

Bulletin

December 2003 Retail Sales • Released February 26, 2004

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PSST, WANNA BUY A DVD PLAYER?

All in all, a very good December was upon us. Sales growth was 2.7%, up from a weak 2002 December (bolstered mostly by strong growth from the Automotive Group). All Stores Less Auto, Food, and Drug performed well gaining 4.9% for the month. The Automotive Group finished the year with three consecutive months of declining growth. This was probably due to low finance rates during late summer and early fall.

The real superstars of the holiday season were the Furniture, Appliance, and Furnishings Stores, with its growth of 10.2%. Electronics certainly helped propel this group to the top, with DVD players selling for under \$50 and the popularity of built-in digital camera cellular phones. Food and Drug Stores also performed well in December, gaining 5.1%.

Department Stores (including concessions) kept chugging along at 3.5% growth, primarily helped by Wal-Mart's strong December sales. All Clothing and Shoe Stores grew steady at 2.9%, although not helped by the continuing downward spiral that is Men's Clothing Stores (-4.7%). Shoe Stores, helped primarily by cold weather and snow, posted a strong 6.6% growth. Other Clothing Stores also reported a solid 4.7% growth.

An upside for retailers looking into early 2004 is that most record gift card sales as revenue after they are redeemed, not when they are purchased. This often creates an unusually strong January, but is not included in their year-end.

SARS, BLACKOUTS, AND WARS. OH MY!

While up against a relatively strong 2002 and considering all that when on this year with SARS, blackouts, and the war in Iraq, 2003 proved to be a great year. All Stores gained

3.1% and All Stores Less Auto Food and Drug was up 3.5%. A strong December and a good year should leave retailers feeling optimistic about 2004.

Even with low finance rates and mega-sales, the Automotive Group finished the year with a paltry 1.5% growth. Food and drug did well with 5.0% growth, but the Furniture, Appliance, and Furnishings Stores bested all posting a 6.5% growth over last year. The strong housing industry, combined with the electronics boom helped maintain this category.

All clothing and Shoe Stores posted marginal growth (1.8%), primarily due to Other Clothing Stores (4.6%). While Men's Clothing Stores Sales continues to decline (-6.1%), both Women's Clothing Stores (0.2%) and Shoe Stores (-0.4%) sales remain flat compared to last year.

A provincial look digs up few surprises. Ontario and B.C., both hit the hardest by SARS and the blackout (Ontario), posted marginal growth (2.8% and 1.8%, respectively). Quebec and the Prairies, although posting higher growth rates than their counterparts, still did not perform to their potential (effects of Ontario not performing well).

WHAT ABOUT 2004?

Looks good, but there are certainly things afoot that may make 2004 hard to predict. The political uncertainty, both in the Canada and the U.S., may make for an interesting summer and fall. With the CMHC's announcement concerning down payments and relatively low interest rates, we may see continued growth for the Furniture, Appliance, Furnishings Stores.

Other things to look for:

- Continued growth and expansion from Wal-Mart.
- Further invasion by U.S. and European retailers

IN PURSUIT OF COMPARATIVE ADVANTAGE: RETAIL GOES ON DEMAND

Increasing competitive pressures. More demanding consumers. Shrinking profit margins. Learn how on demand solutions can give you an edge. Click on the link below to download this white paper complements of IBM [Retail Goes on Demand](#)

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN
March 26, 2004

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 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.

