

# Bulletin

U.S. Data

Advance October 2007 Retail Sales • Released November 14, 2007

## SOBER OCTOBER SALES

October's overall sales growth of 6.7% was inflated by extraordinary increases among Motor Vehicles and Part Dealers, and Gasoline Stations. Total sales excluding these categories rose 4.8%.

Consumer confidence continued to dip downward from 99.5 to 95.6 as it settled at a 12-month low. As shoppers clutched their purse strings ever tighter, precarious prices in the housing sector prompted them to stretch their spending.

The fate of Furniture and Home Furnishings Stores got grimmer as sales dropped -0.5% in October. Even then, Household Appliance Stores were most vulnerable as stalled turnover among homeowners reduced replacement purchases and slowed growth during the first three quarters to 0.6%.

The acquisition of Restoration Hardware by a private equity firm is but one of the symptoms of the sub-prime concerns which have suspended home retailers' record growth spree. Building Materials and Garden Equipment Stores, however, bounced back from a slow September as figures rose 3.9% in October. This helped offset their -1.2% drop in year-to-date sales.

Another group that managed to make headway despite daunting market pressures was Sporting Goods, Hobby, Book and Music Stores. They grew 4.3% in October compared to 2.4% year-to-date. As summer sprawled into the fall, Sporting Goods Stores drove growth

while Books Stores bore the brunt of increasing online competition. The latter dropped

-0.3% during the first three quarters of 2007. Borders, for one, is betting on the installation of plasma screens to pull people in-store through proprietary programming.

As Radio, TV and Other Electronics Stores saw sales rise 3.5% in the first three quarters of the year, Best Buy hopes to perpetuate this growth through the expansion of its mobile phone program. Built on a partnership with Britain's Carphone Warehouse, the initiative will see 1,000 stores outfitted with mobile phone centers by the end of 2010.

Costco, whose same-store sales rose 9.0% in October, is also seeking to boost electronics sales through its in-store recycling program. Shoppers are able to receive credit for old electronic goods that they bring to be recycled. Warehouse Clubs and Supercenters continued to climb as rapid store openings pushed sales up 9.5% in the first 9-months of 2007.

At the other end of the spectrum, Conventional Department Stores declined

with sales falling -2.5% during the first three quarters. Despite rosy results in recent months, upper end players felt the effects of fading consumer confidence with Nordstrom reporting a -2.4% drop in same-store sales during October.

As the holidays approach, Macy's advertising has turned towards the famous faces of Usher and Donald Trump to spark festive sales. In stark contrast to such star-studded strategies, Kohl's has sought to gain an environmental edge with the announcement that 80 of its new stores will seek LEED gold certification. As their same-store sales slipped -3.8% in October, it has yet to be seen whether such long-term efforts will prompt short-term profits.

Regardless, it's clear that with 18% of consumers planning to purchase eco-friendly gifts, Black Friday may take on a new hue. Read next month's bulletin for a first peek at whether green gifts will save retailers from the red this holiday season.

**RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:**  
December 13, 2007

### 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](http://www.census.gov).

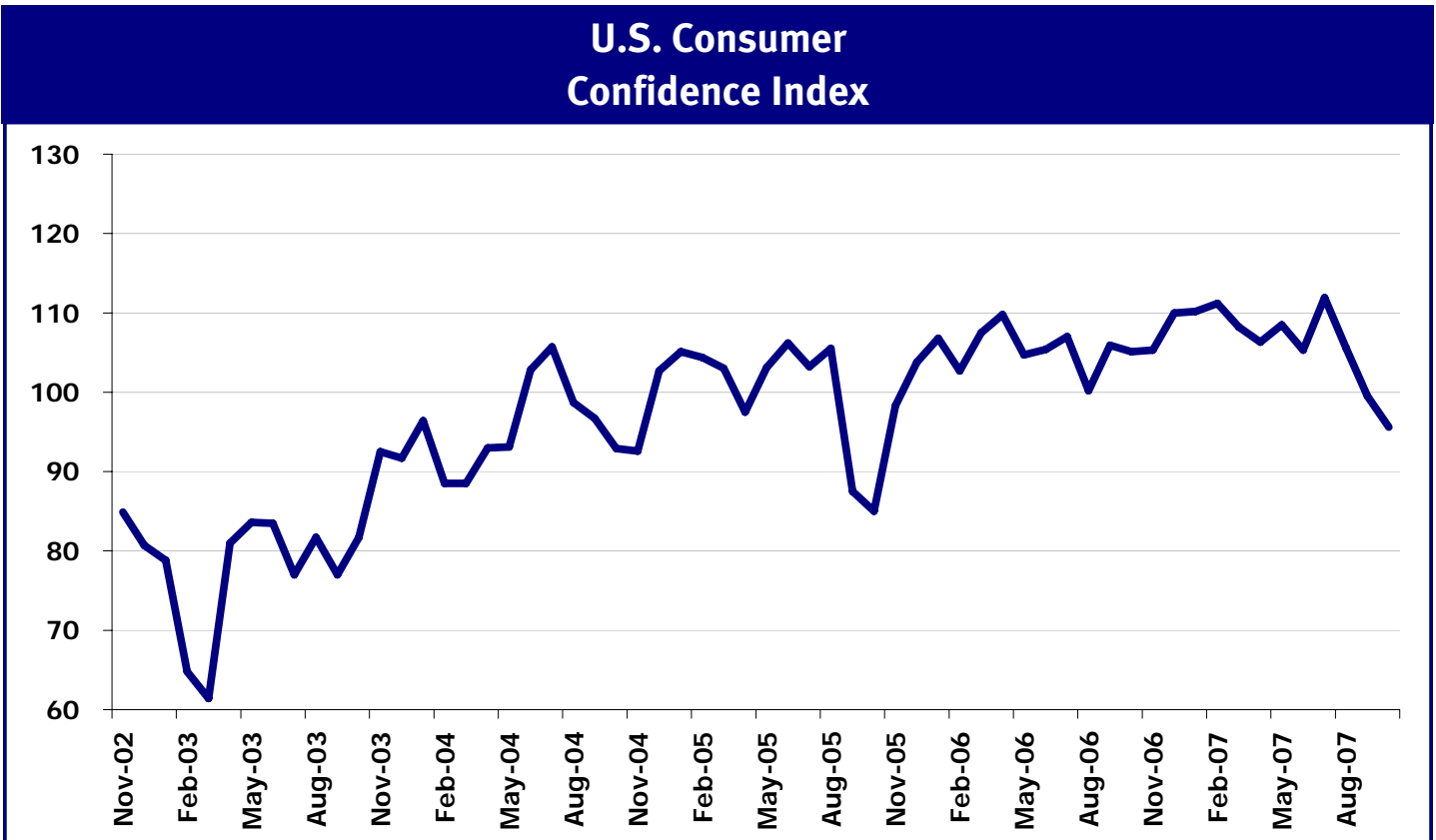
## Retail Sales by Store Category

Sales for the Month of October	2007	2006	2007/2006
<b>All Stores</b>	<b>375,840</b>	<b>352,353</b>	<b>6.7%</b>
<b>Motor Vehicle and Parts Dealers</b>	<b>76,717</b>	<b>70,615</b>	<b>8.6%</b>
<b>Gasoline Stations</b>	<b>37,055</b>	<b>31,609</b>	<b>17.2%</b>
<b>Food and Beverage Stores</b>	<b>47,774</b>	<b>45,222</b>	<b>5.6%</b>
Grocery Stores	42,603	40,359	5.6%
<b>Health and Personal Care Stores</b>	<b>20,051</b>	<b>18,937</b>	<b>5.9%</b>
<b>Building Material and Garden Equipment Stores</b>	<b>31,095</b>	<b>29,924</b>	<b>3.9%</b>
<b>General Merchandise Stores</b>	<b>46,083</b>	<b>44,587</b>	<b>3.4%</b>
Department Stores (excluding leased departments)	16,354	16,620	-1.6%
<b>Clothing and Accessories Stores</b>	<b>18,238</b>	<b>17,379</b>	<b>4.9%</b>
<b>Furniture, Home Furnishings, Electronics and Appliance Stores</b>	<b>18,351</b>	<b>18,039</b>	<b>1.7%</b>
Furniture and Home Furnishing Stores	9,923	9,976	-0.5%
Electronics and Appliance Stores	8,428	8,063	4.5%
<b>Sporting Goods, Hobby, Book and Music Stores</b>	<b>6,583</b>	<b>6,312</b>	<b>4.3%</b>
<b>Miscellaneous Store Retailers</b>	<b>10,620</b>	<b>10,042</b>	<b>5.8%</b>
<b>Nonstore Retailers</b>	<b>25,172</b>	<b>23,529</b>	<b>7.0%</b>
<b>Food Services and Drinking Places</b>	<b>38,101</b>	<b>36,158</b>	<b>5.4%</b>

