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March Sales Sputter As Wal-Mart Shines

By Evan Clark

Wal-Mart Stores Inc. won the retail derby in March, not only posting a 1.1 percent rise in comparable-store sales while most others registered declines, but upping its first-quarter earnings guidance as well.

The Bentonville, Ark.-based behemoth said cold weather hurt overall apparel sales, but that basic items such as T-shirts and licensed apparel were strong performers.

There was little good news elsewhere in retailing. Even though an early Easter this year made for tougher March comparisons, the calendar shift was not wholly to blame as shoppers also held back in the face of mounting job losses, a looming recession and turmoil in the credit and financial markets.

Among stores focusing on price, Wal-Mart seemed the only one able to drive up sales at stores open at least one year.

Target Corp.'s comps fell 4.4 percent as Kohl's Corp. was down 15.5 percent and J.C. Penney Co. was off 12.3 percent.

Specialty stores also got slammed. American Eagle Outfitters Inc., Cache Inc. and Mothers Work Inc. all drew back on quarterly guidance.

Chains weathering comp declines included: Gap Inc., down 18 percent; Abercrombie & Fitch, 10 percent; Pacific Sunwear of California Inc., 8 percent, and Limited Brands' Victoria's Secret division with a 6 percent decline.

Among the regional department stores, same-store sales at Dillard's Inc. fell 10 percent and Bon-Ton Stores Inc. was off 5.3 percent.

Wal-Mart wasn't the only company holding its own, though.

Luxe player Neiman Marcus Inc. managed a 0.4 percent comp rise for March, while Aéropostale Inc. saw a 2.5 percent increase.

Wal-Mart now expects quarterly earnings from continuing operations of 74 to 76 cents a share, instead of the 70 to 74 cents previously forecast.

For complete coverage, see Friday's issue of WWD.