Retail Sales by Store Category

Sales for the Month of: December	2003	2002	2003 / 2002
All Stores	31,000.3	30,188.0	2.7%
Automotive Group	9,240.3	9,464.8	-2.4%
All Stores Less Automotive	21,760.0	20,723.2	5.0%
Food and Drug Group	7,995.7	7,607.3	5.1%
All Stores Less Auto, Food and Drug	13,764.3	13,115.9	4.9%
General Merchandise Stores	4,711.6	4,585.4	2.8%
Department Stores (incl concessions)	3,189.8	3,080.5	3.5%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	2,538.0	2,302.8	10.2%
All Clothing and Shoe Stores	2,184.9	2,122.9	2.9%
Women's Clothing Stores	601.3	595.9	0.9%
Men's Clothing Stores	191.8	201.2	-4.7%
Other Clothing Stores	1,198.1	1,144.1	4.7%
Shoe Stores	193.7	181.7	6.6%
All Other Retail (except auto, food, drug)	4,329.8	4,104.8	5.5%
Year-to-date Sales	2003	2002	2003 / 2002
All Stores	316,036.4	306,578.4	3.1%
Automotive Group	125,159.6	123,356.6	1.5%
All Stores Less Automotive	190,876.8	183,221.8	4.2%
Food and Drug Group	86,466.7	82,363.0	5.0%
All Stores Less Auto, Food and Drug	104,410.1	100,858.9	3.5%
General Merchandise Stores	34,983.1	33,834.2	3.4%
Department Stores (incl concessions)	21,681.2	20,959.9	3.4%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	19,462.0	18,268.4	6.5%
All Clothing and Shoe Stores	16,450.3	16,154.0	1.8%
Women's Clothing Stores	4,782.2	4,771.3	0.2%
Men's Clothing Stores	1,279.8	1,363.2	-6.1%
Other Clothing Stores	8,577.5	8,201.9	4.6%
Shoe Stores	1,810.8	1,817.6	-0.4%
All Other Retail (except auto, food, drug)	33,514.6	32,602.2	2.8%

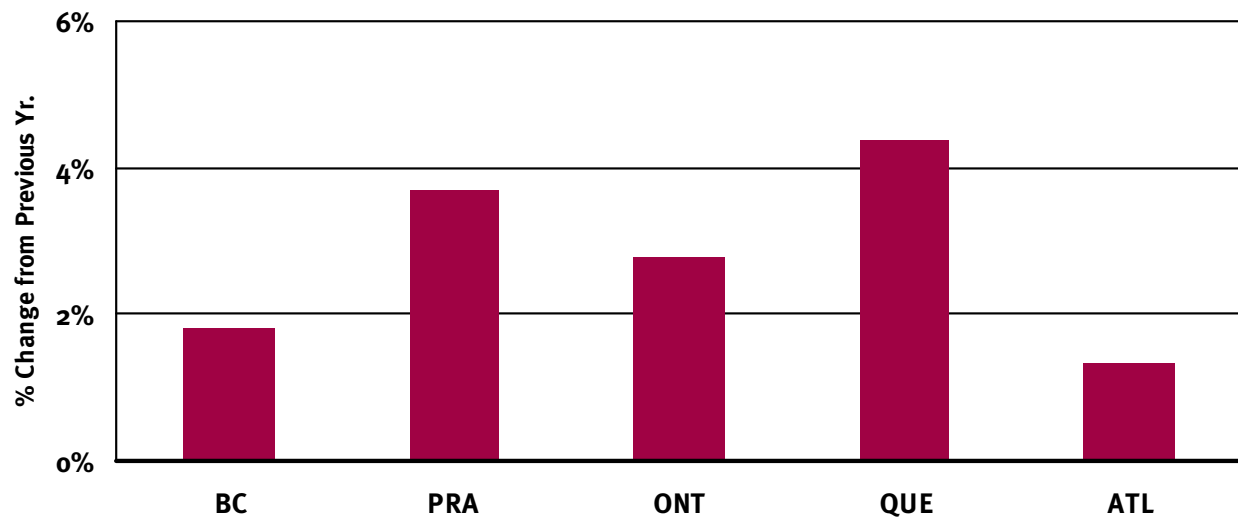
ALL DOLLAR VALUES EXPRESSED IN MILLIONS OF CANADIAN DOLLARS; UNADJUSTED FIGURES; SOURCE: STATISTICS CANADA

