

Bulletin

August Retail Sales • Released October 23, 2000

Back to School Math Lesson

Analyzing retail sales for the beginning of the Back-to-School season requires staying longer for extra math credit.

The Back-to-School season has helped boost sales after a worrisome spring and summer. Looking deeper into sales, All Stores Less Auto, Food and Drug are up a respectable 6.5%, led by Furniture, Appliance and Furnishing Stores (9.1%) and All Other Retail (9.0%).

What looks like a dismal month for Department Stores is the result of comparing sales to Eaton's mass liquidation, which began in August last year. In the past two years, Department Store sales have increased approximately 10% despite 64 Department Stores being taken off the market.

Discounting by Specialty Clothing Stores during the Back-to-School season only drove up sales 5.6% over last year. During the month of August while the CPI increased over 2.5%, the CPI for Clothing and Accessories actually fell 0.8%. This leaves many wondering whether this discounting tactic will continue into the holiday season.

Good News for the Holidays

The Canadian Consumer Confidence Index has been updated for Fall 2000. Canadians remain relatively bullish in their prospects for buying big ticket items. The Index stands at just under

120, which is 4.4 points over last year at this time. This leads us to believe that the holiday season will have sales growth of 5%.

Consumer Confidence Slow Down? Nonsense!

After over a decade of significantly declining sales in the apparel and accessories market, 2000 is shaping up to be yet another dud. Please don't blame the weather! Consumer spending on apparel as a percentage of total personal expenditures has been dropping – all during the most robust economic upturn in history.

Why? Weather? No Money? No Time? — No, blame the retail industry itself. All that is being offered is more of the same by more stores. On a recent trip of malls in Nashville, Chicago, and Toronto, we were shocked by the sameness of (a)

store format, (b) design, (c) levels of staffing, and (d) actual merchandise items. If you didn't know the store name you wouldn't know which store you were in!

The result is too much parity in product and environment. The consequence: consumer boredom or even ennui. Why bother shopping if every store is the same? Why bother buying if it's more of the same with my wardrobe filled with what the stores are offering.

It is time for change. The risk is not in changing, but in not changing.

John C. Williams

Reminder

Just a reminder to check out the NRF.com web-site to purchase the top-line report on Multi Channel Retailing.

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: August	2000	1999	2000 / 1999
All Stores	24,254.3	22,168.4	9.4%
Automotive Group	10,060.4	8,912.3	12.9%
All Stores Less Automotive	14,193.9	13,256.1	7.1%
Food and Drug Group	6,410.1	5,946.7	7.8%
All Stores Less Auto, Food and Drug	7,783.8	7,309.4	6.5%
General Merchandise Stores	2,561.0	2,480.5	3.2%
Department Stores (incl concessions)	1,476.8	1,511.6	-2.3%
Furniture, Appliance, Furnishings Stores	1,270.4	1,164.6	9.1%
All Clothing and Shoe Stores	1,275.9	1,208.8	5.6%
Women's Clothing Stores	367.9	359.2	2.4%
Men's Clothing Stores	113.1	109.5	3.3%
Shoe Stores	138.6	135.6	2.2%
All Other Retail (except auto, food, drug)	2,676.5	2,455.5	9.0%
Year-to-date Sales	2000	1999	2000 / 1999
All Stores	178,632.3	167,105.6	6.9%
Automotive Group	74,918.4	67,895.9	10.3%
All Stores Less Automotive	103,713.8	99,209.7	4.5%
Food and Drug Group	48,895.5	47,393.1	3.2%
All Stores Less Auto, Food and Drug	54,818.3	51,816.6	5.8%
General Merchandise Stores	18,512.0	17,699.1	4.6%
Department Stores (incl concessions)	10,480.9	10,299.6	1.8%
Furniture, Appliance, Furnishings Stores	9,157.2	8,188.0	11.8%
All Clothing and Shoe Stores	8,842.8	8,463.6	4.5%
Women's Clothing Stores	2,753.5	2,707.6	1.7%
Men's Clothing Stores	893.1	864.3	3.3%
Shoe Stores	999.2	1,011.0	-1.2%
All Other Retail (except auto, food, drug)	18,306.3	17,465.9	4.8%

