

Dollar General to Open 1,425 Stores by End of 2012

Mark Szakonyi, Daily Content Editor | Dec 7, 2011 9:12PM GMT
The Journal of Commerce Online - News Story



Retailer plans to offer more perishable goods, source more products internationally

Dollar General says it will open 1,425 stores by the end of 2012, expand its offering of perishable goods and source more products from northern and western China.

The company increased its inventory 4.6 percent year-over-year in the third quarter, largely because the company opened 482 new stores and expanded 544 others. The retailer said its transportation costs rose 28 percent year-over-year in the same period, primarily because of higher fuel rates.

Part of the discount retailer's push to offer perishable foods will be through Dollar General's opening of about 40 grocery markets, adding to the existing five such stores in Las Vegas, said CEO and Chairman Richard Dreiling.

He said "new stores are opening with 14 to 16 coolers and we are installing four additional cooler doors in approximately 1,200 existing locations to better serve our time conscious customer," according to a [Seeking Alpha transcript](#) of the company's earnings call. "We increased the number of coolers in 500 stores this year, still leaving approximately two-thirds of our stores today with eight cooler doors or fewer."

The Dollar General's third-quarter profit rose 35 percent year-over-year to \$171.2 million, as the retailer's revenue rose 12 percent to \$3.6 billion on a 6.3 percent rise in same-store sales. The company's inventory shrinkage, or goods lost, stolen or damaged between the manufacturer and store, fell to "the lowest rate in well over a decade."

The Goodlettsville, Tenn.-based company plans to share more with investors how it will take a "broader and broader" approach to foreign sourcing, said David Tehle, chief financial officer and executive vice president.

"But just to give you a flavor of some of the things that have happened very recently in the breadth of what we're doing, we're sourcing pickles out of India right now," he said. "We're doing aluminum foil out of China, denim shirts out of Kenya and bandanas out of Pakistan."

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