

CONNS INC
Form 10-K
April 01, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of

the Securities Exchange Act of 1934

For the fiscal year ended January 31, 2011

Commission File Number 000-50421

CONN S, INC.

(Exact Name of Registrant as Specified in its Charter)

A Delaware corporation
(State or other jurisdiction of
incorporation or organization)

06-1672840
(I.R.S. Employer

Identification Number)

3295 College Street

Beaumont, Texas 77701

(Address of Principal Executive Offices)

(409) 832-1696

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(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, par value \$0.01 per share	The NASDAQ Global Select Market, Inc

Securities registered pursuant to Section 12(g) of the Act:

NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of July 31, 2010, was approximately \$78.2 million based on the closing price of the registrant's common stock as reported on the NASDAQ Global Select Market, Inc.

There were 31,765,360 shares of common stock, \$0.01 par value per share, outstanding on March 30, 2011

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Definitive Proxy Statement for the Annual Meeting of Stockholders to be held May 24, 2011 (incorporated herein by reference in Part III).

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PART I

ITEM 1. BUSINESS

Unless the context indicates otherwise, references to we, us, and our refer to the consolidated business operations of Conn's, Inc. and all of its direct and indirect subsidiaries, limited liability companies and limited partnerships.

Company overview

We are a leading specialty retailer of durable consumer products, and we also provide consumer credit to support our customers' purchases of the products that we offer. Currently, we derive our revenue primarily from two sources: (i) retail sales and delivery of consumer electronics, home appliances, furniture and mattresses, lawn and garden equipment and repair service agreements; and (ii) our in-house consumer credit program, including sales of related credit insurance products. We operate a highly integrated and scalable business through our 76 retail stores and our website, providing our customers with a broad range of brand name products, in-house financing options, next day delivery capabilities, and outstanding product repair service through well-trained and knowledgeable sales, consumer credit and service personnel. Through our wide range of in-house proprietary consumer credit programs, we provided financing for 58% of our retail sales during the twelve months ended January 31, 2011.

We currently plan to close five of our underperforming retail locations and allow the leases to expire on two other locations that do not perform at the level we expect for mature store locations. The stores that are being closed have average annual retail revenues over the past three years of \$5.1 million as compared to an average of \$10.4 million for our other non-clearance center locations, and typically have not contributed to our pretax income. After the closures and lease expirations, we will have a total of 69 retail stores. The store closings will all be in Texas, with one being located in the San Antonio market, two in the Austin market and four in the Dallas market.

We offer over 4,500 product items, or SKUs, at good-better-best price points in our core retail product categories of:

Consumer Electronics, which includes LED, LCD, plasma, DLP and 3-D televisions, camcorders, digital cameras, computers and computer accessories, Blu-ray and DVD players, video game equipment, portable audio, MP3 players, GPS devices and home theater products. We represent such brands as Samsung, Sony, LG, Toshiba, Hewlett Packard, Panasonic, Mitsubishi, Compaq, Bose, Canon and JVC. As reported in *This Week in Consumer Electronics*, or *Twice*, we were the 35th largest retailer of consumer electronics in the United States in 2009;

Home Appliances, which includes refrigerators, freezers, washers, dryers, dishwashers, ranges and room air conditioners. We represent such brands as Whirlpool, Maytag, Frigidaire, Kitchen Aid, Samsung, LG, General Electric and Friedrich. As reported by *Twice*, we were the 9th largest appliance retailer in the United States in 2009;

Furniture and Mattresses, which includes living room, bedroom and dining room furniture. We represent such brands as Serta, Lady Americana, Better Homes and Gardens, Ashley, Lane, Broyhill, Franklin and Jackson Furniture;

Lawn and Garden Equipment, which includes lawn mowers, lawn tractors and handheld equipment. We represent such brands as Poulan, Husqvarna and Toro; and

Repair service agreements, which provide product repair and replacement services for customers who purchase such agreements. We currently offer our products through 76 retail stores located in three states: Texas (67), Louisiana (6) and Oklahoma (3), as well as through our website. We sell our products for cash or for payment through major credit cards, in addition to offering our customers several financing alternatives through our proprietary credit programs and third-party financing. Under our proprietary in-house credit program, we offer our customers installment payment plans and revolving credit plans. Additionally, at times, we offer customers no-interest financing plans.

