

Bulletin

U.S. Data

Advance August 2004 Retail Sales • Released September 14, 2004

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BACK TO SCHOOL FOR RETAILERS

Sales growth eased into a more comfortable growth pattern in August. The pattern of ubiquitous growth has shifted resulting in a recognizable pattern of winners and losers. All Stores advanced 4.6% in August the there are a multitude of different stories at play. All Stores Less Gasoline Station grew by 3.8% but All Stores Less Automotive gained 5.2%. Even further, All Stores Less Automotive, Food, and Drug grew by 6.3% compared to last August. Retailers can no longer rest on their laurels and benefit from a pent up demand scenario. It's back to the basics for most retailer in order to get their sales back on track.

The Back-to-School season, while down, was not reflective of across-the-board disappointment. High-end fashion retailers appeared to be holding up well and stores such as American Eagle have hammered Abercrombie and Fitch and Wet Seal. While the early cool weather should have helped push fall fashions, Clothing and Accessories Stores lost 0.4% in sales.

Other Back-to-School categories such as Electronics and Appliance Stores gained 5.2% in August which is about half of their year-to-date average. Sporting Goods, Hobby, Book, and Music Stores were able to gain 3.0%, which is close to their year-to-date target (3.8%).

Building Material and Garden Equipment Stores raked up 15.3% greater sales in August. This category has been performing

well throughout the year and they were only slightly off their year-to-date growth. It will be interesting to note if the unusually high hurricane season will affect this category in September.

Nonstore Retailers include Fuel Dealers and Electronic Shopping and Mail-Order Houses. While fuel prices have been rising along with Gasoline Stations, the real growth is coming from the Electronic Shopping and Mail-Order Houses.

While the Confidence Index ticked down below 100, it is reflective of the volatile consumer situation. Jobs reports are good one month and bad the next; there is gasoline inflation; the stock market is jittery; then there is the added complications of the continuing war and the pending election. For the past four months, retail sales at All Stores have been below their year-to-date growth. While it indicates a deceleration, it is difficult to tell if the trend will continue or if this is the start of an upswing. However, the pent up demand witnessed during the first

quarter has been sated and many retailers, such as Wal-Mart, are projecting modest increases in the 2% to 4% range given the uncertain future. In order to weather these persistent and upcoming storms, retailers need a better strategic direction to remain on top of the game.

RETAIL SELLING OPTIMIZATION

Mass merchants have mastered the concept of the "everyday low price". How will you look beyond pricing to attract consumers? Click here to receive the executive brief "Retail Selling Optimization" from IBM.
[Retail Selling Optimization](#)

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:

