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# Retailers Posted Solid January Sales

By KAREN TALLEY

U.S. retailers delivered generally upbeat January sales on Thursday as the appetite for marked-down merchandise increased.

[Costco Wholesale Corp.](#) and [Target Inc.](#) reported strong gains, while [Macy's Inc.](#) missed expectations.

January is the last month of the fourth quarter for most retailers and the lightest month in terms of sales for the period. But results can be telling. Merchants reveal how well merchandise clearances worked and can give an initial read on how spring products are faring.



"January is where we look for all the postholiday clearance and it can be a mixed bag," said David Bassuk, head of the retail practice at AlixPartners.

Retailers also look to gift cards bought during the holidays to help sales in January. Gift cards can't be booked as revenue until they are redeemed.

The 20 retailers tracked by Thomson Reuters together showed 4.2% growth in same-store sales for January, better than the 2% expected. The figures compare with 4.8% growth recorded last year. [J.C. Penney Co.](#) is

no longer reporting same-store sales as it undergoes a just-announced revamping of its pricing structure.

Target, which has been reporting mixed results, came in strong with same-store sales growth of 4.3%, compared with expectations for 2.1%. Target's results reflect "strong performance in both discretionary and non-discretionary categories," Chief Executive Gregg Steinhafel said.

Macy's same-store sales rose 2.4% when 3.5% was expected, but the department store raised its earnings guidance for the year. "Sales in January—the smallest-volume month of the year—were weaker than anticipated," Chief Executive [Terry J. Lundgren](#) said. He added, though, that Macy's still feels that 2012 "represents an outstanding opportunity to continue to capture additional market share from our competitors."

Fellow department store [Kohl's Corp.](#) said January comparable-store sales rose 0.6%, when 0.1% was projected, and it raised its fourth-quarter earnings view after lowering it last month. Accessories and handbags were the strongest category, rising 20% on a comparable-store basis. Men's and home also outperformed the company average, the company said.

[Abercrombie & Fitch](#) Co. and [Ann](#) Inc., which don't report monthly sales, on Thursday issued downbeat messages. Abercrombie & Fitch projected fourth-quarter results below Wall Street estimates amid a promotional environment and weakness in U.S. sales. Ann expects to report fiscal fourth-quarter results below expectations based on weakness at its Ann Taylor segment and said the head of the division is leaving the company.

[Gap](#) Inc.'s January same-store sales fell 4%, when a 4.9% decline was expected, and guided fourth-quarter earnings to above analysts' consensus. "January was largely clearance-based, and we're pleased we successfully cleared holiday inventory," Chief Executive [Glenn Murphy](#) said.

There was a split among upper end retailers, with [Nordstrom](#) Inc. reporting January same-store sales rose 5%, when 5.3% was expected. [Saks](#) Inc. reported same-store sales growth of 10.5%, when analysts were looking for 6.2%. Saks's strongest categories during the month included women's contemporary and "gold range" designer apparel, handbags and men's accessories, the company said.

Costco posted 8% growth in U.S. same-store sales minus gasoline sales. Analysts polled by Thomson Reuters were expecting 5.4%.

[Limited Brands](#) Inc. continued its string of strong reports, saying same-store sales rose 9%, when 2.7% was expected. The owner of Victoria's Secret also indicated it sees fourth-quarter earnings at the high end of its guidance.

[Stage Stores](#) Inc. reported its same-store sales fell 0.1%. Analysts expected a 0.5% increase for the month. The retailer, which sells brand-name clothes, cosmetics and footwear in small and midsize towns across the U.S., again cut its profit target for the year, citing the impact of a heavily promotional retail environment on its margins.

Fellow department store chain [Bon-Ton Stores](#) Inc. Thursday announced comparable-store sales fell 3.5%. Sales were below expectations "due to the continuation of the milder weather in our markets, which had an adverse impact on sales of cold-weather merchandise," Merchandising President Tony Buccina said.

Closeout chain [Big Lots](#) Inc. boosted its forecast amid much higher-than-expected same-store sales. Seasonal and furniture reported double-digit percentage growth. A shift to more electronics merchandise while downsizing toys was well received by customers, Chief Executive Steve Fishman said.

[Zumiez](#) Inc., which sells sports-related apparel, posted 10.8% growth in comparable-store sales when 4.3% was projected.

Among other teen retailers, [Wet Seal](#) Inc. posted a 13% drop in same-store sales when a 3% drop was expected and guided fourth-quarter earnings to the low end of its range. After an initial strong week of selling, spring tops and other categories underperformed through the course of January, Chief Executive Susan McGalla said. Lean inventory led to lighter-than-desired product for the month, Ms. McGalla added. "Our light apparel unit levels, and related sales challenge, will persist until we build inventory over the course of February."

### **Corrections & Amplifications**

Target started the year with same-store sales growth of 4.3%. An earlier version of this article gave the figure as 5.1%.

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