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We began as a small plumbing and heating business in 1890. We started selling home appliances to the retail market in 1937 through one store located in Beaumont, Texas. In 1959 we opened our second store and have since grown to 76 stores. We have been known for providing excellent customer service for over 120 years. We believe that our customer-focused business strategies make us an attractive alternative to appliance and electronics superstores, department stores and other national, regional and local retailers. We strive to provide our customers with:

a broad selection of products at various price points;

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next day delivery and installation capabilities;

a high level of customer service;

flexible financing alternatives through our proprietary in-house credit programs and third-party financing;

commissioned and trained sales force; and

outstanding product repair or replacement service.

For over 45 years we have offered flexible consumer credit through our proprietary in-house credit program to our credit-worthy customers for purchases of only the products we offer. We believe our consumer credit program differentiates us from our competitors who do not offer similar in-store consumer credit programs, and generates strong customer loyalty and repeat business for us. We believe that our credit customers represent an underserved market that seeks to purchase the latest in consumer goods through access to flexible consumer credit alternatives that are not widely available to them.

We believe that these strategies drive repeat purchases and enable us to generate substantial brand name recognition and customer loyalty. During the twelve months ended January 31, 2011, approximately 71% of our credit customers, based on the number of invoices written, were repeat customers, and we have a 90% customer satisfaction rate in surveys our customers voluntarily complete.

Our decisions to extend consumer credit to our retail customers are made by our internal credit underwriting department located at our corporate office - separate and distinct from our retail sales department. Our underwriting process considers one or more of the following elements: credit bureau reporting; income verification; current income and debt levels; a review of the customer's previous credit history with us; the credit risk of the particular products being purchased; and the level of the down payment made at the time of purchase.

In addition to underwriting, we employ our own collections department to service 100% of our consumer credit portfolio. Our in-house credit financed sales are secured by the products purchased, which we believe gives us a distinct advantage over other creditors when pursuing collections, especially given that many of the products we finance are necessities for the home. We employ an intensive credit collection strategy that includes dialer-based calls, virtual calling and messaging systems, field collectors that contact borrowers at their home or place of employment, collection letters, a legal staff that files lawsuits and attends bankruptcy hearings, and voluntary repossession.

By combining our front-end underwriting discipline with the back-end rigor in monitoring and collections, we have achieved an average net loss ratio of 4.0% over the past three fiscal years. As of January 31, 2011, our total portfolio balance was \$675.8 million and the percentage of borrowers who were more than 60 days delinquent was 8.6%. Additionally, we work with our borrowers after they experience financial hardships in order to help them re-establish their regular payment habits through our reaging program. As of January 31, 2011, 18.5% of the total portfolio balance had been reaged during the term of the financing, thereby extending the total term of those customers' financing agreements.

Industry overview

The products we sell are generally home necessities used by our customers in their everyday lives.

We believe we will continue to benefit from several key industry trends and characteristics, including:

introduction of new technologies driving consumers to upgrade existing appliances and electronics (i.e. 3-D and smart televisions, energy-efficient front-load laundry);

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increasing demand for large screen (42 inches and greater) televisions, which are large items that cannot be easily carried out of the retail store, and therefore typically require delivery and installation;

rationalization of several national and regional players leading to market share opportunities; and

reductions in consumer lending, especially for lower tier credit score customers.

As measured by *Twice*, the top 100 consumer electronics retailers in the United States reported consumer electronic sales of \$121.3 billion in 2009, a 1.8% increase from the \$119.1 billion reported in 2008. The consumer electronics market is highly fragmented with sales coming from large appliance and electronics superstores, national chains, small regional chains, single-store operators, and consumer electronics departments of selected department and discount stores. We estimate, based on data provided in *Twice*, that Best Buy and Wal-Mart, the two largest consumer electronics retailers, together accounted for approximately 42% of the total electronics sales attributable to the 100 largest retailers in 2009. Based on revenue in 2009, we were the 35th largest retailer of consumer electronics in the United States. For the twelve months ended January 31, 2011, we generated \$222.7 million, or 36.6%, of total product sales from the sale of consumer electronics.

