J.C.WILLIAMS GROUP

NATIONAL RETAIL

Bulletin

U.S. Data **Advance September 2002 Retail Sales • Released October 11, 2002**

No Smooth Riding in the Third Quarter

Given the severe drop in retail sales after September11th, J.C. Williams Group had expected to see greater monthly retail sales growth. The looming Iraqi war, a very warm September throughout most of the country, hurricane warnings, and the persistent bear market are holding reign over consumers' wallets as consumer confidence continues to slip. Total sales increased 5.7% in September compared to last September and year-to-date sales were up 3.9%. Health and Personal Care Stores continue to prevail in these uncertain times gaining 12.1% in September and 8.9% on the year.

Other stronger performers include Sporting Goods, Hobby, Book, and Music Stores (7.9%) and Other General Merchandise Stores including Discount, Warehouse, and Super centers. For the latter category, we continue to see traditional department stores losing market share.

The other category, which is doing well, is Building Material and Garden Equipment Stores. In September sales grew by 13.4% bringing the first three quarters of the year to 5.9% compared to the same period last year. While low interest rates are helping fuel this industry, consumers are putting more money into their home, as it appears to be the most stable investment they have. As the stock market continues to tank, Americans are looking to increase their home equity.

In order to better understand some of the retail trends and predict where retail sales are going in the future, J.C. Williams Group has provided additional analysis comparing retail sales to 2000.

Store Category	September '02 to '00 Growth	Annualized Growth
All Stores	3. 9%	1.9%
Food Stores	1.0%	0.5%
Health Stores	16.5%	7.9%
Clothing Stores	-3.4%	-1.7%
General Merchandise	8.7%	4.3%
Department Stores	-6.2%	-3.0%
Home Furnishings	-0.1%	0.0%
Food Services	6.1%	3.0%

Source: U.S. Census Bureau

Compared to two years ago, Clothing and Accessories Stores, Department Stores, and Furniture, Home Furnishings, Electronics, and Appliance Stores have failed to make a make a positive growth differential.

However, J.C. Williams Group anticipates that retail sales for the year will average approximately 4% compared to last year.

Retail Matters

J.C. Williams Group's continuing series, *Retail Matters*, can be found on our Website. Please follow the links. This is the second in a series of discussion articles on the retail industry that we hope you will find engaging.

The full article can be found at www.jcwg.com/downloads.htm

Project Yourself Into the Future: Taking a Brand to a Multi-Channel

The move from where your brand has been, where it is now, and where you want it to go in the future starts with a clear understanding of your brand's identity.

This article takes you through some of the thinking you need to move your brand into a multi-channel. Envisioning your brand, multi-channeling tips, and the need for consistency at every touch point are some of the key concepts covered. The article ends with some pros and cons, and the idea of "is it all worth it?"

Release Date of The Next National Retail Bulletin

November 14, 2002

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 Web site: www.census.gov .

J.C.WILLIAMS GROUP

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Advance Sales for the Month of September	2002	2001	% Change
All Stores	**286,548**	**271,014**	**5.7%**
Motor Vehicle and Parts Dealers	**70,142**	**64,412**	**8.9%**
Gasoline Stations	**19,646**	**20,171**	**-2.6%**
Food and Beverage Stores	**38,327**	**38,687**	**-0.9%**
Grocery Stores	34,531	35,007	-1.4%
Health and Personal Care Stores	**14,878**	**13,278**	**12.1%**
Building Material and Garden Equipment Stores	**26,592**	**23,443**	**13.4%**
General Merchandise Stores	**33,983**	**32,641**	**4.1%**
Department Stores (excluding leased departments)	16,290	16,824	-3.2%
Clothing and Accessories Stores	**12,911**	**12,229**	**5.6%**
Furniture, Home Furnishings, Electronics and Appliance Stores	**14,381**	**13,654**	**5.3%**
Furniture and Home Furnishing Stores	7,448	7,110	4.8%
Electronics and Appliance Stores	6,933	6,544	5.9%
Sporting Goods, Hobby, Book and Music Stores	**7,082**	**6,563**	**7.9%**
Miscellaneous Store Retailers	**8,932**	**8,616**	**3.7%**
Nonstore Retailers	**12,432**	**11,293**	**10.1%**
Food Services and Drinking Places	**27,242**	**26,027**	**4.7%**

