

The Growth of Multichannel Retailing

*A Forrester document prepared for: National Governor's Association
and the National Conference of State Legislatures*

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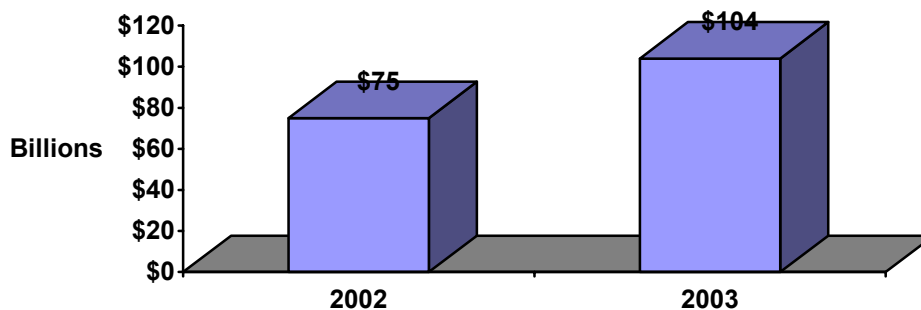
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I. eCommerce in 2003: A bright spot in the retail industry

Despite a difficult economic environment, war, and waning consumer confidence, online consumers opened up their wallets and continued to shop online at record rates in 2003. Online business-to-consumer sales reached approximately \$104 billion in 2003, a 39% increase over 2002 sales of \$75 billion (see Figure 1).¹ Forrester's eCommerce numbers differ dramatically from the Department of Commerce numbers, which concluded that 2003 eCommerce sales reached \$54.9 billion because Forrester includes online travel and auction gross merchandise sales while the DOC does not. We estimate 2003 auction sales reached \$20 billion and that travel sales hit \$27 billion. Subtracting these sales puts Forrester's figure at \$57 billion, much closer to the DOC's \$54.9 billion.

Figure 1: 2002-2003 Online Business-To-Consumer Sales

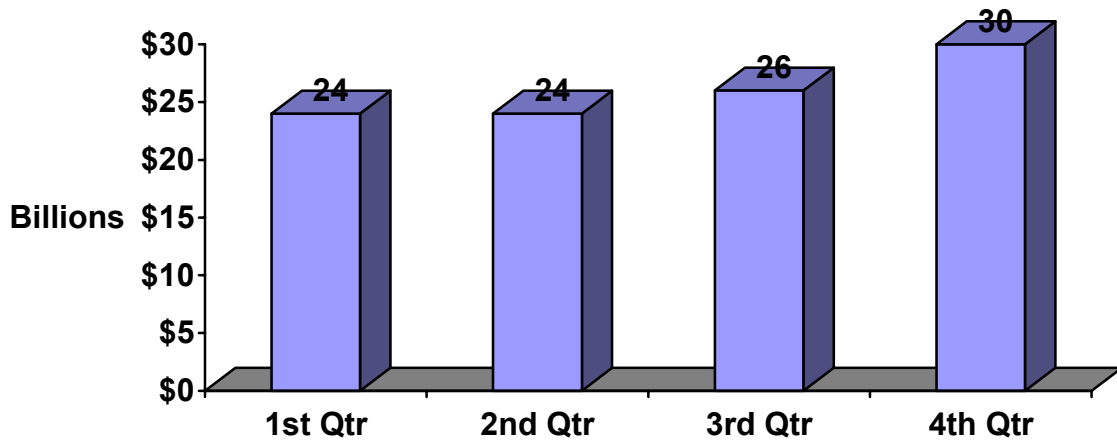


The details of the year include: Online sales hit the ground running in Q1 and, unlike years past, never slowed down. Q1 sales totaled \$24 billion, Q2 matched that number, Q3 sales shocked nearly all online retailers, coming in at \$26 billion, and Q4 sales held strong at \$30 billion. What fueled the growth? Sales in new categories like apparel, home décor, sporting goods, and healthy and beauty. These categories benefited from the changing demographics of online shoppers: In 2003, women represented 52% of online buyers, outnumbering men and buying more items for the family and home.

To push online sales in Q4, online retailers pushed innovative, aggressive promotions out early this year. To urge consumers to shop early and make sure they weren't enticed to shop in stores, retailers looked beyond simple free shipping deals -- Brooksbrothers.com ran 48-hour sales, Homedepot.com ran one-day sales, and Walmart.com offered \$0.97 shipping on select toys. The promotions worked and bad weather helped: During the weekend after Thanksgiving, more consumers shopped online than in department stores.

¹ Source: The January 23, 2004 Forrester Brief "2003 eCommerce: The Year In Review." To compile quarterly sales results, we look at sales of leading online retailers like Amazon.com and eBay, as well as published eCommerce sales numbers from comScore.

