

Bulletin

U.S. Data

Advance May 2009 Retail Sales • Released June 11, 2009

BOTTOMING OUT AT HOME

A 14-point jump in consumer confidence from April did not translate at cash registers for the month of May. With sales remaining largely flat, the retail sector may have finally bottomed out.

Year-to-date sales for All Stores excluding Motor Vehicle and Parts Dealers and Gasoline Stations were flat at -2.8%; overall, All Stores sales were down -10.2% year-to-date.

With no real winning sectors, there were still some 'survivors'. At the top of the list, Health and Personal Care Stores saw a slight increase of 3.0% in this year's sales.

With the weather remaining temperate overall, sales for Food Services and Drinking Places still managed to increase by 1.7%.

Food and Beverage Stores sales were flat at 0.2% while Grocery Stores results dipped by -0.3%.

While generally honed in on low-price-point products, Walmart is supplementing its sales with a focus on grocery items. Overall, General Merchandise Stores saw no growth in year-to-date sales.

Sales of Clothing and Accessories Stores were down -6.9%. While some retailers such as Abercrombie and Fitch saw comparable store sales drop significantly by -28%, Aeropostale enjoyed growth in comparable store sales of 19%.

Elsewhere, the online sector continues to play a strong role in the growth of retailers. Online sales for The Children's Place were not only positive but it bettered its overall sales results by a 10-point spread.

In general, results tended to be slightly worse in May, compared to year-to-date results for retailers associated with the home sector.

Furniture and Home Furnishing Stores were down double digits, by -14.8% year-to-date.

Results for Building Material and Garden Equipment Stores fell -11.7% in 2009.

Electronics and Appliance Stores sales declined by -8.2%. Despite one less competitor in the electronics market, Best Buy is testing the sale of outdoor equipment (e.g., patio furniture) by way of its online store as a means to grow sales.

As part of this month's NRB, we've also included a special supplement on e-commerce retail customer satisfaction results for various countries.

Join us next month to see whether the upwards trending in consumer confidence will finally impact retail sales; or whether coupled with current increases in gas prices and a consumer habit to remain cautious it will take a few more months before retailers see any positive impact at home.

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

Please note:

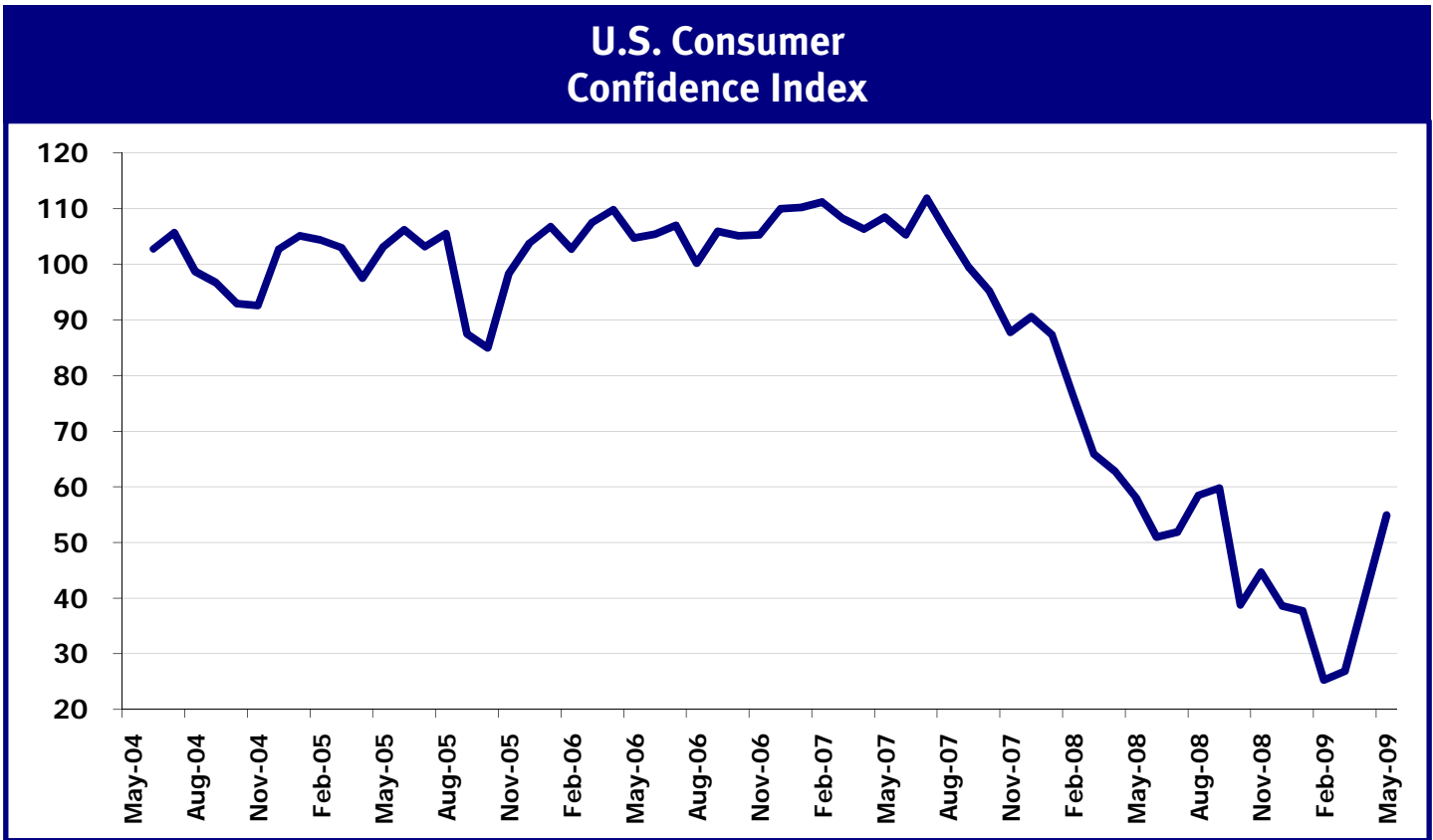
The J.C. Williams Group National Retail Bulletin compares the latest monthly release of "raw" (i.e., unadjusted for seasonality, holiday, and trading day) retail sales figures to those in the *same calendar month of the previous year*. The U.S. Census Bureau also reports seasonally adjusted sales that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