Year-to-Date Sales Ending September	2002	2001	% Change
All Stores	**2,651,188**	**2,551,557**	**3.9%**
Motor Vehicle and Parts Dealers	**668,743**	**640,225**	**4.5%**
Gasoline Stations	**173,453**	**184,409**	**-5.9%**
Food and Beverage Stores	**355,999**	**348,773**	**2.1%**
Grocery Stores	320,885	315,212	1.8%
Health and Personal Care Stores	**135,797**	**124,652**	**8.9%**
Building Material and Garden Equipment Stores	**239,589**	**226,274**	**5.9%**
General Merchandise Stores	**316,678**	**294,889**	**7.4%**
Department Stores (excluding leased departments)	154,544	155,615	-0.7%
Clothing and Accessories Stores	**118,743**	**115,350**	**2.9%**
Furniture, Home Furnishings, Electronics and Appliance Stores	**133,267**	**126,210**	**5.6%**
Furniture and Home Furnishing Stores	68,616	66,044	3.9%
Electronics and Appliance Stores	64,651	60,166	7.5%
Sporting Goods, Hobby, Book and Music Stores	**60,567**	**56,860**	**6.5%**
Miscellaneous Store Retailers	**82,024**	**81,186**	**1.0%**
Nonstore Retailers	**113,355**	**112,729**	**0.6%**
Food Services and Drinking Places	**252,973**	**240,000**	**5.4%**

