

KEYPOINTS

THE RETAIL NEWSLETTER

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ACCELERATING RETAIL

Sprouts Farmers Market plans 35 stores in fiscal 2024. It operates 415+ stores in 23 states...**Nordstrom's** will open a **Nordstrom Rack** in AZ. The company operates 350+ stores...**Spirit Halloween** will open a record 1,525 stores this year...**Amazon Fresh** opened 4 stores this month, in CA, IL, NJ, PA...**McDonald's** plans 900 US restaurants in the next 4 years, and 1,000 in the next 5. McDonald's finished 2023 with 13,500 +domestic locations...**Aldi** opened 3 stores this month, in PA and NY...**Burlington** will open 100+ stores in its current fiscal year. It operates 1,057 stores...**Skims** opened its 3rd



McDonald's plans 900 US restaurants in the next 4 years

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physical store, in TX. It plans 3 more before 2025...**Academy Sports + Outdoors** will open 9 stores in the 3rd Q, with a total of 15-17 stores in fiscal 2024. It operates 285 stores in 19 states...**Uniqlo** will open up 20 US locations...**Rite Aid** has exited bankruptcy with a new CEO, a smaller footprint, and less debt. It will operate as a private company...**Miniso** opened its 200th US location, in CA...**Sycamore Partners** acquired **Playa Bowls** from Tamarix Equity Partners and other investors. Terms were not disclosed. Playa Bowls has 250+ units in 22 states...**Freddy's Frozen Custard & Steakburgers** inked 4 deals to add 21 franchise locations. It operates 530+ restaurants in 36 states...**Red Lobster** emerged from bankruptcy with a new owner, new management, and 545 restaurants. It had closed about 90 sites prior to its filing.

DECELERATING RETAIL

Mountain Warehouse will acquire 7 **Eastern Mountain Sports** stores. The remaining 20 EMS stores and 21 **Bob's Stores** will close. EMS and Bob's Stores declared bankruptcy in June. Mountain Warehouse has 350+ stores in 8 countries...**Dollar General** closed 51 stores in less than 6 months...**Big Lots** entered an agreement with an affiliate of Nexus Capital Management LP to acquire its assets and operations. Big

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Observations

Chris Cardoni, Editor

OBSERVATION: Costco World: My significant other's family just loves shopping at **Costco**. They're always talking about the prices, the selection, the quality, the *quantity*. It's not quite a *cult* - but it is a *culture*, according to a fascinating piece by Ben Ryder Howe, for the *New York Times* (on Boston.com, 8/21/24), *How Costco Hacked the American Shopping Psyche*. Howe examines the influence of the place where *one-third* of US consumers shop regularly: "Costco has often been likened to a cult, in part because once members - 134 million worldwide - enter the fold, they rarely leave...Few companies have greater influence over what we eat (or wear, or fuel our cars with, or use for personal hygiene). Costco dominates multiple categories of the food supply - beef, poultry, organic produce, even fine wine from Bordeaux, which it sells more of than any retailer in the world. It is the arbiter of survival for millions of producers...Its private label, Kirkland, generates more revenue than...Nike and Coca-Cola."



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Howe contends that "The company has hacked the psyche of the American consumer, appealing to both the responsible-shopping superego...it is also an aspirational shopping experience, feeding that most American of appetites: conspicuous consumption."

In a fickle retail environment, Costco customers are markedly loyal, Howe notes: "At a time when Americans increasingly view big brands as predatory monopolies or fumbling, broken-down legacies, Costco is revered for its high wages, attentive customer service and "deep commitment to integrity," said Jeremy Smith, the president of Launchpad, an Oregon-based food brand incu-

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KPP NEWS

New Business: VP of Retail Brokerage Rob Grady and Retail Brokerage Associate Magnolia Neu negotiated a lease with **Los Altos Mexican Restaurant & Cantina** at O'Connor Hardware Plaza, Billerica, MA. Los Altos will join new tenants **Champions Indoor Golf** and **Billerica Auto Parts** at the Plaza...**Team News:** Tykesha Manzie joined the Maryland Office as a Property Manager.