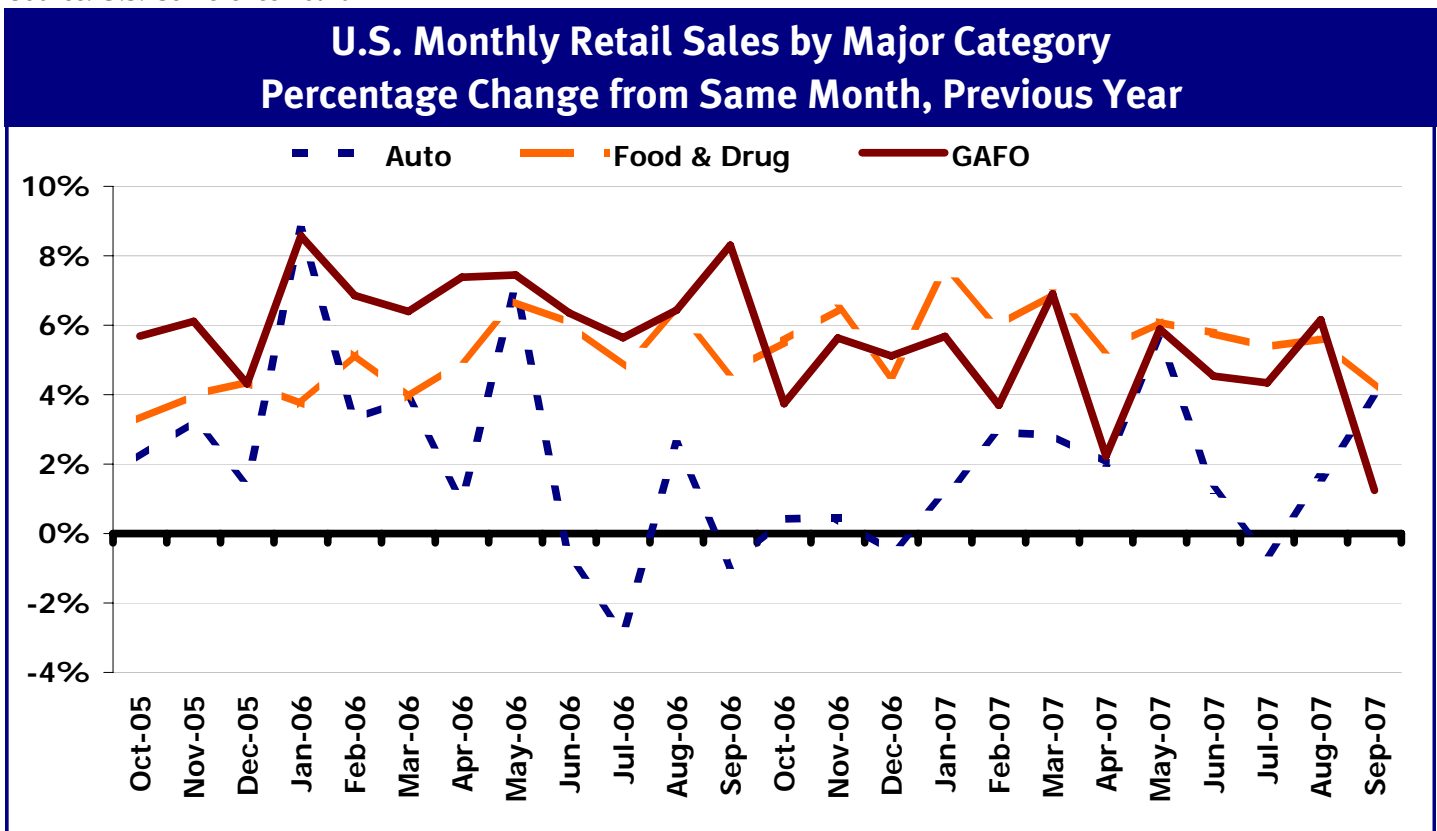
Year to Date Sales Ending October	2007	2006	2007/2006
<b>All Stores</b>	<b>3,693,218</b>	<b>3,547,362</b>	<b>4.1%</b>
<b>Motor Vehicle and Parts Dealers</b>	<b>785,544</b>	<b>761,777</b>	<b>3.1%</b>
<b>Gasoline Stations</b>	<b>354,110</b>	<b>343,422</b>	<b>3.1%</b>
<b>Food and Beverage Stores</b>	<b>469,545</b>	<b>444,241</b>	<b>5.7%</b>
Grocery Stores	419,597	397,740	5.5%
<b>Health and Personal Care Stores</b>	<b>195,263</b>	<b>183,859</b>	<b>6.2%</b>
<b>Building Material and Garden Equipment Stores</b>	<b>301,318</b>	<b>305,026</b>	<b>-1.2%</b>
<b>General Merchandise Stores</b>	<b>451,177</b>	<b>430,534</b>	<b>4.8%</b>
Department Stores (excluding leased departments)	158,716	160,434	-1.1%
<b>Clothing and Accessories Stores</b>	<b>172,951</b>	<b>163,497</b>	<b>5.8%</b>
<b>Furniture, Home Furnishings, Electronics and Appliance Stores</b>	<b>185,600</b>	<b>181,150</b>	<b>2.5%</b>
Furniture and Home Furnishing Stores	100,041	98,131	1.9%
Electronics and Appliance Stores	85,559	83,019	3.1%
<b>Sporting Goods, Hobby, Book and Music Stores</b>	<b>68,600</b>	<b>66,969</b>	<b>2.4%</b>
<b>Miscellaneous Store Retailers</b>	<b>100,404</b>	<b>96,739</b>	<b>3.8%</b>
<b>Nonstore Retailers</b>	<b>234,945</b>	<b>216,239</b>	<b>8.7%</b>
<b>Food Services and Drinking Places</b>	<b>373,761</b>	<b>353,909</b>	<b>5.6%</b>