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

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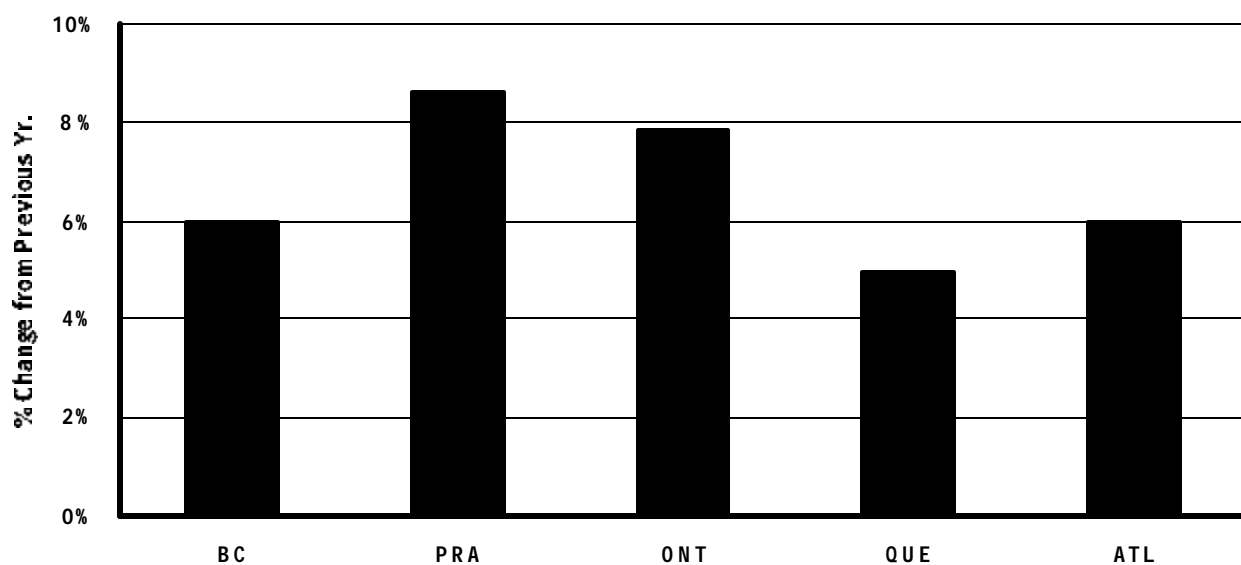
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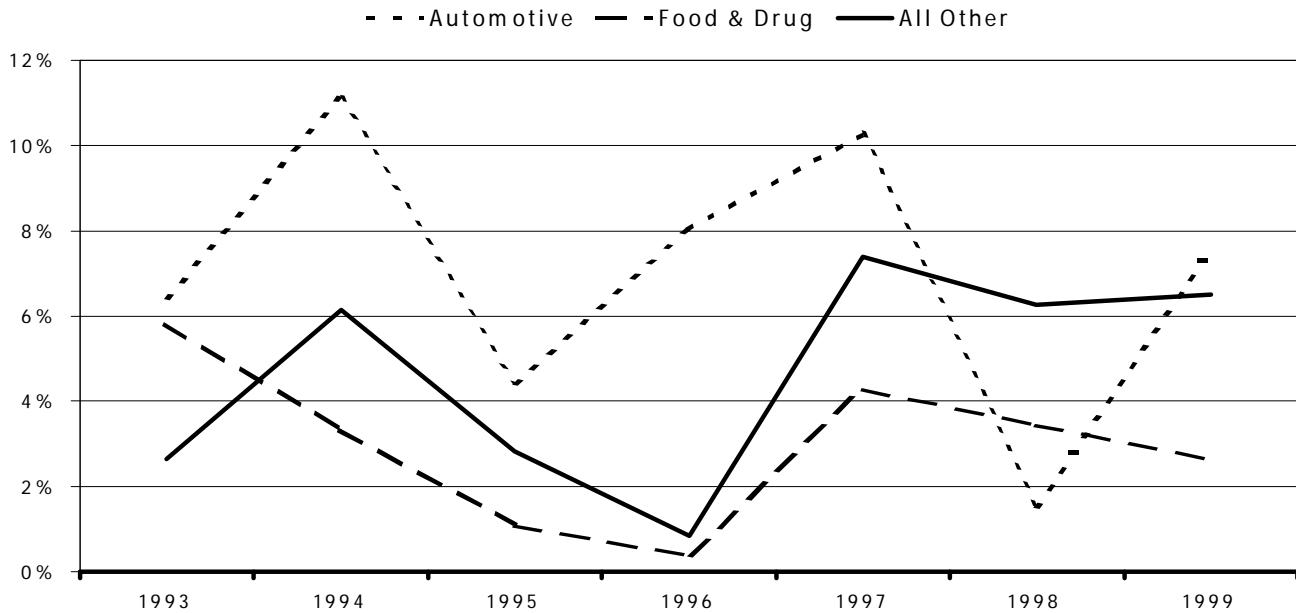
RETAIL TRADE, CANADA, ALL STORES, BY MAJOR REGION

	Year-to-Date 2000	Same Period 1999	Change 2000 / 1999
British Columbia	23,028.1	21,727.3	6.0%
Prairies	31,800.8	29,275.5	8.6%
Ontario	67,963.2	63,023.9	7.8%
Quebec	41,555.7	39,600.8	4.9%
Atlantic Canada	13,678.5	12,905.0	6.0%

