

# Industry News

## Mixed Picture At Gap

August sales at Gap eked a 1 per cent increase, capturing \$1.23 billion revenue at the cash registers. But the picture was mixed.

Same store sales in the U.S. were flat, compared to a 1 percent increase in 2003. International store sales were down 10 percent.

Banana Republic sales were flat, compared to an 8 percent increase last year, while Old Navy revenue was down 1 percent compared to 6 per cent increase in 2003.

Year-to-date sales for Gap are up 4 per cent, although the number of stores have decreased slightly from 3,081 to 3,016. Fiscal year 2003 sales were \$15.9 billion.

In the meantime, Gap Inc. President Paul Pressler announced that Julie Rosen has been appointed executive vice president of merchandising of the Gap brand and Sheryl Clark is executive vice president of merchandising for Old Navy.

"This new merchandising structure better supports our growth strategies," Pressler said. "Putting all responsibility for product assortments under one leader better aligns merchandising with our design and marketing organizations and strengthens our ability to deliver a fully integrated brand experience to our customers."

## Payless Reacts

Looking at a 6.9 per cent decrease in same store sales in August, Payless ShoeSource Inc. announced that Chairman and CEO Steven J. Douglass also will assume the duties of president.

Sales at the 5,078 stores during August came in at \$218

million, compared to \$238 million in 2003.

Payless also announced that it will close 260 stores, in addition to the 230 stores already scheduled for liquidation. Also the company will dispose of all 32 stores in Chile and Peru and close the 181 Parade stores.

Douglass said the company is committed to its goal of 30 per cent gross margin for fiscal 2004 and this will require low single digit same store increases.

## Good News At Goody's

Goody's Family Clothing Inc. last month announced that \$94.1 million same store August sales reflected an 8 per cent increase over those reported in August 2003.

Year-to-date sales for fiscal year were \$691.6 million--up 4 per cent over the same period last year. Chairman Robert M. Goodfriend attributed August success to the new exclusive Duck Head brand sportswear line.

Based in Knoxville, TN, Goody's operate 350 stores throughout the Southeast and Midwest.

## Limited Brands Sales

Limited Brands reported a 2 per cent decrease in comparable store sales during August, but overall revenue was \$577.8 million.

For the 30 weeks of the fiscal year, Limited said comparable sales are up 7 per cent--now at \$4.76 billion.

Leading the sales was Victoria's Secrets with revenue up 8 per cent. Limited Express and Limited Stores reported sales down 18 and 16 per cent respectively.

The Limited Brands operates 3,836 stores, down slightly from a year ago.

*continued on page 13*

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# Industry News *continued from page 10*

## Penneys Issues Warning

The lifting of apparel and textile quotas on January 1 will prompt retailers to consolidate their purchasing, according to a top JC Penney official.

Peter McGrath, chairman of the purchasing corporation at Penney, issued the warning at the recent MAGIC seminar sponsored by WWD news publication.

"I may have 25 suppliers today for my knits and in the future I will need five," he added.

McGrath said wholesale prices will decline by 8 percent to 15 percent, but that savings probably will not be passed on to shoppers. Instead, they will benefit from "improved products," he insisted.

McGrath also had a warning for importers, predicting they will face more pressure as retailers source directly with foreign companies. "Factories will need to specialize to meet customer needs," he concluded.

## Figuring Gap

The Gap uses 3,001 vendors for apparel and accessories sold in stores throughout North America, including Gap, Old Navy and

Banana Republic. Of those, 42 are located in mainland China.

Gap announced that it recently suspended business relations with 136 for workplace violations, including human rights.

## Petition Opposed

Strong opponents have lined up against the petition for safeguards on socks imported into the United States from China.

The petition was filed by the Domestic Manufacturers Committee of The Hosiery Association in July and now is being reviewed by the Committee for the Implementation of Textile Agreements (CITA) in the U.S. Department of Commerce. The deadline for a CITA decision is October 25—one week before the election.

The list of opponents include major retailers, socks importers, Chinese exporters and the Chinese government. Among U.S. hosiery manufacturers opposing the petition are Gold Toe Brands Inc., Moretz Inc. and Renfro Corp. Sara Lee Hosiery is on the sidelines.

The U.S. Sock Manufacturers' and Distributors Coalition which includes the hosiery opponents to the petition has challenged the validity of the petition. Among the 110 comments also filed in opposition have come from the National Retail Federation, the Retail Industry Leaders Association (formerly IMRA), and individual retailers.