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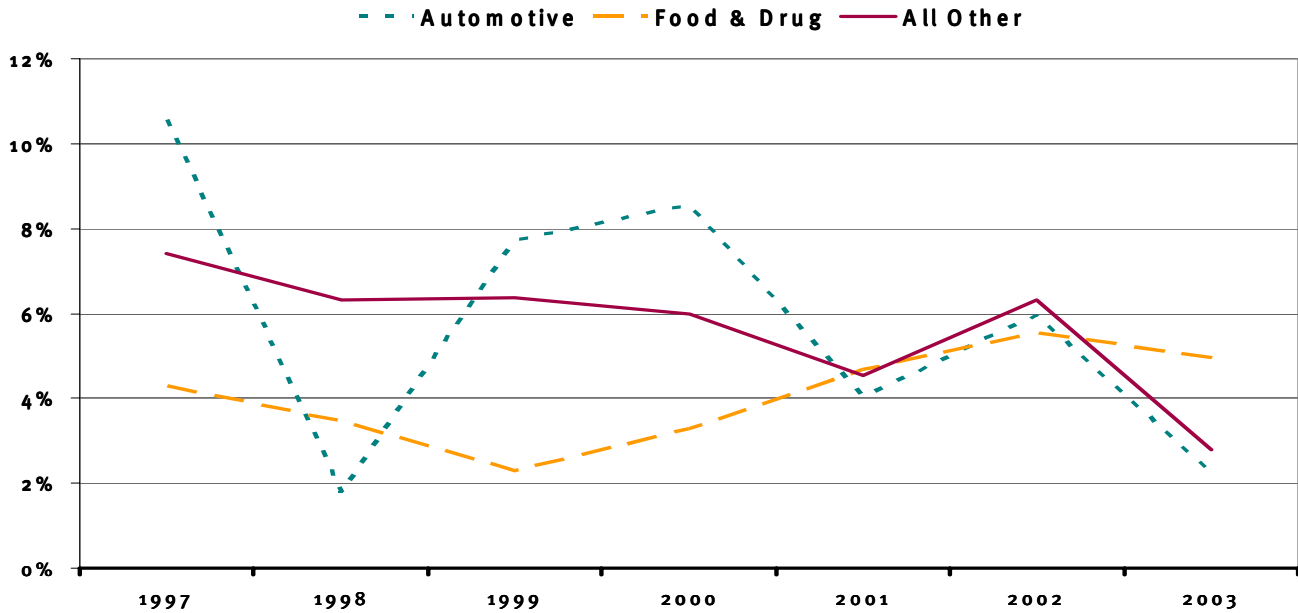
Retail Trade, Canada, All Stores, By Major Region

	Year-to-Date 2003	Same Period 2002	Change 2003 / 2002
British Columbia	40,998.0	40,272.6	1.8%
Prairies	59,233.5	57,118.0	3.7%
Ontario	118,471.8	115,261.8	2.8%
Quebec	72,971.3	69,910.2	4.4%
Atlantic Canada	23,203.3	22,901.1	1.3%