Retail Sales by Store Category

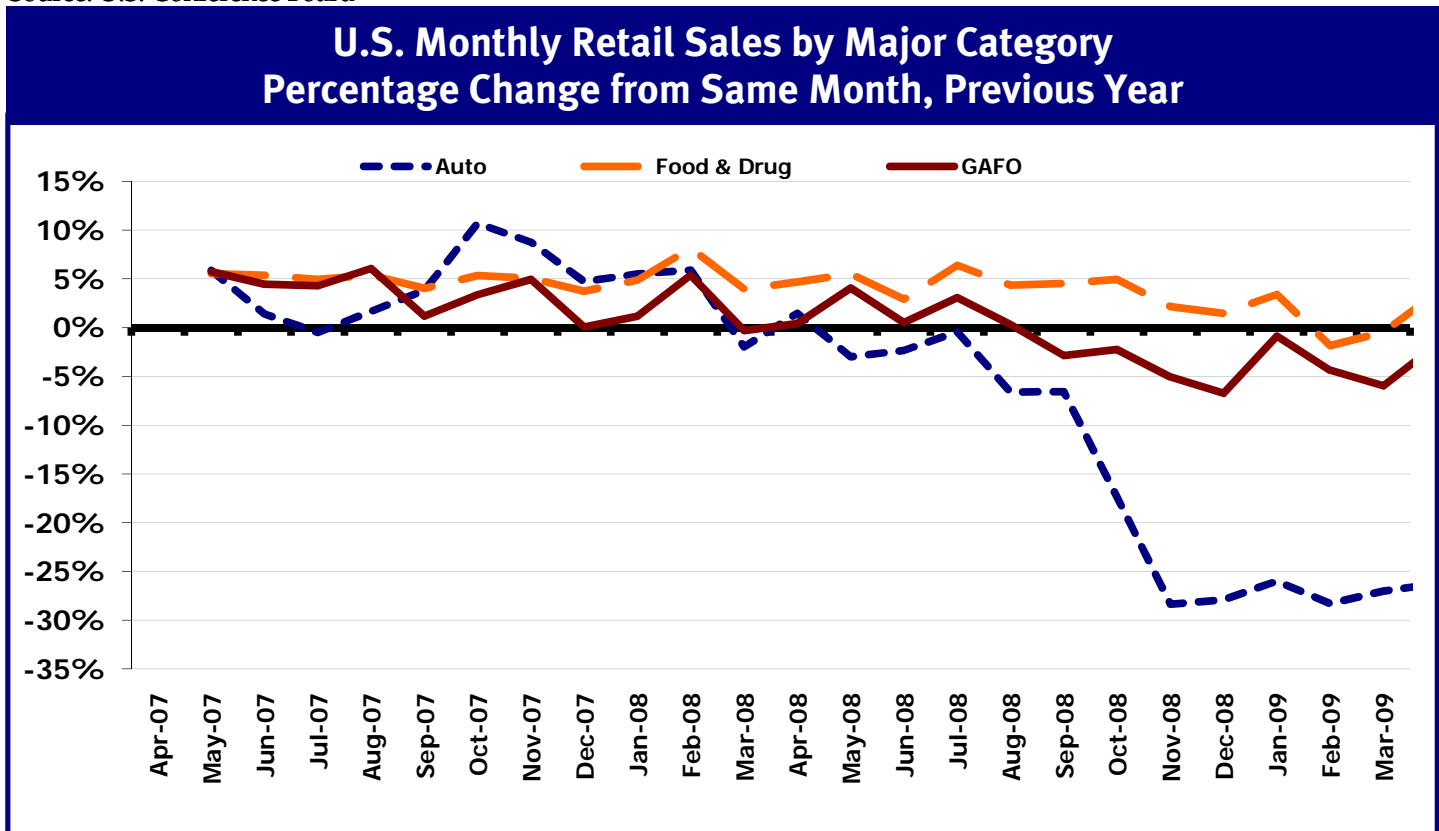
Sales for the Month of May	2009	2008	2009/2008
All Stores	355,414	399,979	-11.1%
Motor Vehicle and Parts Dealers	59,793	76,730	-22.1%
Gasoline Stations	30,382	46,337	-34.4%
Food and Beverage Stores	50,876	51,267	-0.8%
Grocery Stores	45,386	45,927	-1.2%
Health and Personal Care Stores	21,525	20,833	3.3%
Building Material and Garden Equipment Stores	29,951	34,330	-12.8%
General Merchandise Stores	50,546	51,468	-1.8%
Department Stores (excluding leased departments)	15,551	16,776	-7.3%
Clothing and Accessories Stores	17,368	19,062	-8.9%
Furniture, Home Furnishings, Electronics and Appliance Stores	15,427	18,152	-15.0%
Furniture and Home Furnishing Stores	7,674	9,146	-16.1%
Electronics and Appliance Stores	7,753	9,006	-13.9%
Sporting Goods, Hobby, Book and Music Stores	6,795	6,975	-2.6%
Miscellaneous Store Retailers	10,157	10,663	-4.7%
Nonstore Retailers	21,908	23,876	-8.2%
Food Services and Drinking Places	40,686	40,286	1.0%

