

## Growth Miners' Applauder

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**Retail Forward** took a look at the leading US retailers in terms of revenue and profit growth between 1998 and 2003 and found that 51 out of a list of 206 publicly traded companies were "growth miners."

The retail research firm explains that growth miners are good at determining which areas of their business produce profitable growth and what their company's position is on the retail lifecycle.

Retail Forward analyzes how growth miners have become so successful, and essentially breaks their process up into a few stages:

1. Start with a "big idea" — how the retailer in question is different from the competition
2. Identify the source of value creation — is it tangible (product) or intangible (culture, lifestyle)?
3. Create a compelling customer value proposition which leads to a cycle of growth (and thus builds on steps 1 and 2).

As for the companies considered to be "growth miners," the top 10 includes apparel and home-related retailers. Growth miners on average grew their revenues by a compound annual growth rate (CAGR) of 17.6% between 1998 and 2003 — more than twice the rate of all US public retail companies over the same time period (8.6%).

### Top 10 Retail "Growth Miners," Ranked\* by Revenue and Net Profit CAGR, 1998-2003

	Revenue CAGR	Net profit CAGR
Advance Auto Parts, Inc.	23.4%	150.9%
Chico's FAS, Inc.	48.4%	61.4%
Harold's Stores, Inc.	22.8%	81.1%
Hot Topic, Inc.	40.8%	51.6%
Coach, Inc.**	20.2%	70.1%
Christopher & Banks Corporation	25.2%	44.0%
Sharper Image Corporation	21.6%	40.6%
Bed, Bath & Beyond Inc.	26.2%	32.6%
Ultimate Electronics, Inc.	16.1%	40.3%
Pacific Sunwear of California, Inc.	26.5%	27.8%

*Note: "Growth miners" are those retailers who search successfully for and successfully identify profitable growth opportunities; \*ranking based on total of revenue growth + profit growth; \*\*2003 results estimated (year-over-year growth for first three quarters applied to Q4)  
Source: Retail Forward, June 2004*

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What sets these retailers apart from the pack? The report identifies three key, color-coordinated areas of opportunity growth miners are able to identify and address. They are:

1. White space — gaps that are not being filled by the competition
2. Green space — industry and marketplace trends
3. Red space — areas of the business that block growth.