Technological advancements and the introduction of new products have largely driven growth in the consumer electronics market. Recently, industry growth has been fueled primarily by the introduction of products that incorporate digital technology, such as high definition flat-panel (including 3-D, LCD, LED, and internet ready technology) and projection televisions, Blu-ray and traditional DVD players, digital cameras and camcorders, digital stereo receivers, satellite technology and MP3 products. Digital products offer significant advantages over their analog counterparts, including better clarity and quality of video and audio, durability of recording and compatibility with computers. Due to these advantages, we believe that digital technology will continue to drive industry growth.

Based on data published in *Twice* the top 100 major appliance retailers reported sales of approximately \$22.6 billion in 2009, down approximately 3.7% from reported sales in 2008 of approximately \$23.5 billion. The retail appliance market is large and concentrated among a few major dealers, with sales coming primarily from large appliance and electronics superstores, national chains, small regional chains and home improvement centers. Sears has been the leader in the retail appliance market, with a market share of the top 100 retailers of approximately 32% in 2009 and 33% in 2008. Lowe's and Home Depot held the second and third place positions, respectively, in national market share in 2008. We were the 9th largest appliance retailer in the United States in 2009. For the twelve months ended January 31, 2011, we generated \$183.3 million, or 30.1%, of total product sales from the sale of home appliances.

In the home appliance market, many factors impact sales, including consumer confidence, economic conditions, household formations and new product introductions. Product design and innovation have recently been a key driver of sales in this market, while the reduction in sales of homes has negatively impacted appliance sales. Products recently introduced include high efficiency laundry appliances and three-door refrigerators, and variations on these products, including new features.

According to the U.S. Department of Commerce Bureau of Economic Analysis, personal consumption expenditures for household furniture were estimated to be approximately \$87.6 billion in 2010, up from \$84.0 billion in the prior year. The household furniture and mattress market is highly fragmented with sales coming from manufacturer-owned stores, independent dealers, furniture centers, specialty sleep product stores, national and local chains, mass market retailers, department stores and, to a lesser extent, home improvement centers, decorator showrooms, wholesale clubs, catalog retailers, and the Internet. For the twelve months ended January 31, 2011, retail sales of furniture and mattresses comprised approximately 12.5% of our total product sales, and, other than accessories, which account for less than 2% of our total product sales, generated our highest individual product category gross margin of 32% versus our overall retail product margin of 21.2% for the twelve months ended January 31, 2011. Given our ability to provide customer financing and next day delivery, we believe that we have significant growth opportunities in this market, and expect to continue to expand this product line.

Based on data from the Federal Reserve System, estimated total consumer credit outstanding, which excludes primarily loans secured by real estate, was \$2.41 trillion as of December 31, 2010, down 1.6% from \$2.45 trillion at December 31, 2009. As a result of the recession that began in late 2007, consumers have increased their rate of savings and reduced their level of borrowing to fund purchases. Consumers obtain credit from banks, credit unions, finance companies and non-financial businesses that offer credit, including retailers. The credit obtained takes many forms, including revolving (e.g., credit cards) or fixed-term (e.g., automobile loans) credit, and at times is secured by the products being purchased.

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Our competitive strengths

Proprietary in-house credit program.

Our consumer in-house credit program is an integral part of our business, and we believe it is a major driver of customer loyalty. We have offered flexible financing alternatives to our customers through our proprietary in-house credit programs for over 45 years. Our credit program allows us to differentiate ourselves from our competitors who do not offer similar programs.

As of January 31, 2011, the aggregate outstanding account balances in our customer credit portfolio were \$675.8 million, of which 45% was financed through our own capital and 55% was financed by our borrowings. Historically, our equity investment in our credit portfolio has been greater than 35%. We believe that our deeply rooted collections culture stems in large part from our dedication to protecting this investment, and since a significant portion of our own capital is at stake, we believe it is important for us to control the credit process from initial underwriting to final collection. Thus, we do not outsource our credit operations. We believe that it is this high level of attention, from our strict underwriting standards to our robust in-house monitoring and collections practices, when combined with the secured nature of our portfolio, which drives the strong long-term performance of our credit portfolio.

