadelphia, PA	240%
2	Marco Destin Inc.	Doral, FL	129%
3	Dollar Store	West Palm Beach, FL	129%
4	Ollie's Bargain Outlet	Harrisburg, PA	124%
5	Savers Inc.	Bellevue, WA	27%
6	Warehouse 99 of Miami	Opa Locka, FL	25%
7	Dollar Tree Stores Inc.	Chesapeake, VA	23%
8	Target Corporation	Minneapolis, MN	21%
9	Costco Wholesale Corp.	Issaquah, WA	20%
10.	Ocean State Jobbers Inc.	North Kingstown, RI	16%
11.	Orscheln Farm & Home Supply LLC	Moberly, MO	15%
12.	Gordmans, Inc.	Omaha, NE	14%
13.	99 Cents Only Stores	Commerce, CA	14%
14.	Bi-Mart Corp.	Eugene, OR	13%
15.	Dollar Store of Oakwood Plaza	Hollywood, FL	11%
16.	Family Dollar Stores Inc.	Matthews, NC	11%
17.	Walmart Stores, Inc.	Bentonville, AR	10%
18.	Tuesday Morning Corp.	Dallas, TX	10%
19.	BJ's Wholesale Club Inc.	Natick, MA	9%
20.	Dollar General Corp.	Goodlettsville, TN	9%
21.	Meijer Inc.	Grand Rapids, MI	8%
22.	Sam's Club	Bentonville, AR	5%
23.	The Disney Store	Pasadena, CA	2%
24.	Duckwall-ALCO Stores Inc.	Abilene, KS	1%
25.	Brookstone Inc.	Merrimack, NH	1%

Specialty Retailers

Interstate All Battery Center #1

Dallas, TX

www.interstatebatteries.com

517% Growth

Interstate batteries have been sold for years through a multitude of retailers as are most automotive batteries. When automotive aftermarket retailers began to trend to private label brands, batteries proved to be no exception. Additionally, many retailers found it advantageous to promote non-branded OEM batteries which offered dealers high margins and consumers high quality.

Interstate decided to meet the challenge by operating its own locations while conducting media campaigns designed to brand the company as a community oriented good neighbor. Essentially this has served to fulfill an identity similar to well branded tire stores. Generally batteries have a similar lifespan to a set of tires. The company has grown their number of locations by an astonishing 517 percent over the past five years.

Peterbrooke Chocolatier Inc. #4

Jacksonville, FL

www.peterbrooke.com

250% Growth

CSG's database of specialty candy retailers contains few national powers. Peterbrooke was born in 1983 in Jacksonville, Florida and has grown its brand in advance of its locations. The company continues to expand its sphere in the Southeast and has grown its locations by 250 percent over the past five years. While conceived before the Internet, the company has used the web to reinforce its retail presence and create an appetite for expansion. While its confections are designed to appeal to lovers and purists of chocolate, the corporate mission is designed to attract large groups for special occasions. Corporate discounts are emphasized. The company's wide variety of chocolate products is also offered in packages as customized gifts for weddings, catered affairs and businesses.

Teavana #7

Atlanta, GA

www.teavana.com

168% Growth

At first glance one might think that offering fine teas along with relevant preparation and serving accessories might be a limited retail business but this company has honed a store concept that attracts a wide variety of mostly affluent customers. Stores tend to be located in higher end malls but they forgo the image of a store. Instead they tend to reflect the demeanor of a high-end marketplace. The concept is somewhat open air considering most are in malls. The format invites consumers to experience samples from several piping hot varieties of tea and related international drinks as they approach the open entrance. The interior is clean, well lit and inviting, showing off products that make rare gifts and in-home accessories. This clearly niche concept has evidenced considerable growth due to a clearly well conceived retail destination, designed specifically to show off its products to its clientele.

Verizon Wireless
Basking Ridge, NJ
www.verizonwireless.com
138% Growth

#9

Recently a retailing forum discussed issues as to the need for wireless carriers to maintain company stores. Overwhelmingly respondents voted indicating the increasing importance of these locations. Verizon and its national competitors run these stores to provide state of the art solutions for individual and corporate clients.

