

Bulletin

August 2003 Retail Sales • Released October 22, 2003

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A DIFFERENT POINT OF VIEW

Statistics Canada released its retail trade report today highlighting the fact that retail sales are growing. J.C. Williams Group offers an alternative view on the facts and figures. Statistics Canada releases and the media publish retail sales figures based on seasonally adjusted numbers. These statistics have been adjusted for trading day differences, holidays, and other irregularities in the month in order to arrive at a month-to-month growth rate. For August, on a seasonally adjusted basis growth grew by 0.3%, which is a positive sign for them. These figures may be beneficial to economists, but they are not overly telling to the retailer on the street.

There is a disparity between what is reported on a seasonally adjusted basis and what a retailer sees in his/her cash register at the end of the month. Most retailers did not have a good August, particularly in Ontario due to the blackout (0.5% growth). Reporting the raw retail sales figures on a month-over-month basis (e.g., August 2003 compared to August 2002) is of more value to the retailer because they can ascertain their market share and see how other complementary and competitive businesses are doing. Retailers tend to think about retail sales in relation to how they did last year and they don't seasonally adjust their cash register sales.

That being said, retail sales in Canada in August are slightly ahead compared to last year creating little cause for optimism for the average retailer. All Stores crept ahead 1.6% and All Stores Less Auto Food and Drug managed to gain 2.4%.

Furniture, Appliance, Furnishings Stores broke ranks this month propelling ahead 8.5%. While housing sales remain strong and interest rates are low, the double cohort first year university group may have helped boost computer sales compared to last year. Most other categories did not fare so well. All Clothing and Shoe Stores fell by 1.9% partly due to the continued discounting in the sector, the blackout; and the additional discounts offered post-blackout to help lure customers back into stores. Overall, clothing prices fell in August by 3.0% - this is much greater compared to most months.

RACE TO THE FINISH

As retailers gear up for the final push for the all-important fourth quarter, there are some retail growth related indicators to bear in mind. Positive indicators include increasing consumer confidence, job prospects, home sales, and stock market, along with still relatively low interest rates. On the negative side the export manufacturing sector is being affected by a higher dollar, consumer debt is extremely high, and deflation continues to affect the apparel market, as well as other industries such as music stores.

J.C. Williams Group predicts that the holiday season will be able to grow at 4% to 5% - of course that is based on raw retail sales numbers!

INTEGRATED MULTI-CHANNEL RETAILING: A ROADMAP TO THE FUTURE

Can multi-channel retailing really help drive long-term growth in sales, customer satisfaction, and profits? Find out what other retailers have learned, and how you can get the most from call centres, kiosks, Websites, and more. Click on the link to request this report, complements of IBM.
[Integrated Multi-channel Retailing](#)

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN

November 24, 2003

Please note:

The J.C. Williams Group National Retail Bulletin compares the latest monthly release of "raw" (i.e., unadjusted for seasonality) retail sales figures to those in the *same calendar month of the previous year*. Statistics Canada 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 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.

Retail Sales by Store Category

Sales for the Month of: August	2003	2002	2003 / 2002
All Stores	27,509.0	27,080.1	1.6%
Automotive Group	10,897.7	10,838.3	0.5%
All Stores Less Automotive	16,611.3	16,241.8	2.3%
Food and Drug Group	7,555.1	7,401.9	2.1%
All Stores Less Auto, Food and Drug	9,056.2	8,839.9	2.4%
General Merchandise Stores	2,909.7	2,814.3	3.4%
Department Stores (incl concessions)	1,805.3	1,730.2	4.3%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	1,709.5	1,575.9	8.5%
All Clothing and Shoe Stores	1,393.0	1,419.3	-1.9%
Women's Clothing Stores	388.2	394.7	-1.6%
Men's Clothing Stores	94.7	103.3	-8.3%
Other Clothing Stores	752.4	761.3	-1.2%
Shoe Stores	157.7	160.0	-1.4%
All Other Retail (except auto, food, drug)	3,043.9	3,030.4	0.4%
Year-to-date Sales	2003	2002	2003/2002
All Stores	206,356.6	199,277.1	3.6%
Automotive Group	85,971.8	83,581.5	2.9%
All Stores Less Automotive	120,384.8	115,695.5	4.1%
Food and Drug Group	57,049.0	54,172.7	5.3%
All Stores Less Auto, Food and Drug	63,335.8	61,522.8	2.9%
General Merchandise Stores	20,949.4	20,311.5	3.1%
Department Stores (incl concessions)	12,696.9	12,302.8	3.2%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	11,765.7	11,143.6	5.6%
All Clothing and Shoe Stores	9,791.0	9,652.7	1.4%
Women's Clothing Stores	2,908.7	2,937.8	-1.0%
Men's Clothing Stores	755.4	812.4	-7.0%
Other Clothing Stores	5,001.1	4,767.0	4.9%
Shoe Stores	1,125.8	1,135.3	-0.8%
All Other Retail (except auto, food, drug)	20,829.7	20,415.2	2.0%

