

# Bulletin

U.S. Data

Advance November 2008 Retail Sales • Released December 12, 2008

## CONSUMERS LEAVE RETAILERS OUT IN THE COLD.

Consumers continued to limit their spending in November as many analysts and consumers no longer viewed the economic recession as a temporary situation. Consumer confidence declined to an all time low in October (38.8), however with new political leadership on the horizon and economic issues at the forefront, November's consumer confidence saw a moderate bounce to 44.9. All Stores sales dropped -9%, although with the exclusion of the Motor Vehicle, Parts Dealers and Gasoline Station categories, the drop softens to -2.2%.

November did have a few bright points. Consumers continued to focus their spending on "needs" purchases, and the Food and Beverage Stores continued to do well. Overall retail sales within the category grew 3.2%, with the Grocery sector up 2.9%. Food Services and Drinking Places also experienced growth, up 2.2%. Fast food giant McDonald's Corp. reported a gain in U.S. same-store sales of 4.5%. Health and Personal Care Stores also saw an increase, up 2.3% from last year.

General merchandisers remained an attractive source for deal-hungry consumers, and through Wal-Mart's expertise in discounting, the company reported a 3.4% increase in its same-store sales. Notably, Costco, who many expected to fare well during the recession, reported a -3% decline in U.S. same-store sales. In contrast, Department Store sales

dropped -6.2%. High-end department store Neiman Marcus reported a drop in same-store sales of -11.9%. Overall, the General Merchandise Stores category netted an increase of 1.3%.

Yet as consumers limited their spending and as lending policies tightened, retail sales for the Motor Vehicle and Part Dealers category suffered, with a dramatic decrease of -28.3%. This decline was further evidenced by Chrysler and GM's November sales falling sharply, with drops of -47% and -41% respectively for the month. It was possible that with uncertainty surrounding a bailout package for the automobile industry during the month, consumers in the market for vehicles decided to defer purchasing until more information became available, further contributing to the decline. Gasoline Stations also experienced a significant drop of -23.4%. The monetary decline in these two categories would represent an additional \$28.5 Billion in the economy.

Retail sales in Clothing and Accessories Stores continued to have difficulty dipping -7.4%, with retailers across the board seeing declines. Comparable store sales at The Gap were reported

down -10% and Limited Brands down -12%. Abercrombie & Fitch had an exceptionally hard month, reporting comparable store sales for the company down -28%.

Also seeing drops were Building Material and Garden Equipment Stores category, whose sales declined -10%, and Furniture, Home Furnishings, Electronics and Appliance Stores, which decreased -9.4%.

While e-commerce is not usually reported in this bulletin, it is worth mentioning that although e-commerce retail sales for the month were on par with last year, ComScore announced that online sales since Cyber Monday were up 7% versus a year ago.

After a holiday season filled with deep discounts and shrinking margins, retailers will be looking forward to the end of December and the beginning of a new year.

**RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:**  
January 14, 2009

Please note:

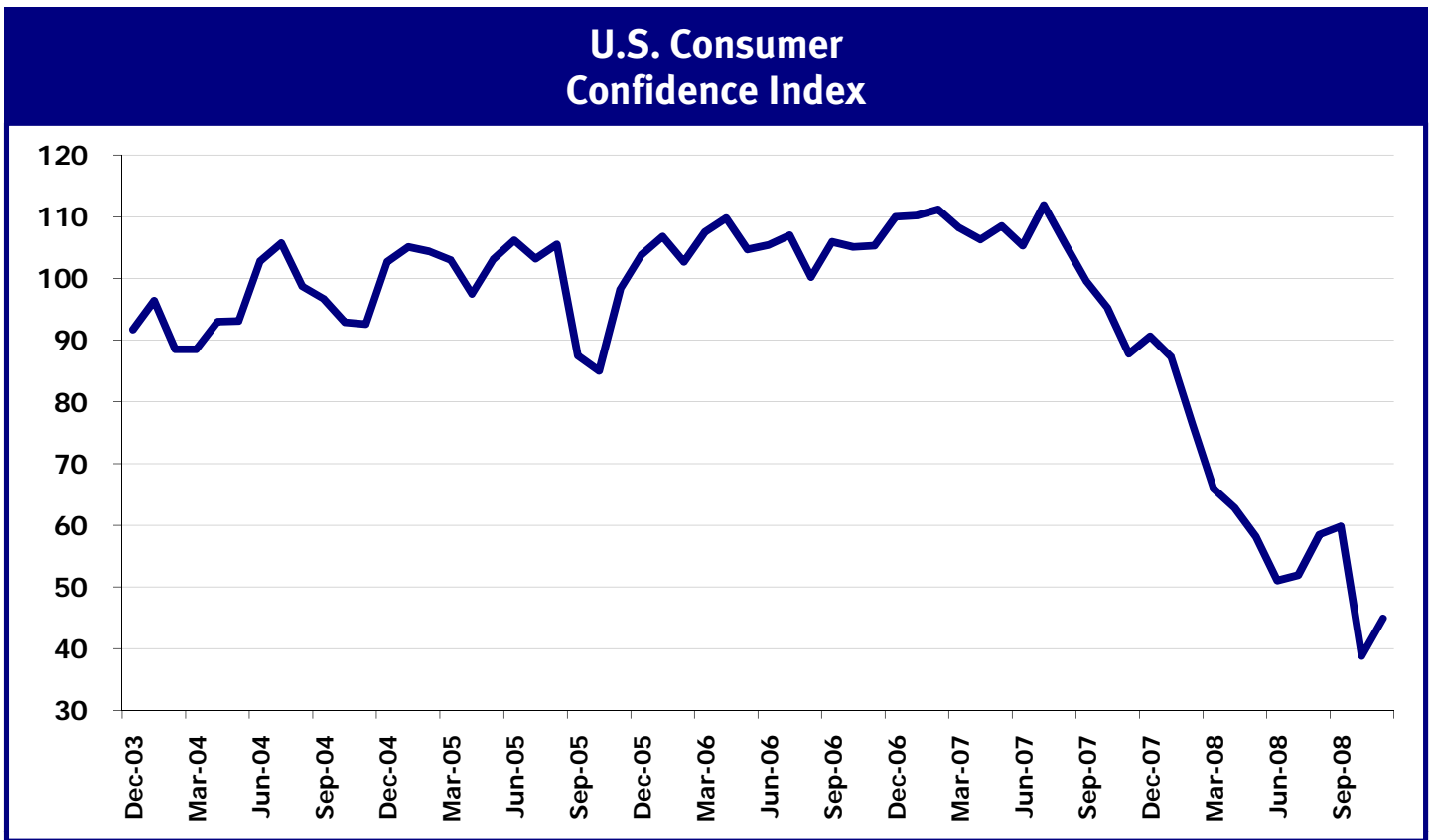
The J.C. Williams Group National Retail Bulletin compares the latest monthly release of "raw" (i.e., unadjusted for seasonality, holiday, and trading day) retail sales figures to those in the *same calendar month of the previous year*. The U.S. Census Bureau also reports seasonally adjusted sales that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