Figure 2: 2003 Quarterly Business-To-Consumer Sales

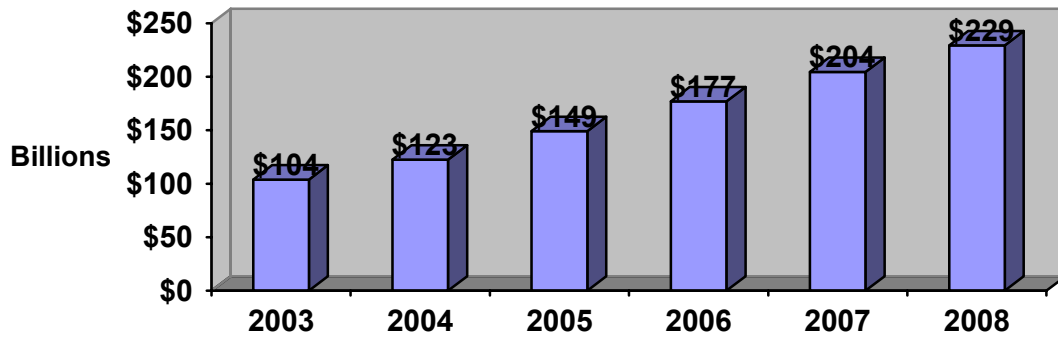


At \$104 billion, eCommerce is now the largest remote buying channel. According to the Direct Marketing Association, consumer mail order sales totaled \$76.9 billion in 2002 and \$81.2 billion in 2003. The Home Shopping industry (television sales) totaled approximately \$3 billion in 2003, according to Key Note, Ltd.

II. Beyond 2004: Steady growth ahead

Fueled by a steady stream of new online shoppers and new product category sales, US eCommerce will grow at a 19% compound annual growth rate (CAGR) over the next five years, from 2003 to 2008. Most significant, online retail will reach nearly \$230 billion and account for 10% of total US retail offline sales by 2008, which includes store, Internet, and mail-order sales (see Figure 3). To forecast future online sales, Forrester estimates the percentage of individual product categories that will move online using a hypergrowth statistical model that calculates how long it will take for each category to reach varying degrees of online penetration. This is the seventh year in which we've used this model to forecast online sales and Forrester has a proven track record of accurately forecasting growth: In 1999, we forecast that sales would hit \$76.3 billion in 2002 and \$108 billion in 2003. Actual sales for those years hit \$75 billion and \$104 billion.

Figure 3: US Online Business-To-Consumer Sales, 2003 to 2008



Approximately five million new US households will shop online each of the next five years, creating a total of 63 million US online shopping households in 2008. Experienced shoppers will continue to diversify their online purchasing, keeping sales on a steady climb: For the next five years, food and beverage, sporting goods, and home products will grow the fastest, outpacing more mature categories like books and travel (see Figure 4).²

² Source: The July 25, 2003 Forrester Brief “US eCommerce: The Next Five Years.”

Figure 4: US Online Category Sales, 2003 To 2008								
	2003	2004	2005	2006	2007	2008	% of offline retail	CAGR
(\$millions)	\$100,067	\$122,581	\$149,207	\$176,766	\$204,340	\$229,913	10%	19%
General apparel	\$8,615	\$10,693	\$14,290	\$18,181	\$22,053	\$25,618	12%	24%
Apparel	\$6,287	\$7,453	\$10,053	\$12,956	\$15,915	\$18,677	11%	24%
Accessories	\$793	\$1,128	\$1,461	\$1,748	\$1,977	\$2,156	19%	22%
Footwear	\$1,535	\$2,112	\$2,776	\$3,477	\$4,161	\$4,785	16%	26%
Books	\$2,794	\$3,314	\$3,976	\$4,582	\$5,100	\$5,541	26%	15%
Computer hardware/software	\$9,502	\$9,898	\$10,374	\$10,749	\$11,069	\$11,361	37%	4%
Computer hardware	\$7,423	\$7,756	\$7,976	\$8,158	\$8,329	\$8,498	35%	3%
Computer software	\$2,079	\$2,141	\$2,398	\$2,591	\$2,740	\$2,863	44%	7%
Consumer electronics	\$4,719	\$5,635	\$7,058	\$8,598	\$10,181	\$11,730	17%	20%
Flowers/cards/gifts	\$2,033	\$2,881	\$3,853	\$4,879	\$5,877	\$6,778	14%	27%
Flowers	\$801	\$1,205	\$1,734	\$2,367	\$3,045	\$3,700	17%	36%
Cards	\$261	\$323	\$369	\$401	\$424	\$442	5%	11%
Gifts	\$971	\$1,353	\$1,750	\$2,112	\$2,408	\$2,636	14%	22%

