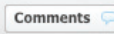


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Gap closing stores, already lean in Philadelphia

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Gap Inc., which said last week that it plans to close 200 stores nationwide, has not specified which ones. But one observer says there is not a lot of fat in Philadelphia.

In the city, it has a store at 1510 Walnut St. and another at 3401 Walnut St., near the University of Pennsylvania campus. It also has a Gap Outlet store at 1912 Chestnut St. In 2008, it closed a longtime Gap store at 500 South St.

"Those locations make sense to me — if they're all making money," said **David Neff**, a public relations-and-retail specialist at Neff + Associates in Philadelphia. "Like any business, they will likely close the worst-performing stores, but they're pretty lean and mean in Philadelphia."

In the suburbs, GAP has South Jersey stores at the Cherry Hill Mall, the Deptford Mall and Moorestown Mall. In the Pennsylvania suburbs it has stores at Suburban Square in Ardmore, Springfield Mall in Delaware County, the King of Prussia Mall, Glen Eagle Square in Glen Mills, Exton Square, Willow Grove Park, Montgomery Mall, Neshaminy Mall in Bensalem, in downtown Doylestown, and at Metroplex in Plymouth Meeting. It also has a store at the Philadelphia International Airport.

In addition to closing 200 Gap brand stores, Gap plans to add up to 60 Gap Outlets, which would give it about 250. It will expand its Banana Republic Factory store count to about 150, a net addition of about 40 stores.

The San Francisco-based chain (NYSE:GPS) will reduce its U.S. store count to 700 by 2013, **Glenn Murphy**, Gap chairman and CEO, said in an investor conference last week.

"I think we've lost our edge here a little bit... We've been tapping at the edges of Gap brand in North America. That's not good enough," Murphy said. "We need significant change — first in product, then in stores... and third a big change in marketing."

Murphy also said that he would dramatically reduce Gap's vendors, including working more directly with mills, in an effort to secure better prices and a faster, more flexible pipeline.

Gap reduced its full year earnings forecast in May, noting that the cost of cotton and yarn had increased far more than the company had budgeted.