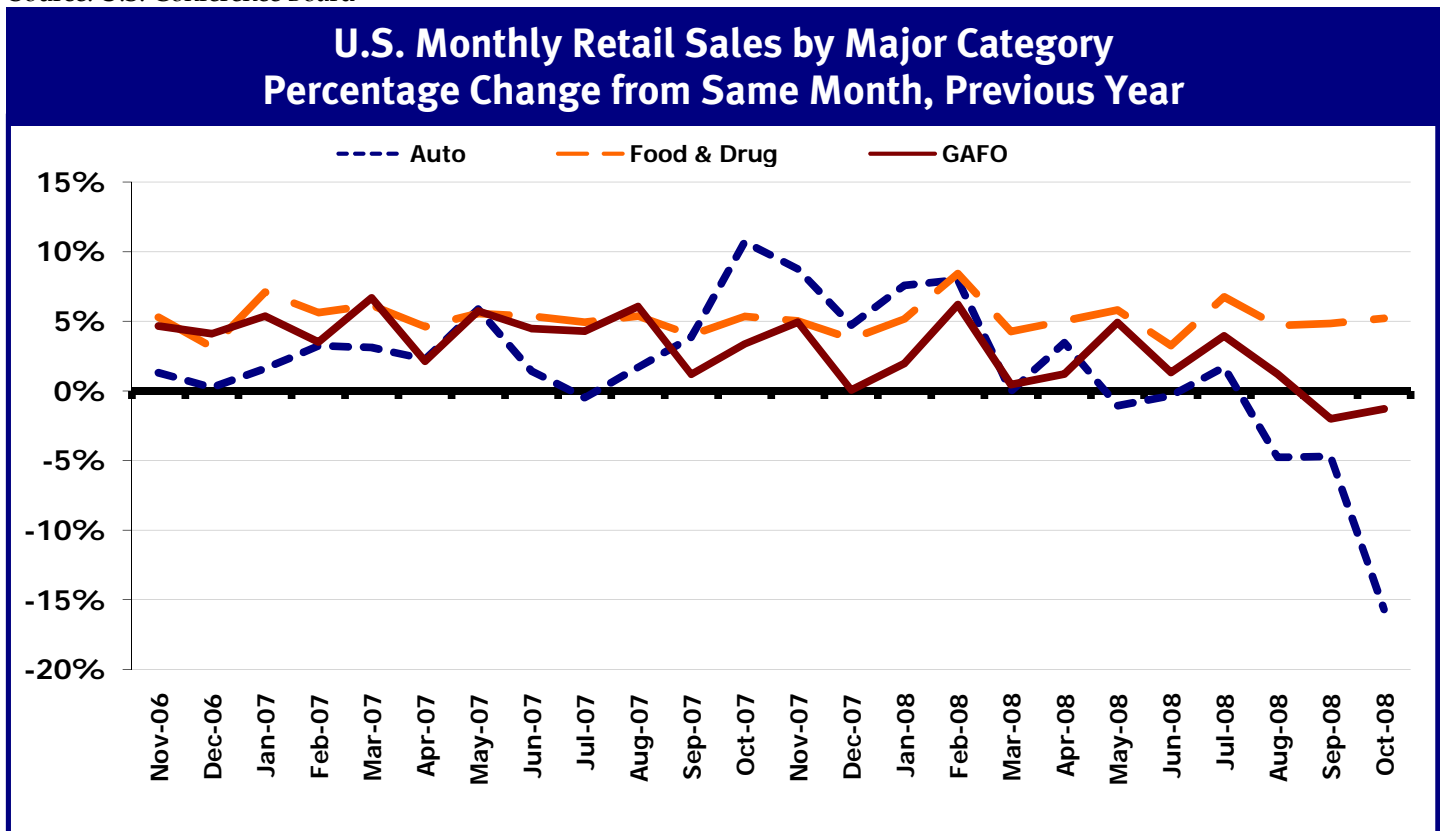
| Sales for the Month of November                                      | 2008           | 2007           | 2008/2007     |
|--|----------------|----------------|---------------|
| <b>All Stores</b>  | <b>346,890</b> | <b>381,344</b> | <b>-9.0%</b>  |
| <b>Motor Vehicle and Parts Dealers</b>                               | <b>48,880</b>  | <b>68,187</b>  | <b>-28.3%</b> |
| <b>Gasoline Stations</b>   | <b>29,943</b>  | <b>39,111</b>  | <b>-23.4%</b> |
| <b>Food and Beverage Stores</b>                                      | <b>49,597</b>  | <b>48,040</b>  | <b>3.2%</b>   |
| Grocery Stores   | 44,085         | 42,859         | 2.9%          |
| <b>Health and Personal Care Stores</b>                               | <b>20,062</b>  | <b>19,610</b>  | <b>2.3%</b>   |
| <b>Building Material and Garden Equipment Stores</b>                 | <b>24,500</b>  | <b>27,226</b>  | <b>-10.0%</b> |
| <b>General Merchandise Stores</b>                                    | <b>54,848</b>  | <b>54,156</b>  | <b>1.3%</b>   |
| Department Stores (excluding leased departments)                     | 19,672         | 20,965         | -6.2%         |
| <b>Clothing and Accessories Stores</b>                               | <b>19,341</b>  | <b>20,888</b>  | <b>-7.4%</b>  |
| <b>Furniture, Home Furnishings, Electronics and Appliance Stores</b> | <b>19,789</b>  | <b>21,832</b>  | <b>-9.4%</b>  |
| Furniture and Home Furnishing Stores                                 | 9,293          | 10,737         | -13.4%        |
| Electronics and Appliance Stores                                     | 10,496         | 11,095         | -5.4%         |
| <b>Sporting Goods, Hobby, Book and Music Stores</b>                  | <b>7,622</b>   | <b>7,961</b>   | <b>-4.3%</b>  |
| <b>Miscellaneous Store Retailers</b>                                 | <b>9,680</b>   | <b>9,989</b>   | <b>-3.1%</b>  |
| <b>Nonstore Retailers</b>  | <b>26,078</b>  | <b>28,596</b>  | <b>-8.8%</b>  |
| <b>Food Services and Drinking Places</b>                             | <b>36,550</b>  | <b>35,748</b>  | <b>2.2%</b>   |