Home	\$10,573	\$16,703	\$22,010	\$27,686	\$33,389	\$38,807	9%	30%
Furniture	\$1,352	\$2,098	\$2,957	\$3,799	\$4,529	\$5,126	9%	31%
Garden supplies	\$877	\$968	\$1,286	\$1,674	\$2,133	\$2,652	5%	25%
Linens/home décor	\$2,311	\$3,039	\$3,770	\$4,440	\$5,015	\$5,490	18%	19%
Major appliances	\$634	\$816	\$980	\$1,113	\$1,212	\$1,284	9%	15%
Office supplies	\$3,278	\$6,483	\$8,437	\$10,466	\$12,404	\$14,126	12%	34%
Pet supplies	\$310	\$437	\$605	\$822	\$1,089	\$1,401	4%	35%
Small appliances	\$893	\$1,331	\$1,519	\$1,651	\$1,746	\$1,822	25%	15%
Tools/hardware	\$917	\$1,532	\$2,456	\$3,721	\$5,261	\$6,904	5%	50%
Jewelry/luxury goods	\$1,981	\$2,761	\$3,630	\$4,504	\$5,304	\$5,990	13%	25%
Music/video	\$2,989	\$4,867	\$5,745	\$6,546	\$7,368	\$8,121	17%	22%
Music	\$1,233	\$1,961	\$2,135	\$2,252	\$2,409	\$2,536	19%	16%
Video	\$1,756	\$2,906	\$3,610	\$4,294	\$4,959	\$5,586	16%	26%
Sporting goods/equipment	\$1,663	\$2,370	\$3,244	\$4,243	\$5,289	\$6,299	11%	31%
Tickets	\$3,287	\$5,212	\$5,943	\$6,570	\$7,107	\$7,578	38%	18%
Toys/video games	\$2,792	\$3,396	\$3,985	\$4,535	\$5,036	\$5,486	15%	14%
Toys	\$1,889	\$2,238	\$2,549	\$2,811	\$3,026	\$3,200	14%	11%
Video games	\$903	\$1,158	\$1,436	\$1,724	\$2,010	\$2,286	16%	20%
Other*	\$5,051	\$5,556	\$6,112	\$6,723	\$7,395	\$8,135	N/A	10%
General merchandise subtotal	\$57,480	\$75,673	\$93,444	\$111,619	\$129,393	\$145,956	13%	20%
Auto/auto parts	\$7,180	\$8,132	\$9,281	\$10,555	\$11,957	\$13,489	2%	13%
Food/beverage	\$3,708	\$5,176	\$7,482	\$10,392	\$13,790	\$17,443	4%	36%
Travel	\$27,300	\$33,600	\$39,000	\$44,200	\$49,200	\$53,025	21%	14%
Airline tickets	\$15,800	\$19,500	\$22,500	\$25,300	\$27,800	\$28,415	23%	12%
Car rentals	\$2,300	\$2,700	\$3,000	\$3,300	\$3,700	\$3,954	22%	11%
Full-service travel agents	\$500	\$700	\$800	\$900	\$1,000	\$1,829	24%	30%
Hotel reservations	\$8,700	\$10,700	\$12,700	\$14,700	\$16,700	\$18,827	18%	17%
Auto/grocery/travel subtotal	\$38,188	\$46,908	\$55,763	\$65,147	\$74,947	\$83,957	6%	17%

* "Other" includes subscriptions, baby supplies, art and collectibles, and services.

Another factor fueling the growth of online sales is broadband penetration. Competition between Telcos and cable providers is driving the price of broadband services down, making the technology available to the mainstream – 56% of US households will have broadband access by 2008 (see Figure 5). To arrive at these conclusions, Forrester conducted a mail survey of 61,086 US and Canadian households in February 2003, and analyzed market factors as well.

Figure 5: US Broadband Penetration, 1998 to 2008

	US households (millions)										
	Actual					Forecast					
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total US households	101.0	102.1	103.2	104.3	105.5	106.6	107.7	108.8	110.0	111.2	112.4
Internet	33.3	44.3	59.2	63.5	67.2	70.7	73.8	76.8	79.4	81.8	84.0
Broadband	0.6	2.6	6.1	10.5	15.6	21.7	29.3	38.0	47.0	55.5	62.4

As a growing percentage of online shopping households use broadband, our research shows that they research more products and buy more online than their dial-up counterparts (see Figures 6 and 7).