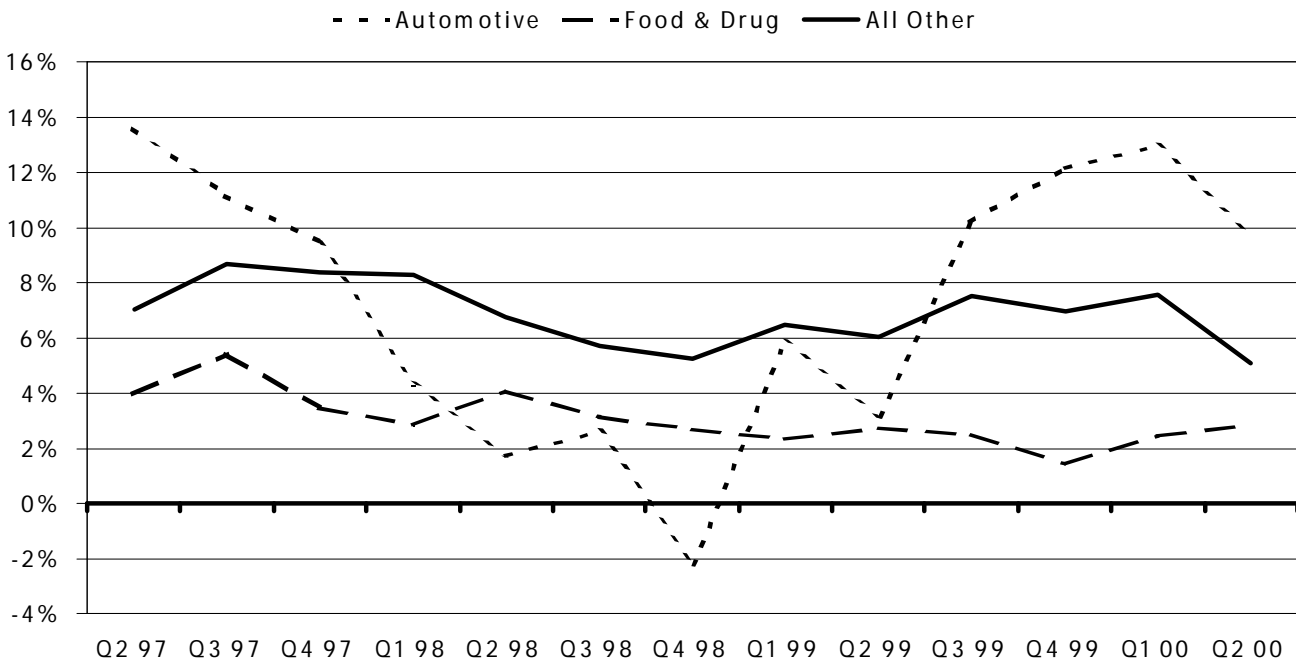
**Percentage Change in Retail Trade, All Stores, by Region
Year-to-Date Compared to Same Period Last Year**



Canadian Retail Sales by Major Product Categories Year Over Year (1993 -1999)



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



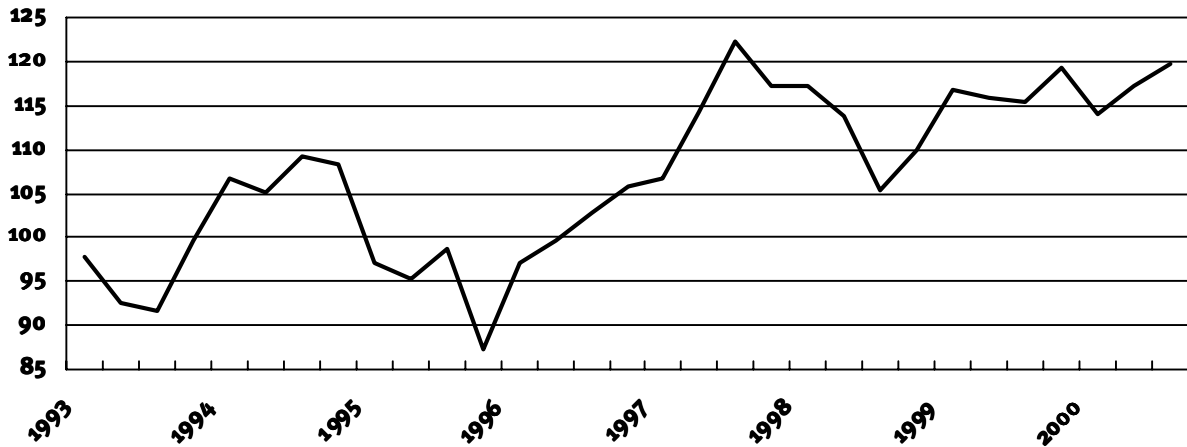
Consumer Price Index

September 2000

vs. September 1999

2.7%

Canadian Consumer Confidence Index 1993-2000



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1992 - 2000