| Year to Date Sales Ending November                                   | 2008             | 2007             | 2008/2007     |
|--|------------------|------------------|---------------|
| <b>All Stores</b>  | <b>4,085,664</b> | <b>4,052,715</b> | <b>0.8%</b>   |
| <b>Motor Vehicle and Parts Dealers</b>                               | <b>752,362</b>   | <b>849,388</b>   | <b>-11.4%</b> |
| <b>Gasoline Stations</b>   | <b>465,694</b>   | <b>406,854</b>   | <b>14.5%</b>  |
| <b>Food and Beverage Stores</b>                                      | <b>537,033</b>   | <b>508,179</b>   | <b>5.7%</b>   |
| Grocery Stores   | 481,912          | 455,614          | 5.8%          |
| <b>Health and Personal Care Stores</b>                               | <b>223,652</b>   | <b>215,598</b>   | <b>3.7%</b>   |
| <b>Building Material and Garden Equipment Stores</b>                 | <b>304,206</b>   | <b>313,744</b>   | <b>-3.0%</b>  |
| <b>General Merchandise Stores</b>                                    | <b>526,043</b>   | <b>505,080</b>   | <b>4.2%</b>   |
| Department Stores (excluding leased departments)                     | 173,103          | 180,192          | -3.9%         |
| <b>Clothing and Accessories Stores</b>                               | <b>192,696</b>   | <b>193,416</b>   | <b>-0.4%</b>  |
| <b>Furniture, Home Furnishings, Electronics and Appliance Stores</b> | <b>196,468</b>   | <b>203,552</b>   | <b>-3.5%</b>  |
| Furniture and Home Furnishing Stores                                 | 99,500           | 107,485          | -7.4%         |
| Electronics and Appliance Stores                                     | 96,968           | 96,067           | 0.9%          |
| <b>Sporting Goods, Hobby, Book and Music Stores</b>                  | <b>76,346</b>    | <b>75,252</b>    | <b>1.5%</b>   |
| <b>Miscellaneous Store Retailers</b>                                 | <b>107,899</b>   | <b>107,161</b>   | <b>0.7%</b>   |
| <b>Nonstore Retailers</b>  | <b>282,670</b>   | <b>270,730</b>   | <b>4.4%</b>   |
| <b>Food Services and Drinking Places</b>                             | <b>420,595</b>   | <b>403,761</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