

# Bulletin

U.S. Data

Advance September 2008 Retail Sales • Released October 15, 2008

## RETAILER SALES SLIDE DOWNHILL AS CONSUMERS TIGHTEN THEIR BELTS

Consumer confidence in the market rose slightly in September to 59.8, up only one point from August. The slight gain does not reflect the poor retail sales results for the month, which point towards a consumer 'need to buy' mentality.

In general, monthly sales during September netted zero growth, compared to the same time last year. Overall, positive sales growth was seen for consumer staples including Gasoline Stations, Grocery Stores and Health and Personal Care Stores.

No surprises were expected nor experienced, as Motor Vehicle and Parts Dealers faced a -15.8% drop in sales for the month. Other big-ticket retail categories, including Furniture and Home Furnishings Stores, also dropped significantly by -9.2%.

Grocery Stores saw less than stellar sales of 3.8% for the month while Health and Personal Care Stores were up 6.3%. The sustained theme of 'cost-savings' and 'necessity-purchasing' by consumers played out well for retailers like Walgreens, which witnessed a 15% increase in their private label sales and a 10% increase in total sales over the same month last year. However, private label competitors, like Kraft and Campbell Soup, continue to contend for

the share of consumers' decreasing wallet by employing coupon-centric strategies.

While General Merchandise Stores were up 1.0% for the month, Department Stores took a hit of over one billion in sales, with total sales decreasing by -8.2%. High-end retailers were heavily affected, with same store sales falling by -10.9% for Saks Inc. and -9.2% for Nordstrom Inc.

Other discount-oriented, general merchandise retailers kept sales afloat as they continued to attract consumers who focus on staple products. Wal-Mart maintained its growth streak, with same-store sales up 2.4% during September; the growth was attributed to improved sales of two staple products - food and medicine.

Fashion is also taking a hit with Clothing and Accessories Stores down -2.0% for the month. Popular retailers such as the GAP Inc. reported an -11% decrease in comparable store sales. They weren't alone as September same-store sales for bargain retailer TJX also fell by -1%.

The bad news continued as Electronics and Appliance Stores fell -2.1%.

Building Material and Garden Equipment Stores saw soft sales growth of 1.0% during the month. Home Depot slashed prices on 1,200 items in September in an attempt to convince customers to spend big before the weather changes.

Decreased spending overall had a ripple effect as it touched Food Services and Drinking Places, which had a modest 1.0% gain during September. Consumers have noticeably pulled back on all non-essential shopping, opting to eat more at home.

Look for our October bulletin to see whether decreasing gasoline prices leave extra room in consumers' budgets for some retail shopping.

**RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:**  
November 14, 2008

Please note:

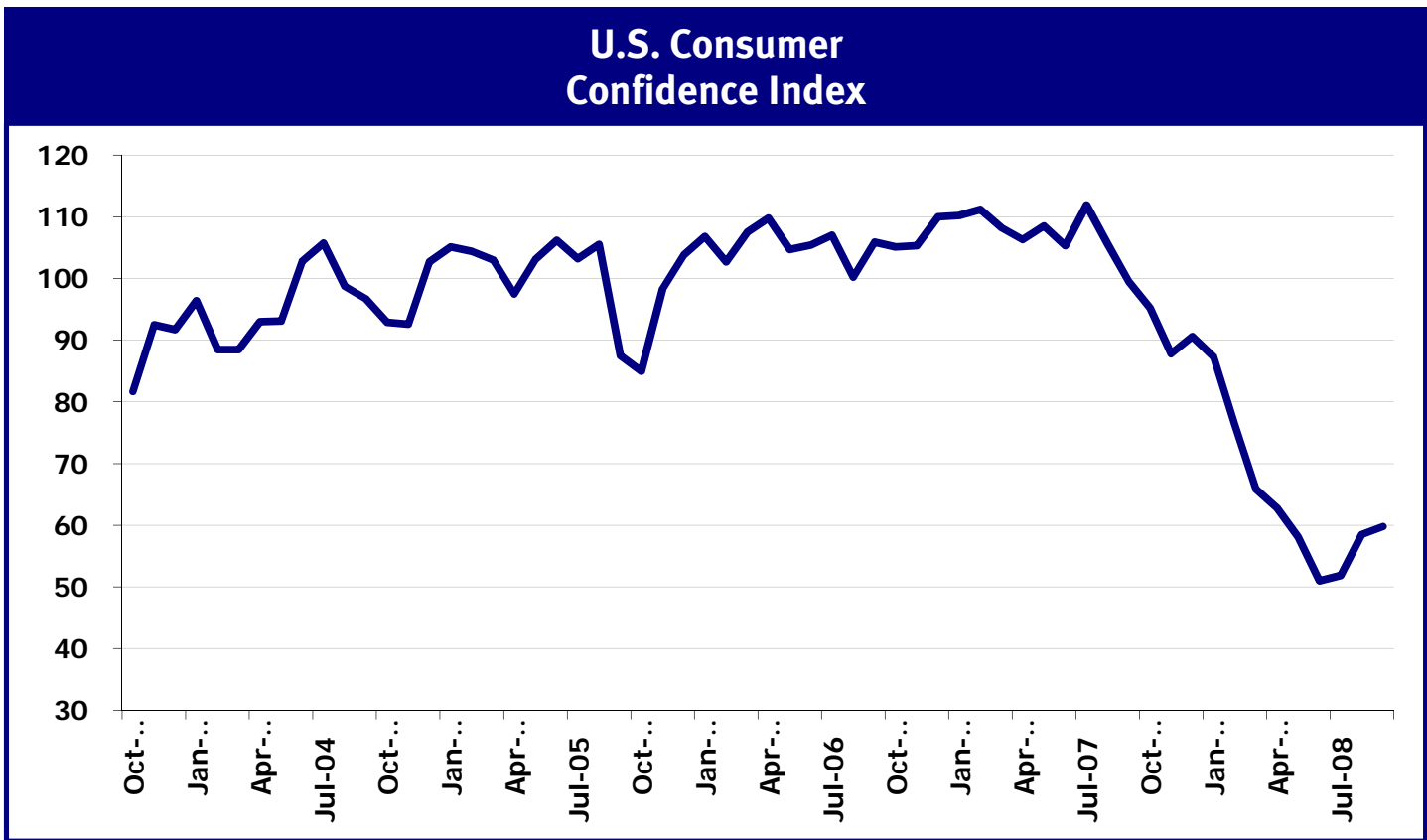
The J.C. Williams Group National Retail Bulletin compares the latest monthly release of "raw" (i.e., unadjusted for seasonality, holiday, and trading day) retail sales figures to those in the *same calendar month of the previous year*. The U.S. Census Bureau also reports seasonally adjusted sales that 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