Figure 6: Broadband Users Are Wealthier And Spend More Online Than Dial-Up Users

	Use dial-up	Use broadband	All online
Average income (US\$)	\$53,200	\$70,500	\$59,100
Average age	47	43	46
Female	55%	42%	50%
Have college degree	34%	55%	41%
Have children younger than 18 in the household	39%	41%	40%
Buy online	37%	61%	45%
Amount spent online in the past three months (US\$)*	\$324	\$552	\$430

Base: North American online consumers

*Base: North American Web buyers

Source: Forrester's Consumer Technographics 2002 North America Devices & Access Mail Study

Figure 7: Broadband Creates Smarter Shoppers

	Broadband tenure					All with broadband
	Less than 1 year	1-2 years	2-3 years	3-4 years	4 years or more	
Amount of time I spend online	53%	58%	60%	63%	59%	58%
Number of sites at which I research products	48%	57%	58%	58%	64%	56%
Amount of time I spend researching products online	43%	49%	53%	58%	59%	51%
Types of tools I use at retailer sites	30%	35%	38%	40%	47%	37%
Amount of money I spend online	20%	28%	48%	48%	54%	37%
Number of products I purchase online	20%	29%	40%	45%	52%	35%
Number of retailers from which I purchase products	19%	30%	43%	41%	49%	35%
Variety of products I purchase online	19%	24%	39%	39%	49%	32%

Base: North American online consumers with broadband access

III. Multichannel retailing: Overview

Originally, Web sales were dominated by pure-play retailers – retailers that only sold goods online like Amazon.com and Pets.com. As many of these companies went out of business due to overspending and the stock market correction in 2000, multichannel retailers rose to fill the gap in sales left behind by those retailers. And as multichannel retailers fine-tuned their online selling strategies, consumers became comfortable shopping online with these retailers that they knew and trusted. Online sales now closely mirror offline sales: With the exception of online sellers Amazon.com and eBay, the majority of online sales are closed by the same retailers that dominate offline sales.

The percentage of total online sales attributed to multichannel retailers continues to rise: According to the *State Of Retailing Online 6.0*, a Shop.org survey conducted by Forrester, sales from multichannel retailers accounted for 72% of online sales in 2002 and 75% in 2003 (see Figure 8).³ This trend will remain strong but mostly stable, with minimal growth each year as the trend of retailers adding channels continues: Most pure plays have launched catalogs and some have even opened stores, making the number of true online-only retailers quite small. Overall, multichannel retailer sales grew by 59% in 2002 over 2001, and held strong at 32% growth in 2003. In contrast, sales by Web-based retailers grew at a rate of just 13% in 2003.

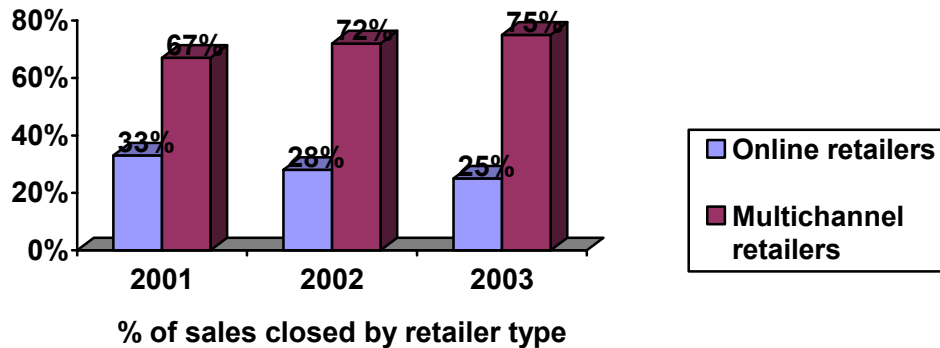
Who are these multichannel retailers? They are the same retailers that succeed offline – Target, Wal-Mart, and Sears, for example. Offline, these retailers have average sales of approximately \$11.8 billion.⁴ Of the top 100 retailers, 66% currently sell online, with average sales hitting the \$100 to \$250 million range. Over the past two years, these

³ Source: *The State of Retailing Online 6.0*, a Shop.org survey conducted by Forrester Research.

⁴ We used the 2003 annual STORES magazine ranking of the top 100 retailers to arrive at this figure.

multichannel retailers have altered their online selling strategies dramatically in response to consumer demand, as discussed in the following sections.

Figure 8: Multichannel retailers dominate Web sales



IV. Multichannel retailing: Consumers that research online and buy offline

As a result of retailers' efforts to make consumers comfortable shopping with online stores that also have offline presences, consumers frequently research items online and buy them offline -- we call these consumers cross-channel shoppers. 51% of online consumers in North America participate in this behavior, or 32 million shoppers. These 32 million cross-channel shoppers are a great target for retailers. With an average age of 43 and an average household income of \$67,400, these consumers are three years younger and have a household income 18% higher than that of online consumers who haven't recently researched an item offline and subsequently purchased that product offline.