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

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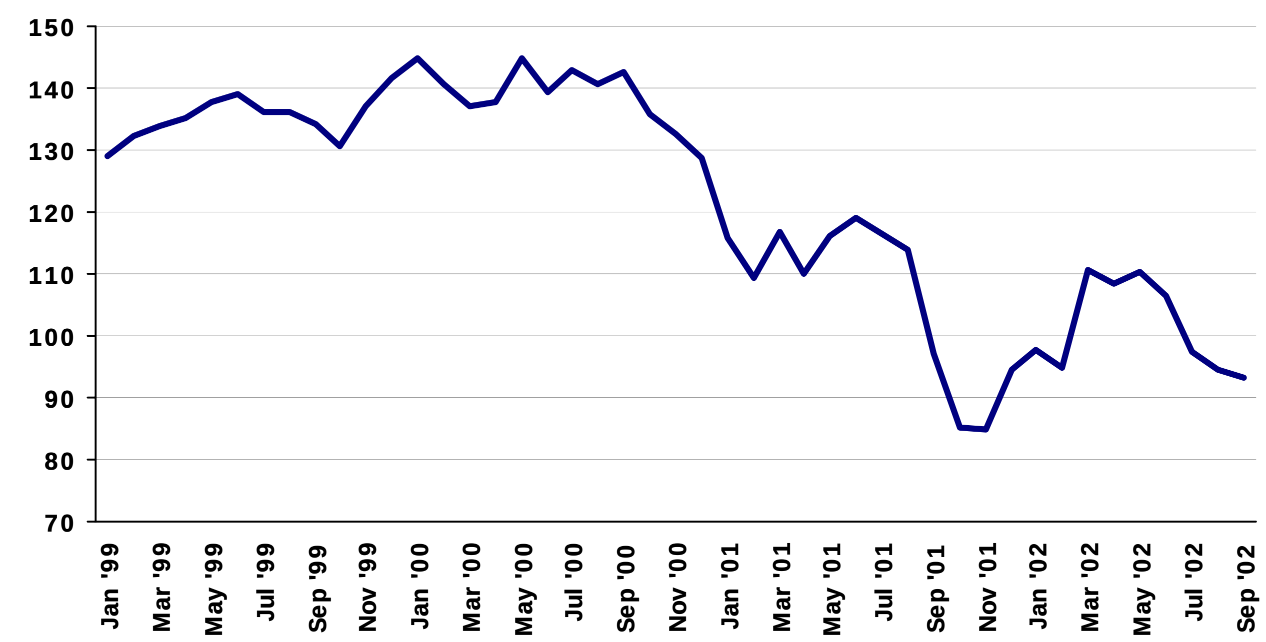
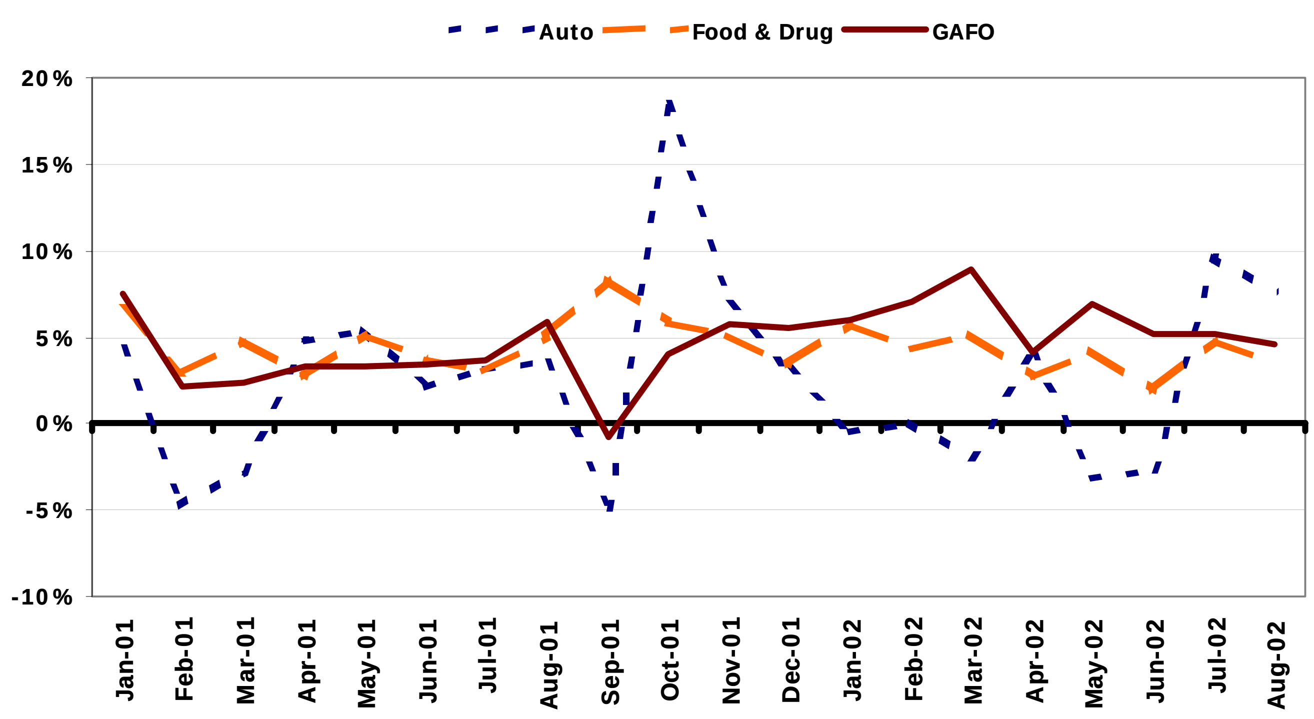
U.S. Consumer Confidence Index



Source: U.S. Conference Board

U.S. Monthly Retail Sales by Major Category
Percentage Change from Same Month, Previous Year



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