October 15, 2004

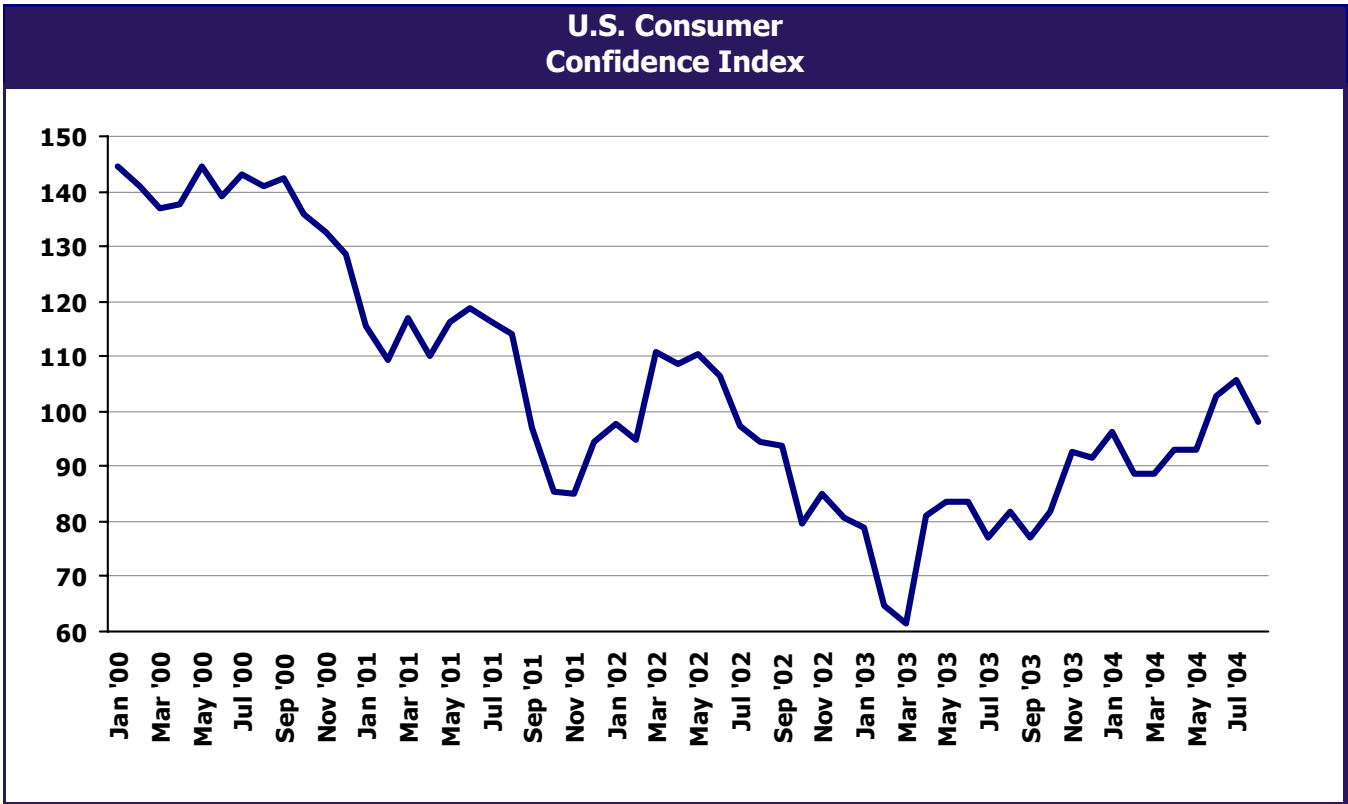
Please note:

The J.C. Williams Group National Retail Bulletin compares the latest monthly release of "raw" (i.e., unadjusted for seasonality, holiday, and trading day) retail sales figures to those in the *same calendar month of the previous year*. The U.S. Census Bureau also reports seasonally adjusted sales that are compared to the *previous month within the current calendar year* to measure change in Gross Domestic Product (GDP). Although other sources use seasonally adjusted figures, J.C. Williams Group believes that using raw figures and making comparisons to the previous year's performance more accurately reflects the seasonality of the retail industry, and therefore, are more useful in analysis. Definitions can be found on the U.S. Census Website: www.census.gov.