Consumers willing to take the time to research a specific product online before they purchase the product offline are careful about how they spend their money. In fact, 81% of cross-channel shoppers know the prices of most things they buy, and 81% also report that they carefully compare prices before they make a purchase.

Cross-channel shopping isn't limited to consumers who research cars or computers online to purchase those high-ticket items offline (see Figure 9). There's much more to this behavior: Most product categories draw millions of consumers who will research those products online and then buy them in their local stores.

Figure 9: The products that consumers research online and buy offline

Percent of consumers that have researched these products online and bought offline

Consumer electronics	12.1%
Computer hardware	9.1%
Toys	6.0%
Books	5.9%
Automobiles	4.8%
Software	4.3%
Major appliances	4.0%
Home improvement	3.9%
Small appliances	3.8%
DVDs (not including DVD player)	3.6%
Travel arrangements	3.5%
Music	3.3%
Video games	3.1%
Office supplies	2.7%
Clothing accessories	2.1%
General apparel	1.7%
Movie tickets	1.7%
Automotive parts/accessories	1.5%
Sporting goods	1.5%
Nonprescription health and beauty aids	1.3%
Prescription medicines	1.2%
Linens/home décor	1.2%
Jewelry	1.1%
Furniture	1.1%
Footwear	1.1%
Lawn and garden supplies	1.0%
Concert/sports tickets	1.0%
Cosmetics/fragrances	0.9%
Videos	0.9%
Food and beverages/groceries	0.9%
Flowers	0.6%
Magazine/newspaper subscription	0.3%

Base: North American cross-channel shoppers

Cross-channel shoppers have many demands: The ability to buy an item online and return it to the store is the number one multichannel feature that consumers consider to be important (see Figure 10). In a recent survey of online consumers, we have found that just 11% of consumers have bought an item online and picked it up in the store. However, proving again that cross-channel shoppers are the most valuable shoppers, these consumers are younger, wealthier, and spend more online than the general population (see Figure 11).

Figure 10: The Cross-channel Features That Consumers Value

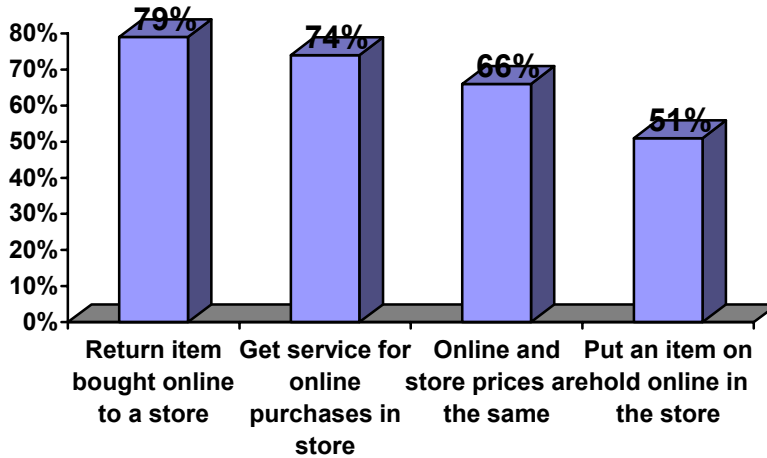


Figure 11: Cross-channel shoppers are valuable customers

	Consumers that have ordered a product online and picked it up in the store	Online consumers
Average annual HH income	\$69,522	\$60,803
% that purchased online in the past three months	75%	50%
Average online spending in the past three months	\$445	\$309
Source: Forrester's Consumer Technographics Q4 2003 North American Study		

Forrester expects that the dynamic of consumers researching items online and buying them in stores will intensify over the next couple of years. Why? Because cross-channel shopping doesn't subside once consumers become comfortable buying online. In fact, online buying catalyzes cross-channel shopping as consumers become more adept at integrating the Web into their everyday lives. While 35% of online consumers with less than one year of experience are cross-channel shoppers, 57% of consumers with at least three years of experience have researched online and purchased offline. By 2005, this number will grow to more than 45 million consumers as sophistication increases and the broadband effect stimulates more everyday uses.

V. Multichannel retailing: How retailers respond to consumer needs

As this multichannel consumer dynamic unfolds, retailers now realize that it is better to be able to satisfy these multichannel shoppers than offer low prices online. Some retailers, like Barnes & Noble, had set up separate online subsidiaries in order to compete with low-price retailers online like Amazon by not offering sales tax, as well as to take

advantage of the venture capital and IPO environment of the late 1990s. But this organizational structure limited their ability to allow consumers to buy a product online and return it to stores, a critical customer service offering.

