

# TULLY & HOLLAND

INCORPORATED

## Chain Store Sales Quarterly Update

Retailers | Comparable Sales Tracking – 2nd Quarter ended August 2, 2015

### Quarterly Overview

For the quarter ended August 2, 2015, the 121 chain stores tracked quarterly by Tully & Holland reported a median 2.2% increase in comparable sales. Eighty-one of the chains monitored (72%) reported positive growth in same store sales for the quarter. Please see below for a brief breakdown by segment as well as individual company performance highlights.

### SAME STORE SALES GROWTH

Sector Same Store Sales Growth (Medians)	Q1 2015
Home Furnishings	6.4%
Home Improvement	5.7%
Beauty Aids	5.0%
Men's Apparel	4.9%
Off-Price	4.0%
Athletic Footwear	4.0%
Jewelry Stores	3.8%
Warehouse Clubs	3.7%
Discount	2.8%
Footwear	1.8%
Mass Merchants	1.2%
Books, Toys & Hobbies	1.0%
Sporting Goods	0.8%
Specialty Apparel	0.5%
Department Stores	0.5%
Luxury	0.5%
Consumer Electronics	-0.2%
Drug Stores	-3.8%
<b>Total</b>	<b>2.2%</b>

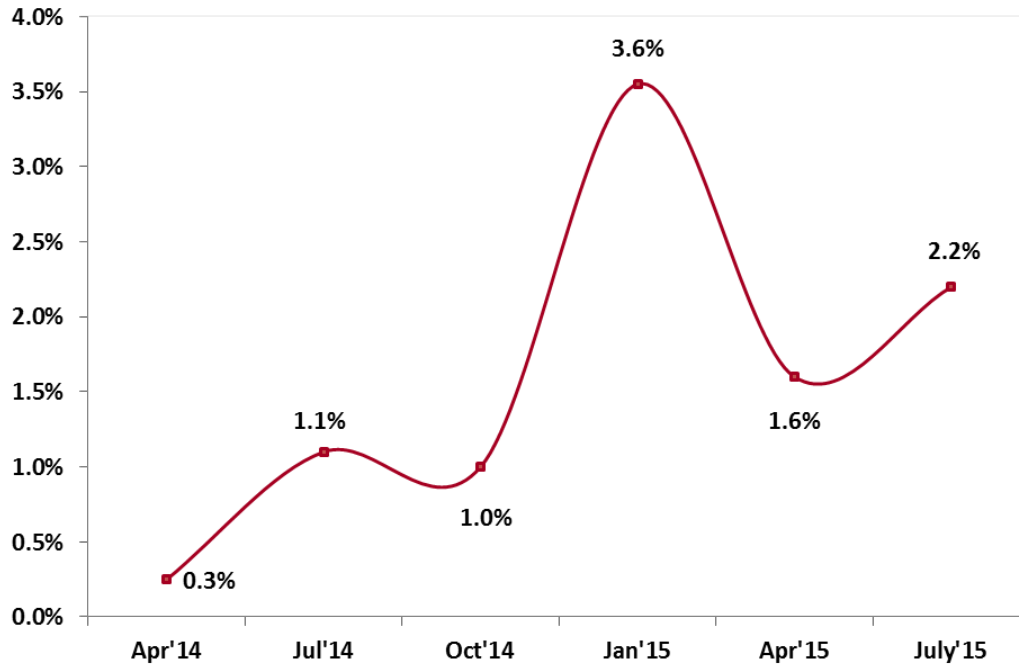
### Best Performing Segments

The best performing segments were Home Furnishings, Home Improvement, Beauty Aids, Men's Apparel, and Off-Price. We believe that the Home Furnishings and Home Improvement segments are benefitting from current favorable economic conditions that are bolstering consumer cyclicals (falling unemployment, high consumer confidence, strong housing starts, and rising home prices) as well as changing consumer preferences toward spending on the home. In a similar vein, we believe that sales of Men's Apparel are benefitting from wardrobe replacements and replenishment spurred by high consumer confidence and pent up demand. Off-Price continues to perform well as it (along with fast fashion retailers such as H&M) has increasingly become the consumer's go to venue for apparel purchases at the expense of the mall based Department Stores and Specialty Apparel retailers.

### Worst Performing Segments

Among those segments falling behind were Drug Stores, Consumer Electronics, Luxury, Department Stores, and Specialty Apparel. Drug Store comparable store sales metrics continue to be depressed by CVS' decision to exit tobacco and should cycle out soon. While Consumer Electronics sales have been lackluster in the last two quarters, we point out GameStop as being the exception, posting same store sales growth in excess of eight percent in each of the last two quarters. Growth at GameStop was driven by software (both next gen game software releases and used trading), coupled with adding collectibles to the assortment.

# Historical Chain Quarterly Same Store Sales Growth



Source: Company Press Releases and T&H Analysis

## Key Standouts by Brand

Leaders	
Steve Madden	18.5%
Restoration Hardware	16.0%
West Elm	15.7%
Free People	14.0%
Select Comfort	13.0%

Laggards	
Coach (Domestic)	-19.0%
Justice	-17.0%
American Apparel	-14.0%
Sears	-14.0%
Christopher & Banks	-12.4%

Source: Company Press Releases and T&H Analysis

## Lagging Chains

Among the chains lagging were Coach, Justice, American Apparel, Sears, and Christopher & Banks – all suffering from double digit comparable store sales declines. Sears decline was due to its exit of consumer electronics lines.

## Best Performing Chains

The best performing chains were Free People, Restoration Hardware, West Elm, Steve Madden, and Select Comfort, all posting double digit comparable sales increases for the quarter. For West Elm, and Free People, their superior comparable store sales growth trend has lasted thirteen or more consecutive quarters.

Christopher Kampe  
 Managing Director  
 T 781-239-2900 x19 | M 617-548-6741  
[ckampe@tullyandholland.com](mailto:ckampe@tullyandholland.com)

---

## Tully & Holland, Inc.

Investment Banking for Consumer Product Companies  
 Food & Beverage, Direct Marketers, Retailers, Manufacturers & Distributors

[www.tullyandholland.com](http://www.tullyandholland.com)

(781) 239-2900