In the last three years, we financed, on average, approximately 60% of our retail sales through our proprietary in-house credit programs. We believe that our credit programs provide our customers access to financing alternatives that our competitors typically do not offer and, as a result they:

expand our potential customer base,

increase our sales revenue,

enhance customer loyalty, and

enhance our overall profitability through earnings from financing income.

Our credit department makes all credit decisions internally, entirely independent of our sales personnel. We provide special consideration to customers with good credit history with us. Before extending credit, we consider our loss experience by product category and the customer's credit worthiness and income to debt level in determining the down payment amount and other credit terms. This facilitates product sales while keeping our credit risk within an acceptable range, allowing us to generate the performance of our credit portfolio despite the recent difficult economic conditions. We provide a full range of credit products, including interest-free programs. Customers with lower average credit scores undergo more intense internal underwriting scrutiny to mitigate the inherently greater risk, including address and employment verification and reference checks. Approximately 61% of our customers who have active credit accounts with us take advantage of our in-store payment option and come to our stores each month to make their payments, which we believe results in additional sales to these customers. We employ a rigorous series of measures to ensure collection of our customer credit receivables including contacting customers with past due accounts daily and attempt to work with them to collect payments in times of financial difficulty or periods of economic downturn. Our experience in credit underwriting and the collections process has enabled us to achieve an average net loss ratio of 4.0% over the past three years on the credit portfolio that we manage.

Long history of providing credit to an underserved customer base.

Many of our customers have a long credit history with us, providing us with valuable information when making underwriting decisions. Our long history of providing consumer finance in our markets and our in-depth understanding of the credit profile of our customers gives us the ability to offer flexible financing options to an underserved market.

To provide as many financing options as possible to our customers, in addition to our own credit programs, we use third-party financing programs to provide a portion of the non-interest bearing financing for purchases made by our customers and to provide our customers a rent-to-own payment option. In the fiscal year ended January 31, 2011, approximately \$49.4 million of our sales were financed through non-interest bearing financing provided by a third party and approximately \$9.2 million of our sales were financed through a third party provider

that provided a rent-to-own payment option.

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Distinct shopping experience.

We strive to offer our customers a distinct shopping experience through a continuing focus on execution in five key areas: merchandising, customer credit, distribution, product service and training. Successful execution in each area relies on the following strategies:

Providing a high level of customer service. We endeavor to maintain a high level of customer service as a key component of our culture. Our sales associates serve as ongoing resources for our customers, including assisting with the credit application process, scheduling delivery and installation, and acting as a point of contact for service issues. We believe this commitment to our customers drives customer loyalty and generates a high level of repeat purchases.

Offering a broad range of brand name products. We offer a comprehensive selection of high-quality, brand name merchandise to our customers at guaranteed low prices. Consistent with our good-better-best merchandising strategy, we offer a wide range of product selections from entry-level models through high-end models. We maintain strong relationships with the approximately 200 manufacturers and distributors that enable us to offer over 4,500 SKUs to our customers. We carry the latest in consumer brand names in our core product categories, including: Samsung; Sony; LG; Toshiba; Hewlett Packard; Panasonic; Mitsubishi; Compaq; Bose; Canon; JVC; Whirlpool; Maytag; Frigidaire; Kitchen Aid; General Electric; Friedrich; Serta; Lady Americana; Better Homes and Gardens; Ashley; Lane; Broyhill; Franklin and Jackson Furniture.

Employing a commissioned and trained sales force. Through a targeted sales compensation incentive structure, regular product and sales training, and our good-better-best merchandising strategy, our sales effort is focused on driving sales volume towards products that both provide better value to the customer and typically generate higher margins for our business. We require all sales personnel to complete an intensive classroom training program and additional time riding in a delivery truck and a service truck to observe how we serve our customers after the sale is made. After the initial new hire training, all sales personnel participate in regular training programs to learn about new products and refresh their knowledge of the general sales process and maintaining a high level of customer service. Additionally, we also require all credit personnel to complete a three week training program. Classroom instruction includes negotiation techniques and credit policy training to ensure customer retention and compliance with debt collection regulations. Post graduation, the collection trainees undergo additional skill set assessment training, coaching, and call monitoring within their respective department assignments. All credit personnel are required to complete monthly and quarterly refresher training and testing.