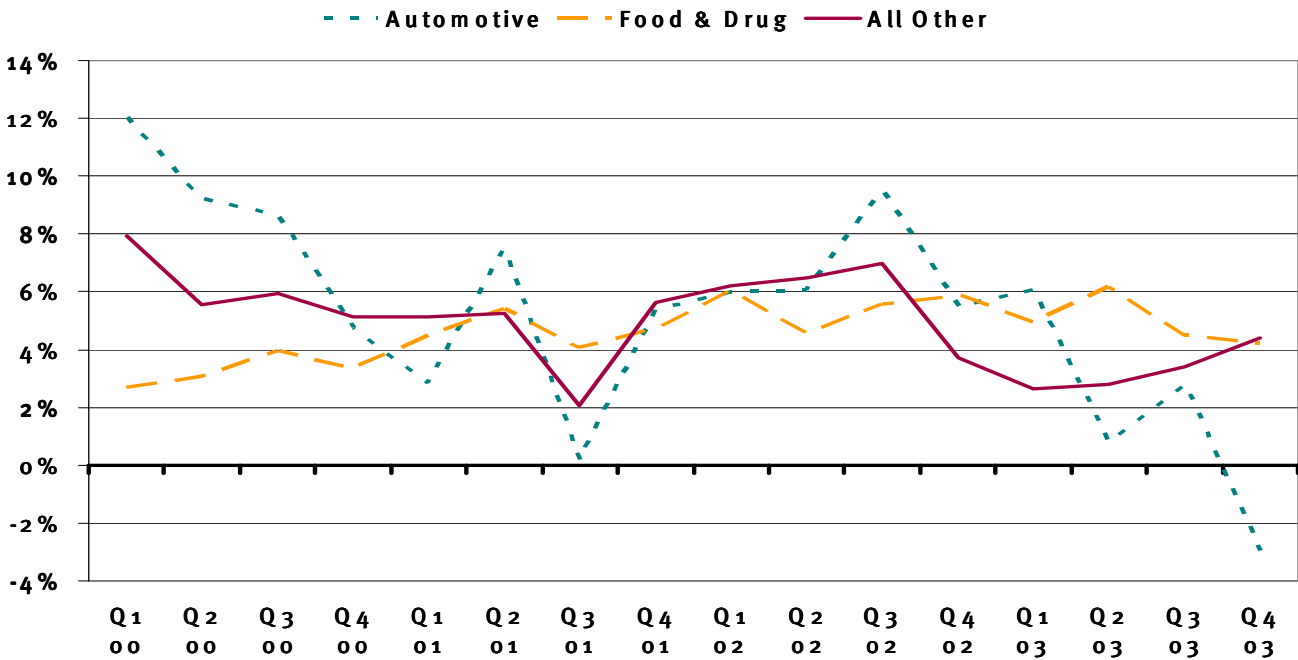
**Percentage Change in Retail Trade, All Stores, by Region
Year-to-Date Compared to Same Period Last Year**



Canadian Retail Sales by Major Product Categories Year Over Year (1997 -2003)



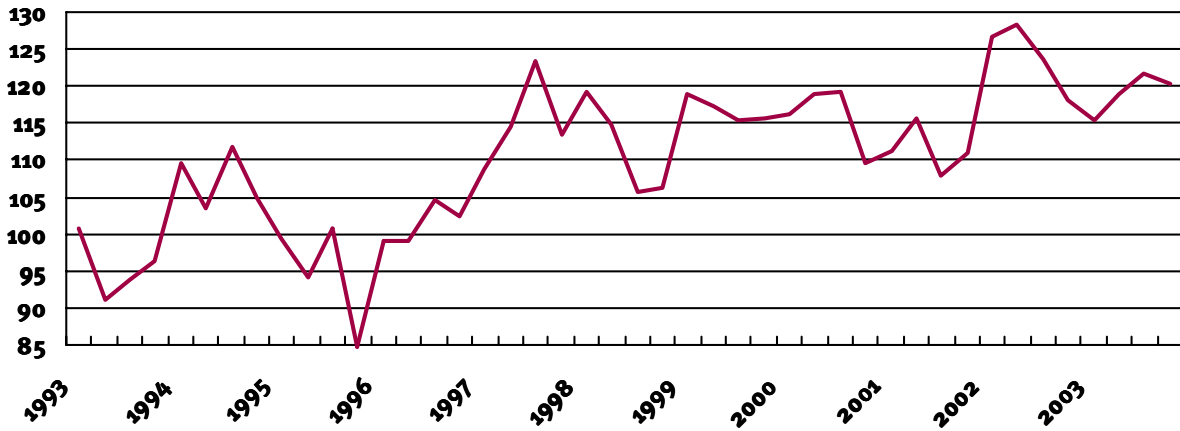
Canadian Retail Sales by Major Product Categories From the Same Quarter A Year Earlier



Consumer Price Index

January 2004 vs. January 2003 1.2%

Canadian Consumer Confidence Index 1993-2003



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1992 - 2003