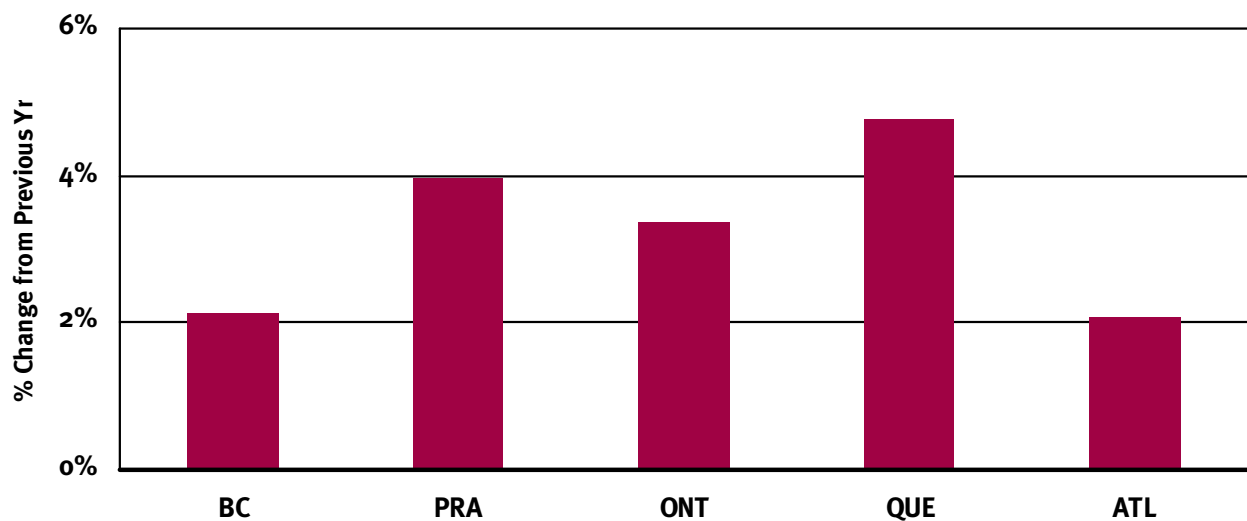
ALL DOLLAR VALUES EXPRESSED IN MILLIONS OF CANADIAN DOLLARS; UNADJUSTED FIGURES; SOURCE: STATISTICS CANADA

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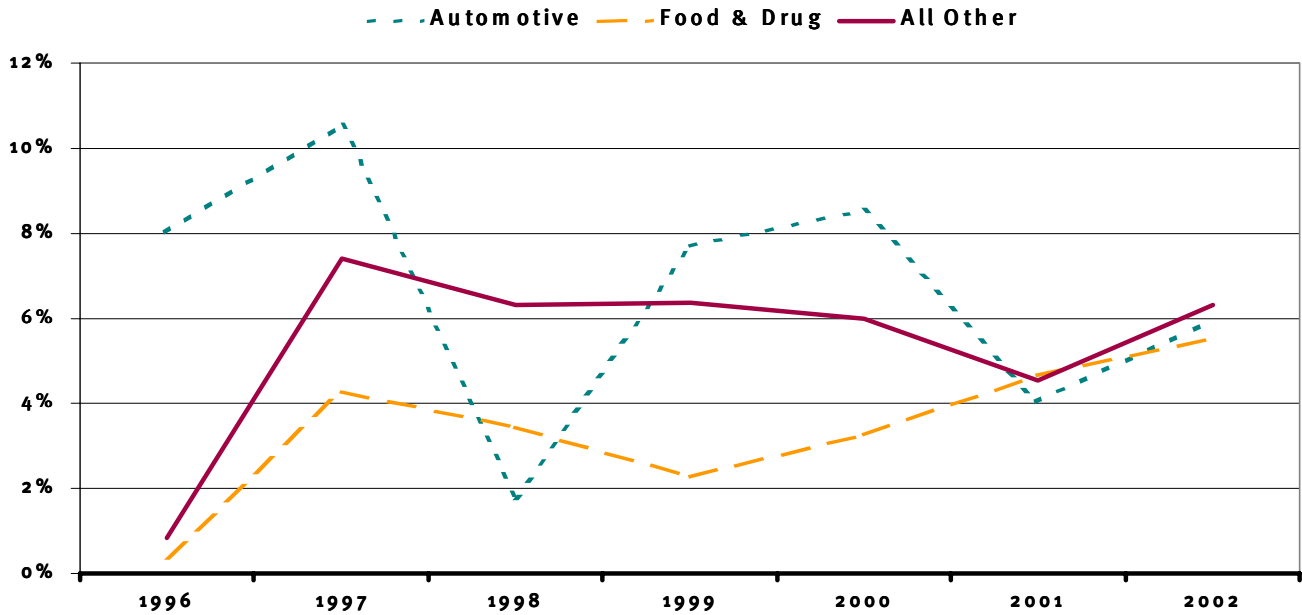
Retail Trade, Canada, All Stores, By Major Region

	Year-to-Date 2003	Same Period 2002	Change 2003 / 2002
British Columbia	26,836.0	26,275.3	2.1%
Prairies	38,467.3	36,999.3	4.0%
Ontario	76,821.3	74,309.9	3.4%
Quebec	48,255.4	46,058.1	4.8%
Atlantic Canada	15,211.7	14,903.8	2.1%