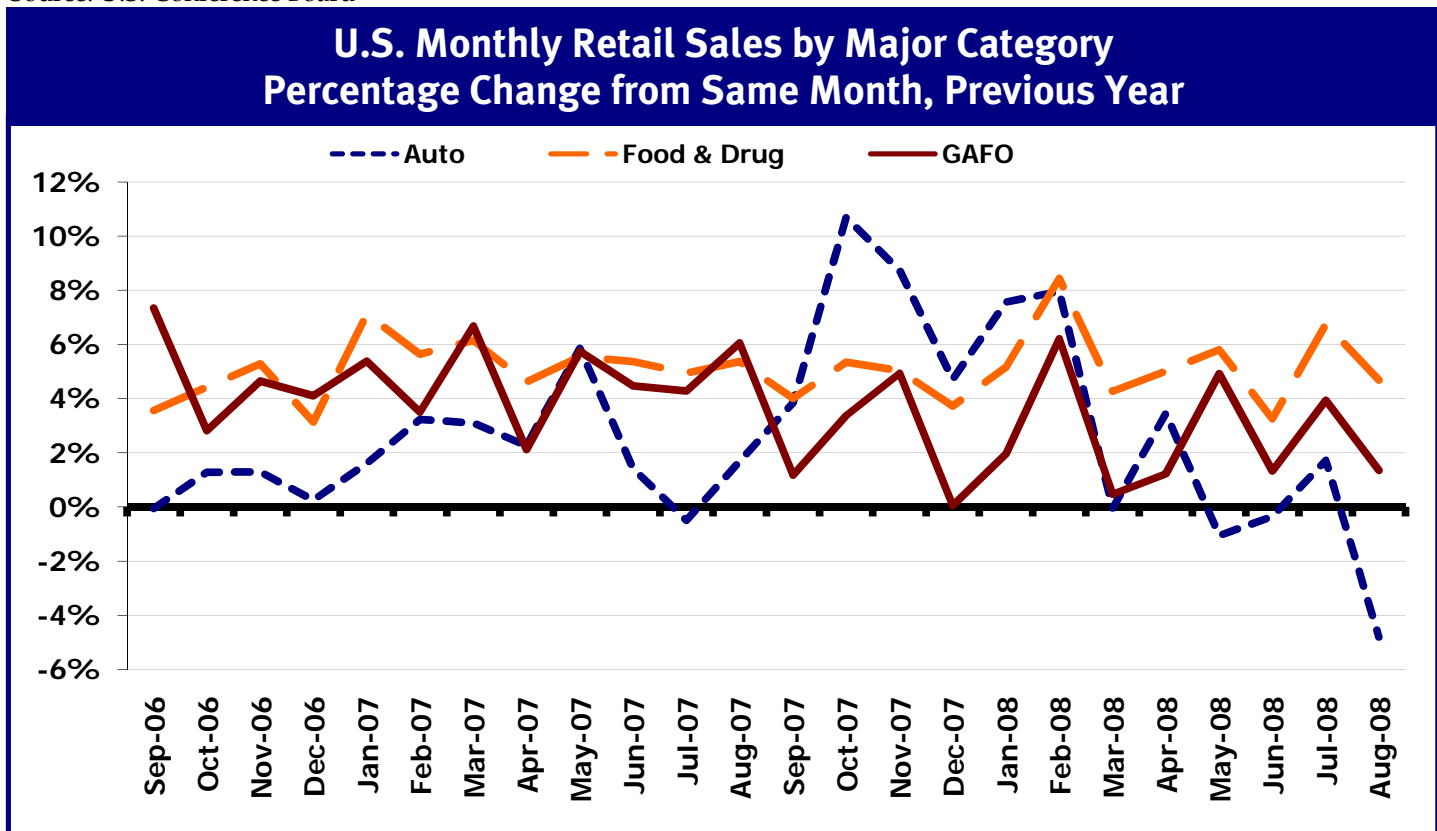
Sales for the Month of September	2008	2007	2008/2007
<b>All Stores</b>	<b>357,296</b>	<b>357,452</b>	<b>0.0%</b>
<b>Motor Vehicle and Parts Dealers</b>	<b>62,551</b>	<b>74,317</b>	<b>-15.8%</b>
<b>Gasoline Stations</b>	<b>43,835</b>	<b>37,126</b>	<b>18.1%</b>
<b>Food and Beverage Stores</b>	<b>47,559</b>	<b>45,860</b>	<b>3.7%</b>
Grocery Stores	42,643	41,074	3.8%
<b>Health and Personal Care Stores</b>	<b>19,984</b>	<b>18,796</b>	<b>6.3%</b>
<b>Building Material and Garden Equipment Stores</b>	<b>26,981</b>	<b>26,494</b>	<b>1.8%</b>
<b>General Merchandise Stores</b>	<b>44,244</b>	<b>43,796</b>	<b>1.0%</b>
Department Stores (excluding leased departments)	14,052	15,306	-8.2%
<b>Clothing and Accessories Stores</b>	<b>16,680</b>	<b>17,016</b>	<b>-2.0%</b>
<b>Furniture, Home Furnishings, Electronics and Appliance Stores</b>	<b>16,838</b>	<b>17,888</b>	<b>-5.9%</b>
Furniture and Home Furnishing Stores	8,666	9,541	-9.2%
Electronics and Appliance Stores	8,172	8,347	-2.1%
<b>Sporting Goods, Hobby, Book and Music Stores</b>	<b>6,931</b>	<b>6,862</b>	<b>1.0%</b>
<b>Miscellaneous Store Retailers</b>	<b>9,844</b>	<b>9,685</b>	<b>1.6%</b>
<b>Nonstore Retailers</b>	<b>24,933</b>	<b>23,047</b>	<b>8.2%</b>
<b>Food Services and Drinking Places</b>	<b>36,916</b>	<b>36,565</b>	<b>1.0%</b>