Maintaining next day delivery and installation capabilities. We maintain four regional distribution centers and two other related facilities that, in combination with outsourced third-party distribution arrangements, cover all of the markets in which we operate. These facilities are part of a sophisticated inventory management system that also includes a fleet of approximately 70 transfer and delivery vehicles that service all of our customers not serviced by our third-party providers. Our distribution operations have enabled us to deliver products on the day after the sale for approximately 93% of our customers who scheduled delivery during that timeframe.

Offering outstanding product repair or replacement services. For all products that are either covered by warranties or for customers who purchase repair service agreements, we provide repair or replacement services. We service every product that we sell, and we service only the products that we sell. In this way, we can assure our customers that they will receive our service technicians exclusive attention to their product repair needs. We will repair the product ourselves, make house calls if necessary or facilitate replacement products. All of our service centers are authorized factory service facilities that provide trained technicians to offer in-home diagnostic and repair service utilizing a fleet of approximately 125 service vehicles as well as on-site service and repairs for products that cannot be repaired in the customer's home. At times, we also use third-party service providers to allow us to cover some of the markets outside our traditional service areas and maintain the appropriate level of customer service.

Endeavoring to maintain a high level of customer satisfaction. Our customer satisfaction level, which is measured for the sales floor, delivery operation and service department, averaged approximately 90% over the past three fiscal years, based on customer surveys.

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We measure customer satisfaction on the sales floor, in our delivery operation and in our service department through a voice response system or by sending survey cards to all customers to whom we have delivered or installed a product or made a service call.

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Strong presence in desirable geographic region.

We believe our typical customer is a working class repeat buyer living in a mature neighborhood who comes to our store to replace older household goods with newer items. Our stores are often strategically located as the anchor store in a strip center, where we can improve access to this target customer segment.

With 67 of our 76 stores in Texas, we believe we benefit from strong demographic trends. According to the Bureau of Economic Analysis, Texas was the second largest state by nominal GDP in 2009. In addition, from 2000 to 2010, Texas experienced population growth of 20.6% compared to the U.S. population growth of 9.7% over the same period. Moreover, Texas' average unemployment rate of 8.3% continues to trend below the national rate of 9.0% as of January 2100. The Texas unemployment rate has been at or below the national average for 48 months.

Flexible and scalable operating platform.

Our highly integrated retail and credit business model allows us to adapt a changing economic environment and appropriately manage our liquidity. As recent economic conditions deteriorated, we:

adjusted our credit standards, thereby improving the credit quality of the additions to our credit portfolio; as a result, we decreased the size of our credit portfolio and debt balances and reduced the use of cash for working capital;

reduced expenses, in addition to those expenses that are directly variable with changes in net sales, which we believe will improve our operating leverage in the future; and

emphasized pricing discipline on the sales floor, while maintaining our competitive pricing position in the marketplace, to drive an increase in our retail gross margin (gross margin from product and repair service agreement sales) to 24.8% in the 12 months ended January 31, 2011, as compared to 23.6% for the same period in the prior fiscal year;

We have the ability to open up new stores with minimal capital requirements (approximately \$1.4 million of capital expenditure per leased store) and can easily integrate them into our existing infrastructure. Our credit operations are in a central location and our vendor relationships provide us access to stock the necessary inventory.

Experienced management team.

Our executive management team has spent an average of approximately 13 years with the Company. The senior management team of our retail operations has experience in all aspects of that business and has an average of approximately 25 years with the Company. The senior credit management team that oversees the credit portfolio has over 8 years tenure. This level of experience ensures that both our retail and credit operations are closely monitored.

Our strategies

Our strategies to maximize and grow returns for our stakeholders by offering customers quality products, excellent customer service and flexible customer credit options, include:

Maintain strong credit portfolio performance.