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Lots initiated Chapter 11 proceedings in the US Bankruptcy Court in Delaware. A&G Real Estate Partners will handle the auction of 296 US Big Lots leases....**LL Flooring** has signed an agreement to sell 219 of its stores to F9 Investments and change its name back to **Lumber Liquidators**. The company will work with Hilco Merchant Resources, LLC, on closing sales at 211 locations...BurgerFi International, Inc., owner of **Anthony's Coal Fired Pizza & Wings** and **BurgerFi**, has filed for Chapter 11 reorganization. The filing includes the 67 corporate-owned locations of both brands.

NEW ENGLAND RETAIL

Citizens will close 4 MA branches and 3 kiosks in **Stop & Shop** stores which were announced to close...**First Watch** will open its 1st Boston-area location in Hanover (MA) Crossing. It operates 535+ restaurants in 29 states...**Floor & Decor** opened its first RI store at in Warwick and its first ME store in Portland. Floor & Decor operates 230+ stores in 36 states...**Friendly's** is making a comeback, and will start expanding with 3-5 stores next year...**JPMorgan Chase** will open 5 MA branches as it continues its march toward 110 branches in the state by 2027. It now has 63 branch-



JP Morgan Chase will open 5 Massachusetts branches

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es...**Twisted Fate Brewing** is the 1st retailer signed for the Suffolk Downs development in East Boston/Revere...**Raising Cane's** opened in Boston's Downtown Crossing...**Chip City Cookies** will open in Harvard Square and on Newbury St.... **Great American Beer Hall**, a 17,000 s/f venue opened in Medford...**Kelly's Roast Beef** opened a Worcester location; it now has 7 in MA...**King Arthur Baking Co.** and **Birkenstock** will open on Newbury St.

MONTHLY RETAIL SALES: COMMERCE DEPT.

Retail sales were up 0.1% in August, the Commerce Department said. Excluding autos and gas, sales rose 0.2%.

Source: U.S. Department of Commerce - commerce.gov

CONSUMER CONFIDENCE INDEX

The Conference Board Consumer Confidence Index® rose in August to 103.3 from an upwardly revised 101.9 in July.

Source: The Conference Board - www.conference-board.org

Membership loyalty brings Costco \$1.12 billion in annual fees

bator that specializes in placing products at Costco... It is still relationship-minded, and members seem satisfied, renewing at a rate of 93%."That membership loyalty brings Costco \$1.12 billion in annual fees. Costco world continues to grow, by about 30 warehouses a year - and who knows how many new, loyal members.

OBSERVATION: Basket of Loyalty: Speaking of loyal customers, in *Market Basket, 10 years later: Here's what made the story so special* (Boston Business Journal, 8/30/24), Projects Reporter Grant Welker marks the 10-year anniversary of a remarkable occurrence not only in the New England grocery world but the retail world in general.

10 years ago, a bitter battle broke out among the Demoulas family, owners of local supermarket chain **Market Basket**: "Market Basket had been led by CEO Arthur T. Demoulas since 2008. In 2014, his cousin, Arthur S. Demoulas, led a push for Arthur T.'s dismissal... However, Arthur T. enjoyed abnormally fierce loyalty among employees."

Here's the remarkable part: Market Basket enjoyed a unique reputation among its shoppers and employees alike, who felt a sense of connection and ownership. They took action to save "their" company. In solidarity with Arthur T., employees *walked out*, refusing to work. Long-time customers took their grocery shopping elsewhere; many actually *taped their grocery receipts from other stores onto the windows* of Market Baskets, to show the company how much business they were losing. The standoff stretched on for nearly two months, says Welker: "It took the direct involvement of the MA and NH governors to bring together the two sides...a deal was reached for Arthur T. to buy the company for \$1.6 billion, ending weeks of chaos."

Since then, under Arthur T.'s tenure, "Market Basket has grown from 25,000 employees in 2014 to around 30,000 today...from 70 stores that brought in less than \$5 billion in revenue to 90 stores that generate around \$7 billion...its prices are still among the lowest," Welker notes.

"Market Basket's recipe for success: lower prices...tons of employees who can staff each check-out aisle so customers don't need to wait... People love to work there...because they're treated well, paid generously, and given bonuses and profit-sharing that are exceedingly rare in retail."



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To mark the anniversary, Market Basket has distributed employee bonuses.

The article notes that Grant Welker covered the Market Basket story for the Lowell Sun, and co-authored a book, *We Are Market Basket*, published by HarperCollins in 2015.

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