Though retailers, including RadioShack and Best Buy, offer mobile phones from several services, it is only at the corporate specialty stores that consumers can see and test all offerings from a particular carrier. Test is the key word here as most non-company stores display only top selling devices and most if not all of the devices on display are non-working. As phones become increasingly smart and diverse, the need to work these phones becomes ever more important prior to purchase.

O'Reilly Automotive Inc.
Springfield, MO
www.oreillyauto.com
120% Growth

#10

A significant part of O'Reilly's growth has been through acquisition. The somewhat surprising acquisition of CSK turned O'Reilly from a rapidly expanding, east of the Mississippi entity to a national power. That said, as with many previous eastern based acquisitions, the CSK move was the result of careful planning and design to expand by adding like companies which were well managed and in similar expansion modes.

O'Reilly has backed its national presence with the same sensible corporate schemes that created an atmosphere of growth in the first place. Branding through corporate sponsorships, especially in the world of racing, and low key advertising, have helped the company to continue on its course of growth.

hhgregg Inc.
Indianapolis, IN
www.hhgregg.com
112% Growth

#11

Even before the demise of Circuit City this Midwestern regional had exhibited designs for expansion as it entered pre-recession Florida. As Circuit City was in the process of liquidation, rumors began to spread among its managers that this oddly monikered company might accelerate its Florida expansion by taking over several of Circuit City's vacated locations. In less than a year this expansion brought hhgregg to new markets in Florida but the rush to expansion was far from over. Just recently the company entered several states through initial locations in Delaware, Maryland and Pennsylvania.

Though nowhere near approaching the size of Best Buy, the company enjoys its newly gained aggressive reputation. When asked how their platform of a commissioned sales force can compete with Best Buy's non-commission policy, managers immediately answer that their prices are extremely competitive. Best Buy's income goes to the corporate line, hhgregg's to a knowledgeable staff.

Barnes & Noble Inc.
New York, NY
www.barnesandnoble.com
70% Growth

#13

This king of book chains has enjoyed the fruits of brilliant corporate planning after inventing the book superstore. Many locations have seen their Starbucks based cafes serve as profitable meeting destinations for individuals and groups and as Wi-Fi havens for students. Customers have referred to store visits as brief vacations.

That said profitable publishing has been hurt by the proliferation of media activities now available and by the avalanche of free data from the Internet. B&N is trying to keep up with trends as it offers its own devices designed to offer inexpensive publications through electronic media. Meanwhile its stores remain a magnet to those brief vacation seekers.

Build-A-Bear Workshop
St. Louis, MO
www.buildabear.com
61% Growth

#14

This is a truly original concept with a corporate culture that totally buys into and projects its childlike brand. Corporate officers are happily branded with titles such as Chief Executive Bear and Chief Bearister (legal). Additionally, this company practically created the concept of interactive retailing for kids (and adults). In an age where children seem to be following in their parent's couch potato trends, the idea of building something seems like a welcome relief.

Best Buy Co. Inc
Richfield, MN
www.bestbuy.com
57% Growth

#18

After the demise of Circuit City, most industry insiders assumed Best Buy would have the national market to itself. Certainly the loss of its clearest competitor allowed Best Buy to increase its revenues and market share. But as usual things are not as simple as they once may have seemed.

Best Buy did not rest on its laurels. It was already expanding its Magnolia video showroom concept within, as well as, outside its big box stores. It entered into an agreement with Apple to offer its expanding line of game changing products through a designated, in-store section. The company recently added music sections to its stores to promote sales of the latest in electronic instruments.

Best Buy also created Best Buy Mobile specialty departments within stores while slowly growing the concept as individual locations. As if this is not enough, Best Buy recently announced that it expects to open over 900 unique mobile locations in the next three years.