Beginning in fiscal 2011, we re-assessed the underlying delinquency and charge-off performance of our credit portfolio in light of the deterioration of the economy and tightened our underwriting standards in response. The implementation of stricter underwriting standards is also a reflection of our assessment of the profitability of our credit operation relative to the capital requirements of that business. Our adjusted approach to underwriting credit with enhanced data verification requirements has improved our portfolio credit metrics. Cash collections for fiscal year 2011 improved as the weighted average monthly payment rate improved from 5.2% for the year ended January 31, 2010 to 5.4% for the year ended January 31, 2011. The percentage of accounts 60+ days delinquent at January 31, 2011 was down 140 basis points at 8.6% compared to 10.0% at January 31, 2010, and the percentage of receivables reaged was down 110 basis points at 18.5% at January 31, 2011 compared to 19.6% at January 31, 2010. We believe that the key drivers of our portfolio performance are:

a significant portion of our credit portfolio is financed with our capital; we control all aspects of the credit process and do not sell our receivables to third parties;

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we service 100% of our portfolio in-house;

our loans to our customers are secured by the items purchased;

customized front-end underwriting procedures tailored to our customer base, including customer and product risk assessment and down payment determination;

credit history of our large pool of repeat customers;

rigorous collection process;

67% of our loans are covered by credit insurance which covers borrowers in certain events, and

64% of the products securing our loans are covered by repair service agreements.

Be the leading specialty retailer of consumer electronics, appliances and furniture and mattresses in our geographic footprint.

We seek to drive improved store productivity through comparable store sales growth, expansion of retail gross margin and increased operational efficiencies. We expect to grow sales by expanding existing categories, especially furniture and mattresses, which we expanded in our stores over the past five years, through improved merchandising, by reviewing and adjusting our product and brand offerings to meet customer demand, and by a continued focus on customer service. Specifically, we plan to increase our same store sales by:

adding new merchandise to our existing product lines;

re-merchandising our product offerings in response to changes in consumer interest and demand;

increasing sales of our merchandise, finance products, repair service agreements and credit insurance through direct mail and in-store credit promotion programs;

continuing to offer quality products at competitive prices;

continuing to provide a high level of customer service in sales, delivery and servicing of our products;

training our sales personnel to increase sales closing rates; and

updating our stores as needed.

Future growth plans.

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As a result of the recent volatility in the capital markets we modified our store opening plans, and currently have no new store openings planned. Re-initiating our store opening plan will not begin until we complete our store closing plans and our operating performance reaches an acceptable level. Additionally, due to the capital required to fund customer receivables generated by new stores and revenue growth, future store openings will be dependent on capital availability.

Customers

We do not have a significant concentration of sales with any individual customer and, therefore, the loss of any one customer would not have a material impact on our business. No single customer accounts for more than 10% of our total revenues; in fact, no single customer accounted for more than \$450,000 during the year ended January 31, 2011.

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Each of our stores sells the major categories of products shown below. The following table, which has been adjusted from previous filings to ensure comparability, presents a summary of total revenues for the years ended January 31, 2009, 2010 and 2011:

(Dollars in Thousands)	2009		Year ended January 31, 2010		2011	
	Amount	%	Amount	%	Amount	%
Consumer electronics	\$ 305,056	31.8%	\$ 262,342	30.0%	\$ 222,720	28.2%
Home appliances	221,474	23.1	208,146	23.8	183,347	23.2
Track	109,799	11.5	97,311	11.1	95,762	12.1
Furniture and mattresses	68,869	7.2	68,102	7.8	75,928	9.6
Other	38,531	4.0	30,480	3.5	30,686	3.9
Total product sales	743,729	77.6	666,381	76.2	608,443	77.0
Repair service agreement commissions	40,199	4.2	33,272	3.8	28,788	3.6
Service revenues	21,121	2.2	22,115	2.6	16,487	2.1
Total net sales	805,049	84.0	721,768	82.6	653,718	82.7
Finance charges and other	153,479	16.0	152,211	17.4	136,806	17.3
Total revenues	\$ 958,528	100.0%	\$ 873,979	100.0%	\$ 790,524	100.0%