Year to Date Sales Ending September	2008	2007	2008/2007
<b>All Stores</b>	<b>3,380,599</b>	<b>3,298,876</b>	<b>2.5%</b>
<b>Motor Vehicle and Parts Dealers</b>	<b>646,585</b>	<b>705,834</b>	<b>-8.4%</b>
<b>Gasoline Stations</b>	<b>396,583</b>	<b>328,986</b>	<b>20.5%</b>
<b>Food and Beverage Stores</b>	<b>437,647</b>	<b>413,397</b>	<b>5.9%</b>
Grocery Stores	393,367	370,911	6.1%
<b>Health and Personal Care Stores</b>	<b>182,777</b>	<b>175,857</b>	<b>3.9%</b>
<b>Building Material and Garden Equipment Stores</b>	<b>251,644</b>	<b>257,656</b>	<b>-2.3%</b>
<b>General Merchandise Stores</b>	<b>423,610</b>	<b>404,814</b>	<b>4.6%</b>
Department Stores (excluding leased departments)	137,931	142,827	-3.4%
<b>Clothing and Accessories Stores</b>	<b>156,763</b>	<b>154,615</b>	<b>1.4%</b>
<b>Furniture, Home Furnishings, Electronics and Appliance Stores</b>	<b>160,079</b>	<b>163,556</b>	<b>-2.1%</b>
Furniture and Home Furnishing Stores	81,580	86,961	-6.2%
Electronics and Appliance Stores	78,499	76,595	2.5%
<b>Sporting Goods, Hobby, Book and Music Stores</b>	<b>62,608</b>	<b>60,773</b>	<b>3.0%</b>
<b>Miscellaneous Store Retailers</b>	<b>88,042</b>	<b>87,043</b>	<b>1.1%</b>
<b>Nonstore Retailers</b>	<b>229,613</b>	<b>215,727</b>	<b>6.4%</b>
<b>Food Services and Drinking Places</b>	<b>344,648</b>	<b>330,618</b>	<b>4.2%</b>

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