Beyond the desire to meet the needs of consumers, we see two major trends that are driving centralization of retail organizations. 1) The need to perform consistent cross-channel merchandising and marketing in the midst of faltering retail sales and a shaky economic environment means that companies can no longer afford duplication of channel specialists in different parts of the organization. Therefore as a cost issue they only can sustain one group that handles global merchandising and marketing strategies. 2) Technology enhancements at the point of sale are driving collaboration across organizations. For example, retailers are sharing customer data from the web site, store POS, and call center.

This desire to offer multichannel services as well as to cut costs means that most retailers now include their online division in either their store or direct division P&L. As a result, of those that sell online, 88% of the top 100 retailers that now accept in-store returns of online purchases (see Figure 12). Forrester expects that by 2005, more than 95% of retailers will accept in-store returns. Today, a few retailers like Victoria's Secret can not offer this functionality due to separate corporate P&Ls and merchandise, but few retailers will remain so separate organizationally as more and more consumers demand cross-channel consistency.

A site-by-site review of the top 100 retail sites reveals that the majority of retailers now also collect sales tax: Of those that sell online, 94% of the top 100 retailers collect sales tax online in states in which they have nexus. This is explained to consumers on retailer Web sites with language that typically reads, “[retailer name] does business throughout the United States and accordingly collects sales and use tax as required by applicable law. Your confirmation order total will reflect the applicable state and local sales tax, if any.”

Today, just 15% of the top 100 retailers offer consumers the capability to buy online and pick up in stores. These retailers include Sears, Payless ShoeSource, Circuit City, Best Buy, and CompUSA. REI, a retailer that is not in the top 100, also offers this functionality, and reports that 28% of orders on REI.com are in-store pick-up orders. Other retailers report that on average, 40% of the sales on their sites are orders that are bought online and picked up in the store.⁵ By our estimates, the total value of items ordered online and picked up in stores was approximately \$300 million in 2003. We arrived at this figure by estimating the sales of the retailers that offer this service and the percentage of sales that they close using this tool.

Although just a few retailers offer this capability today, in a study of 75 multichannel retailers in the Spring of 2003, we found that 63% of retailers had upgraded inventory management systems—a potential precursor to offering the buy online pick up in store capability.⁶ In that same study, we found that more retailers than ever also offered

⁵ Source: Forrester interviews with retailers.

⁶ Source: The State of Retailing Online 6.0, a Shop.org survey conducted by Forrester Research.

consistent pricing with offline channels – 74% in 2002 versus slightly more than 60% in 2001. This is another indicator that retailers are gearing up to accommodate this type of capability.

However, because offering this capability is so difficult, we only expect two to three retailers per year between now and 2005 to offer this functionality. In order to offer this capability, retailers must have real-time visibility into individual store inventory, as well as a store format that allows them to set aside large merchandise in a section of the store that consumers can easily access. The most likely retailers are large companies to overhaul inventory systems and that also have the space in the store to put aside merchandise for online purchases include: JCPenney, Toys R Us, Target, and Wal-Mart.

Only one retailer – Borders – offers consumers the ability to put an item on hold online and buy it in the store. Because of the difficulty of this service from a storage perspective in the store and the inventory implications surrounding the uncertainty that consumers will actually buy the item, Forrester does not expect many more retailers to offer this functionality.

Figure 12: Offline leaders and their multichannel capabilities

Company (Head- quarters)	Volume (000) 2002	Sell online?	Charge sales tax?	Allow consumers to buy online and pick up in store?	Allow in- store returns of online purchases
Average sales	\$11,802,118				
Total yes		66	62	15	55
Total no		34	4	47	7
Average of online sellers		66%	94%	23%	83%
Average of all sellers		66%	62%	15%	55%
1 Wal-Mart (Bentonville, Ark.)	\$246,525,000	yes	yes	no	yes
2 Home Depot (Atlanta)	58,247,000	yes	yes	yes	yes
3 Kroger (Cincinnati)	51,759,500	no	n/a	n/a	n/a
4 Target (Minneapolis)	42,722,000	yes	yes	no	yes
5 Sears (Hoffman Estates, Ill.)	41,366,000	yes	yes	yes	yes
6 Costco (Issaquah, Wash.)	37,993,093	yes	yes	no	yes
7 Albertson's (Boise, Idaho)	35,626,000	yes	yes	yes	yes