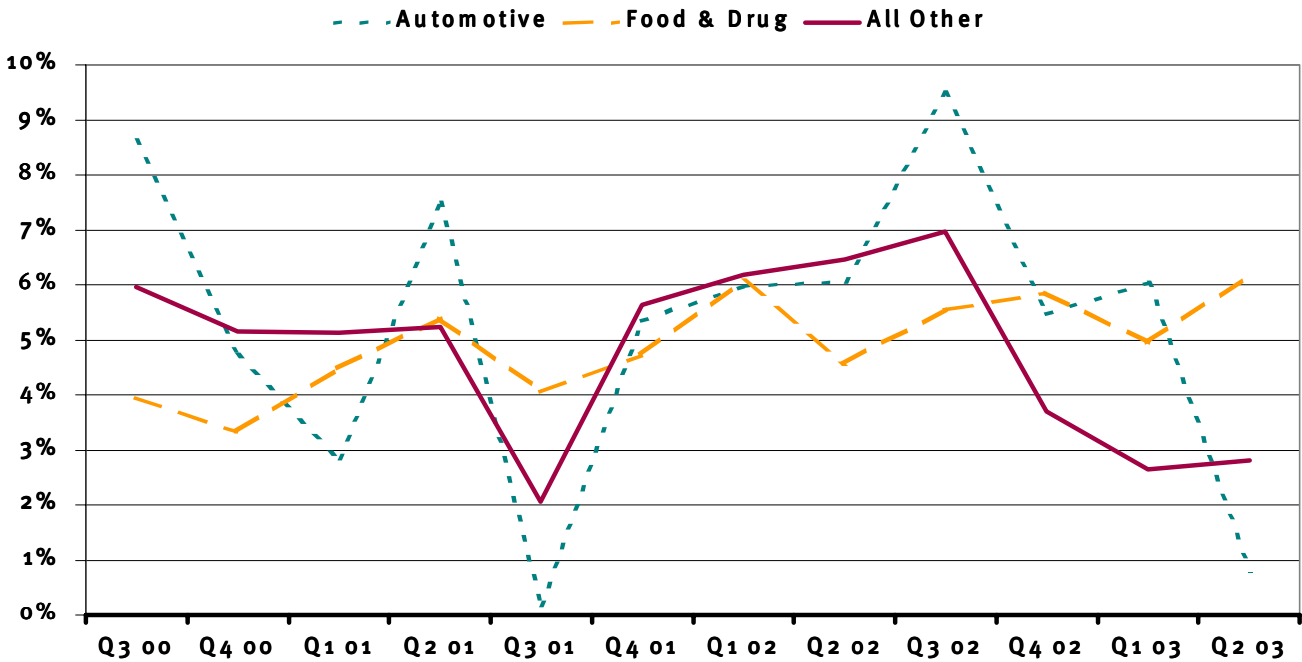
**Percentage Change in Retail Trade, All Stores, by Region
Year-to-Date Compared to Same Period Last Year**



Canadian Retail Sales by Major Product Categories Year Over Year (1994 -2002)



Canadian Retail Sales by Major Product Categories From the Same Quarter A Year Earlier



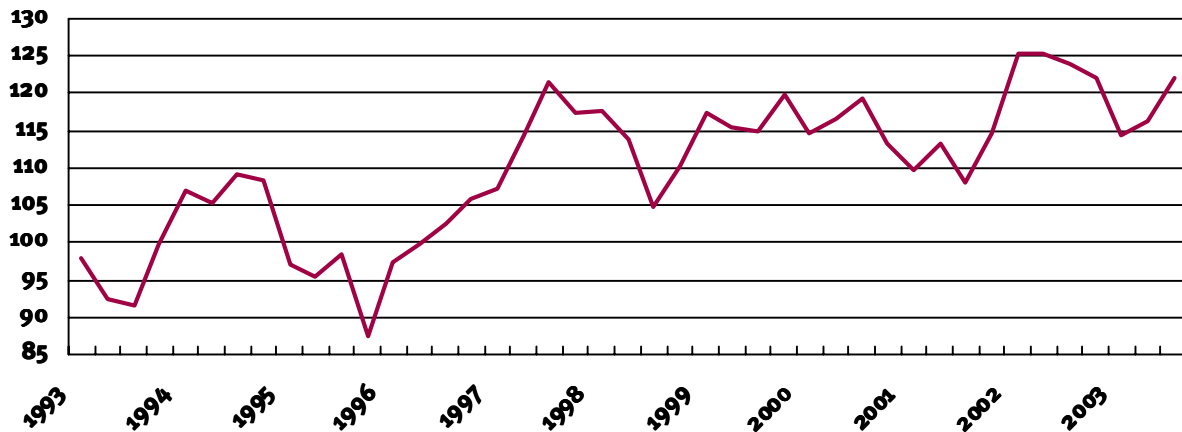
Consumer Price Index

September 2003

vs. September 2002

2.2%

Canadian Consumer Confidence Index 1993-2003



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1992 - 2003