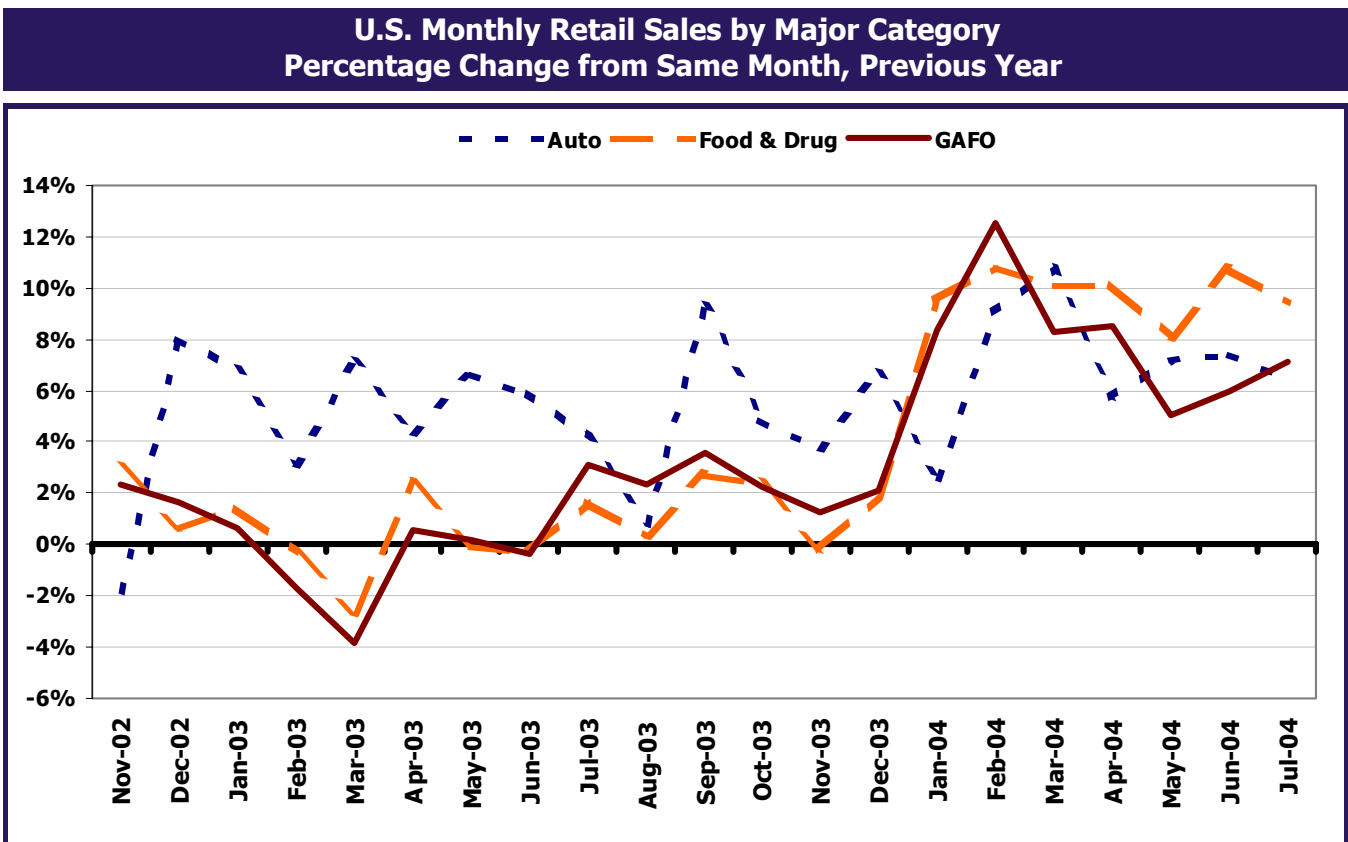
Advance Sales for the Month of August	2004	2003	% Change
All Stores	345,573	330,313	4.6%
Motor Vehicle and Parts Dealers	82,971	82,885	0.1%
Gasoline Stations	27,853	24,338	14.4%
Food and Beverage Stores	43,929	43,468	1.1%
Grocery Stores	39,457	39,071	1.0%
Health and Personal Care Stores	16,900	15,981	5.8%
Building Material and Garden Equipment Stores	32,077	27,820	15.3%
General Merchandise Stores	40,920	40,347	1.4%
Department Stores (excluding leased departments)	17,108	18,125	-5.6%
Clothing and Accessories Stores	15,407	15,466	-0.4%
Furniture, Home Furnishings, Electronics and Appliance Stores	17,498	16,622	5.3%
Furniture and Home Furnishing Stores	8,979	8,527	5.3%
Electronics and Appliance Stores	8,519	8,095	5.2%
Sporting Goods, Hobby, Book and Music Stores	7,558	7,341	3.0%
Miscellaneous Store Retailers	9,523	9,043	5.3%
Nonstore Retailers	16,907	14,432	17.1%
Food Services and Drinking Places	34,030	32,570	4.5%

Year-to-Date Sales Ending August	2004	2003	% Change
All Stores	2,637,028	2,445,883	7.8%
Motor Vehicle and Parts Dealers	635,051	609,093	4.3%
Gasoline Stations	205,115	179,378	14.3%
Food and Beverage Stores	347,299	333,244	4.2%
Grocery Stores	312,659	301,597	3.7%
Health and Personal Care Stores	133,955	125,143	7.0%
Building Material and Garden Equipment Stores	245,831	212,375	15.8%
General Merchandise Stores	311,914	290,931	7.2%
Department Stores (excluding leased departments)	129,080	129,805	-0.6%
Clothing and Accessories Stores	114,500	106,902	7.1%
Furniture, Home Furnishings, Electronics and Appliance Stores	129,751	119,002	9.0%
Furniture and Home Furnishing Stores	67,016	61,970	8.1%
Electronics and Appliance Stores	62,735	57,032	10.0%
Sporting Goods, Hobby, Book and Music Stores	49,658	47,837	3.8%
Miscellaneous Store Retailers	71,464	67,421	6.0%
Nonstore Retailers	132,643	118,402	12.0%
Food Services and Drinking Places	259,847	236,155	10.0%

Source: US Census Bureau. All values are expressed in millions of US dollars and are not seasonally adjusted.



Source: U.S. Conference Board



Source: U.S. Census Bureau