	Company	Volume (000)	Sell online?	Charge sales tax?	Allow consumers to buy online and pick up in store?	Allow in- store returns of online purchases
8	Safeway (Pleasanton, Calif.)	32,399,200	yes	yes	no	yes
9	JCPenney (Plano, Texas)	32,347,000	yes	yes	no	yes
10	Kmart (Troy, Mich.)	30,762,000	yes	yes	yes	yes
11	Walgreen (Deerfield, Ill.)	28,681,100	yes	yes	no	yes
12	Lowe's (Wilkesboro, N.C.)	26,490,885	yes	yes	yes	yes
13	CVS (Woonsocket, R.I.)	24,181,500	yes	yes	no	yes
14	Ahold USA* (Chantilly, Va.)	23,200,000	yes	yes	no	yes
15	Best Buy (Minneapolis)	20,946,000	yes	yes	yes	yes
16	Publix (Lakeland, Fla.)	15,900,000	yes	yes	no	yes
17	Rite Aid (Camp Hill, Pa.)	15,800,920	yes	no	no	no
18	Federated Dept. Stores (Cincinnati)	15,435,000	yes	yes	no	yes
19	Delhaize America* (Salisbury, N.C.)	15,000,000	no	n/a	n/a	n/a
20	Gap (San Francisco)	14,454,709	yes	yes	no	yes
21	May Department Stores (St. Louis, Mo.)	\$13,491,000	yes	yes	no	yes
22	Winn-Dixie (Jacksonville, Fla.)	12,334,353	no	n/a	n/a	n/a
23	Meijer* (Grand Rapids, Mich.)	12,000,000	no	n/a	n/a	n/a
24	TJX (Framingham, Mass.)	11,981,207	no	n/a	n/a	n/a
25	Staples (Framingham, Mass.)	11,596,075	yes	yes	no	yes
26	Office Depot (Delray Beach, Fla.)	11,356,633	yes	yes	yes	yes
27	Toys "R" Us (Paramus, N.J.)	11,305,000	yes	yes	no	yes
28	A&P (Montvale, N.J.)	10,794,370	no	n/a	n/a	n/a
29	7-Eleven (Dallas)	10,212,786	no	n/a	n/a	n/a

	Company	Volume (000)	Sell online?	Charge sales tax?	Allow consumers to buy online and pick up in store?	Allow in- store returns of online purchases
30	Circuit City (Richmond, Va.)	9,953,530	yes	yes	yes	yes
31	SuperValu Retail (Eden Prairie, Minn.)	9,848,230	no	n/a	n/a	n/a
32	H.E.B.* (San Antonio)	9,300,000	no	n/a	n/a	n/a
33	Kohl's (Menomonee Falls, Wis.)	9,120,287	yes	yes	no	yes
34	Limited Brands (Columbus, Ohio)	8,444,654	yes	no	no	no
35	Dillard's (Little Rock, Ark.)	7,911,000	yes	yes	no	yes
36	Dollar General (Goodlettsville, Tenn.)	6,100,404	no	n/a	n/a	n/a
37	Nordstrom (Seattle)	5,975,076	yes	yes	no	yes
38	Saks (Birmingham, Ala.)	5,911,122	yes	yes	no	yes
39	BJ's Wholesale Club (Natick, Mass.)	5,859,702	no	n/a	n/a	n/a
40	Blockbuster (Dallas)	5,565,900	yes	yes	no	yes
41	AutoZone (Memphis, Tenn.)	\$5,325,510	yes	yes	no	yes
42	Barnes & Noble (New York)	5,269,335	yes	yes	no	yes
43	Menard* (Eau Claire, Wis.)	5,250,000	no	n/a	n/a	n/a
44	CompUSA* (Dallas)	5,100,000	yes	yes	yes	yes
45	OfficeMax (Cleveland)	4,775,563	yes	yes	no	yes
46	RadioShack (Fort Worth, Texas)	4,577,200	yes	yes	no	yes
47	Foot Locker (New York)	4,509,000	yes	yes	no	yes
48	Longs Drug (Walnut Creek, Calif.)	4,426,273	yes	yes	no	yes
49	Giant Eagle* (Pittsburgh)	4,400,000	no	n/a	n/a	n/a
50	Shaw's Supermarkets (W. Bridgewater, Mass.)	4,400,000	no	n/a	n/a	n/a
51	QVC (West Chester, Pa.)	4,381,000	yes	yes	n/a	n/a