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

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Source: U.S. Conference Board



Source: U.S. Census Bureau

## Retail Sales by Store Category

Revised Year to Date Sales Ending September	2007	2006	2007/2006
<b>All Stores</b>	<b>3,317,378</b>	<b>3,195,009</b>	<b>3.8%</b>
<b>Motor Vehicle and Parts Dealers</b>	<b>708,827</b>	<b>691,162</b>	<b>2.6%</b>
<b>Gasoline Stations</b>	<b>317,055</b>	<b>311,813</b>	<b>1.7%</b>
<b>Food and Beverage Stores</b>	<b>421,771</b>	<b>399,019</b>	<b>5.7%</b>
Grocery Stores	376,994	357,381	5.5%
Beer, Wine and Liquor Stores	29,041	26,806	8.3%
<b>Health and Personal Care Stores</b>	<b>175,212</b>	<b>164,922</b>	<b>6.2%</b>
Pharmacies and Drug Stores	147,491	139,033	6.1%
<b>Building Material and Garden Equipment Stores</b>	<b>270,223</b>	<b>275,102</b>	<b>-1.8%</b>
Building Material and Supplies Stores	234,730	242,364	-3.1%
Hardware Stores	15,931	14,455	10.2%
<b>GAFO (general merchandise, apparel, furniture, and other)</b>	<b>822,752</b>	<b>787,076</b>	<b>4.5%</b>
<b>General Merchandise Stores</b>	<b>405,094</b>	<b>385,947</b>	<b>5.0%</b>
Department Stores (excluding leased departments)	142,362	143,814	-1.0%
<i>Discount Department Stores (excluding leased departments)</i>	88,234	88,308	-0.1%
<i>Conventional and National Dept. Stores (ex. Leased depts.)</i>	54,128	55,506	-2.5%
Warehouse Clubs and Superstores	232,967	212,813	9.5%
All Other General Merchandise Stores	29,765	29,320	1.5%
<b>Clothing and Accessories Stores</b>	<b>154,713</b>	<b>146,118</b>	<b>5.9%</b>
Men's Clothing Stores	7,019	6,523	7.6%
Women's Clothing Stores	28,711	27,655	3.8%
Family Clothing Stores	59,706	55,717	7.2%
Shoe Stores	19,752	19,653	0.5%
Jewellery Stores	19,364	18,718	3.5%
<b>Furniture, Home Furnishings, Electronics and Appliance Stores</b>	<b>167,249</b>	<b>163,111</b>	<b>2.5%</b>
Furniture Stores	48,669	47,349	2.8%
Home Furnishing Stores	41,449	40,806	1.6%
Household Appliance Stores	13,261	13,187	0.6%
Radio, TV and Other Electronics Stores	46,028	44,475	3.5%
Computer and Software Stores	15,329	14,749	3.9%
<b>Sporting Goods, Hobby, Book and Music Stores</b>	<b>62,017</b>	<b>60,657</b>	<b>2.2%</b>
Sporting Goods Stores	27,182	25,229	7.7%
Book Stores	12,365	12,406	-0.3%
<b>Miscellaneous Store Retailers</b>	<b>89,784</b>	<b>86,697</b>	<b>3.6%</b>
<b>Nonstore Retailers</b>	<b>209,773</b>	<b>192,710</b>	<b>8.9%</b>
Electronic Shopping and Mail-Order Houses	140,363	128,590	9.2%
Fuel Dealers	31,250	27,465	13.8%
<b>Food Services and Drinking Places</b>	<b>335,660</b>	<b>317,751</b>	<b>5.6%</b>

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