All is not free and clear for Best Buy. Walmart and Target recently announced expansions of their respective consumer electronics departments. Plans call for increases in product variety as well as in price points. It is no secret they have designs on stronger competition with Best Buy.

Strong regionals continue to be a prime magnet for local customers. Retailers such as BrandsMart USA in the Southeast, Conn's in the Southwest and Fry's Electronics in the West make strong use of local branding and distinctive store concept designs. They don't spend nights worrying about Best Buy. Then we have the case of hhgregg as explained above.

GameStop Holdings Corp. #22

Grapevine, TX
www.gamestop.com
52% Growth

This former child of Barnes & Noble has evolved to make a mark very much its own. While a significant part of its expansion was based on acquisitions such as the Electronics Boutique, the company's growth has continued long after the EB name was a thing of the past. Strategies, such as trading in used games, have fueled growth, almost as much as the growth of electronics gaming itself.

The company does face challenges though. Competing direct to user companies have yet to gain significant popularity and don't offer the services GameStop has managed to build up. Here though the future is very iffy. Additionally, retailing behemoth Best Buy is now entering the field by offering trade-ins of video games. It is far too early to determine the success or impact of the Best buy initiative. As with any electronically based field, the game can change as rapidly and radically as the newest tweak in electronics.

Apple Inc #24

Cupertino, CA
www.apple.com
52% Growth

Apple represents a truly American success story. That this cutting edge manufacturer is even operating its own retail locations is something of a miracle. Apple opened its first store to a great deal of skepticism from critics. How could a manufacturer which within the previous decade faced extinction, hope to understand much less succeed in the complex world of retail operations?

Less than a decade and several groundbreaking inventions and innovations later, Apple is the most admired American retailer. The company has won numerous awards for store design and concept. Original ideas and terms such as the genius bar are already being copied. If any additional plaudits need to be searched please revisit the piece above on Disney Stores.

PETSMART Inc. #25

Phoenix, AZ
www.petsmart.com
51% Growth

At the recent height of the current recession, a number of consumer surveys surprisingly indicated that many pet owners would rather cut the food budget for their families than for their precious pets. No other item could better convey how recession-proof this market is.

This also serves as an insight into why many pet lovers prefer to shop at a specialty venue for food and supplies for their charges. The feeling of responsibility for the well being of these loyal dependents fosters a climate in which consumers seek information, advice and services, as well as, the tangible needs of their pets. This company is recession-proof indeed.

Top 25 Specialty Retailers

Rank	Company	City, State	Growth %
1	Interstate All Battery Center	Dallas, TX	517%
2	Systemax Inc.	Port Washington, NY	371%
3	Cellular Advantage Inc.	New Albany, IN	263%
4	Peterbrooke Chocolatier Inc.	Jacksonville, FL	250%
5	Moorehead Communications	Marion, IN	215%
6	Cellular Central	Toledo, OH	183%
7	Teavana	Atlanta, GA	168%
8	The Coffee Bean & Tea Leaf	Los Angeles, CA	158%
9	Verizon Wireless	Basking Ridge, NJ	138%
10.	O'Reilly Automotive Inc.	Springfield, MO	120%
11.	hhgregg Inc.	Indianapolis, IN	112%
12.	American Cellular	Franklin, TN	74%
13.	Barnes & Noble	New York, NY	70%
14.	Build-A-Bear Workshop	Saint Louis, MO	61%
15.	Automotive Technology	Middletown, CT	61%
16.	Archiver's	Minnetonka, MN	61%
17.	Music & Arts Center Inc.	Frederick, MD	61%
18.	Best Buy Co. Inc.	Richfield, MN	57%
19.	Cedar Fair LP	Sandusky, OH	57%
20.	Fannie May Confections	Chicago, IL	55%
21.	Bed Bath & Beyond	Union, NJ	52%
22.	GameStop Holdings Corp.	Grapevine, TX	52%
23.	Batteries Plus	Hartland, WI	52%
24.	Apple Inc.	Cupertino, CA	52%
25.	PETSMART Inc.	Phoenix, AZ	51%



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