	Company	Volume (000)	Sell online?	Charge sales tax?	Allow consumers to buy online and pick up in store?	Allow in- store returns of online purchases
52	Hy-Vee* (West Des Moines, Iowa)	4,200,000	yes	yes	yes	yes
53	Family Dollar (Matthews, N.C.)	4,163,650	no	n/a	n/a	n/a
54	Pathmark (Carteret, N.J.)	3,937,700	no	n/a	n/a	n/a
55	Amazon.com (Seattle)	3,932,936	yes	yes	n/a	n/a
56	Big Lots (Columbus, Ohio)	3,868,550	no	n/a	n/a	n/a
57	Bed Bath & Beyond (Union, N.J.)	3,665,164	yes	yes	no	yes
58	Ross Stores (Newark, Calif.)	3,531,349	no	n/a	n/a	n/a
59	Borders Group (Ann Arbor, Mich.)	3,513,000	yes	yes	no	no
60	Sherwin Williams quarters)	3,302,000	no	n/a	n/a	n/a
61	Advance Auto Parts (Roanoke, Va.)	\$3,287,883	yes	yes	no	yes
62	ShopKo (Green Bay, Wis.)	3,252,809	no	n/a	n/a	n/a
63	Raley's* (W. Sacramento, Calif.)	3,200,000	yes	yes	yes	yes
64	Wegman's* (Rochester, N.Y.)	3,100,000	yes	yes	no	yes
65	Neiman Marcus Group (Dallas)	2,948,332	yes	yes	no	yes
66	Payless ShoeSource (Topeka, Kan.)	2,878,000	yes	yes	yes	yes
67	Michaels (Irving, Texas)	2,856,373	yes	yes	no	yes
68	PETSMART (Phoenix)	2,695,184	yes	yes	no	yes
69	Whole Foods Markets (Austin, Texas)	2,690,475	no	n/a	n/a	n/a
70	Stater Bros. (Colton, Calif.)	2,666,346	no	n/a	n/a	n/a
71	Spiegel* (Downers Grove, Ill.)	2,650,000	yes	yes	n/a	n/a
72	Penn Traffic* (Syracuse, N.Y.)	2,585,000	no	n/a	n/a	n/a
73	Burlington Coat Factory (Burlington, N.J.)	2,577,206	yes	no	no	no

	Company	Volume (000)	Sell online?	Charge sales tax?	Allow consumers to buy online and pick up in store?	Allow in- store returns of online purchases
74	The Pantry (Sanford, N.C.)	2,494,064	no	n/a	n/a	n/a
75	Value City (Columbus, Ohio)	2,450,719	no	n/a	n/a	n/a
76	Price Chopper* (Schenectady, N.Y.)	2,450,000	no	n/a	n/a	n/a
77	Charming Shoppes (Bensalem, Pa.)	2,412,409	yes	yes	no	yes
78	Ames* (Rocky Hill, Conn.)	2,400,000	no	n/a	n/a	n/a
79	Williams-Sonoma (San Francisco)	2,360,830	yes	yes	no	yes
80	Harris Teeter (Charlotte, N.C.)	2,349,650	yes	yes	yes	yes
81	Dollar Tree (Chesapeake, Va.)	\$2,329,188	no	n/a	n/a	n/a
82	Footstar* (West Nyack, N.Y.)	2,300,000	yes	yes	no	yes
83	Belk (Charlotte, N.C.)	2,242,000	yes	yes	no	yes
84	Zale (Dallas)	2,191,727	yes	yes	no	yes
85	Linens 'n Things (Clifton, N.J.)	2,184,716	yes	yes	no	yes
86	Pep Boys (Philadelphia)	2,172,488	yes	no	no	no
87	Casey's General Stores (Ankeny, Iowa)	2,158,057	no	n/a	n/a	n/a
88	Schnuck Markets* (St. Louis) Berkshire-Hathaway	2,150,000	yes	yes	yes	no
89	Retail (Omaha, Neb.)	2,103,000	no	n/a	n/a	n/a
90	Lenscrafters- SunglassHut (Cincinnati)	2,039,600	no	n/a	n/a	n/a
91	Smart & Final (Los Angeles)	2,015,983	yes	yes	no	yes
92	Weis Markets (Sunbury, Pa.)	1,999,364	yes	yes	yes	yes
93	84 Lumber* (Eighty Four, Pa.)	1,990,000	no	n/a	n/a	n/a
94	Ingles Markets (Asheville, N.C.)	1,960,462	no	n/a	n/a	n/a

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95	Home Shopping Network* (St. Petersburg, Fla.)	1,900,000	yes	yes	n/a	n/a
96	DeMoulas* (Tewkesbury, Mass.)	1,850,000	no	n/a	n/a	n/a
97	Pier 1 Imports (Fort Worth, Texas)	1,754,900	yes	yes	no	yes
98	K-B Toys* (Avon, Mass.)	1,750,000	yes	yes	no	yes
99	Tiffany (New York)	1,706,602	yes	yes	no	yes
100	Jo-Ann	1,682,000	yes	yes	no	no