Year to Date Sales Ending May	2009	2008	2009/2008
All Stores	1,643,180	1,829,963	-10.2%
Motor Vehicle and Parts Dealers	279,968	362,275	-22.7%
Gasoline Stations	132,406	201,481	-34.3%
Food and Beverage Stores	239,068	238,621	0.2%
Grocery Stores	214,884	215,532	-0.3%
Health and Personal Care Stores	104,666	101,657	3.0%
Building Material and Garden Equipment Stores	118,301	133,905	-11.7%
General Merchandise Stores	231,407	231,404	0.0%
Department Stores (excluding leased departments)	70,442	75,616	-6.8%
Clothing and Accessories Stores	78,225	84,000	-6.9%
Furniture, Home Furnishings, Electronics and Appliance Stores	77,239	87,241	-11.5%
Furniture and Home Furnishing Stores	37,175	43,612	-14.8%
Electronics and Appliance Stores	40,064	43,629	-8.2%
Sporting Goods, Hobby, Book and Music Stores	32,380	33,059	-2.1%
Miscellaneous Store Retailers	45,300	47,547	-4.7%
Nonstore Retailers	115,649	123,288	-6.2%
Food Services and Drinking Places	188,571	185,485	1.7%

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

INTERNATIONAL E-COMMERCE RETAIL CUSTOMER SATISFACTION SUMMARY

To state the obvious, the U.S. e-commerce market is the largest and most developed on the planet, but recent projections by Forrester Research suggest that the torrid double-digit growth we have seen in the past five years will slow to 7%–8% over the next three to five years.

While some sectors will fare better than others will, many U.S. retailers will need to look elsewhere for growth opportunities for their online business. This certainly begs the question of where that growth will come from and indirectly posits whether going international is the answer.

In a 2008 report by Jupiter Research, they predicted that one-half of all online users would come from Asia by 2012. eMarketer's 2009 projections for online growth rates around the world supports the notion that Asia-Pacific countries are poised to explode. A sampling of 2009 growth projections for selected countries is as follows:

- France 23%
- U.K. 14%
- China 66%
- Australia 25%

To understand better the challenges and solutions of companies who are conducting e-commerce on the international stage, J.C. Williams Group is undertaking a study with U.S. e-commerce firms currently engaged in or looking to commence e-commerce internationally.

One of the objectives of the study is to juxtapose retail executives' perceptions with consumer actions.

Now, we are able to provide a view of consumer behavior through our partnership with iPerceptions (www.iperceptions.com), a Montréal-based analytics firm that specializes in tracking customer satisfaction for a variety of verticals (including retail) across a number of international markets. Periodically, we will provide snap shots of two of their 4Q tracking study metrics to gauge the consumer actions. The 4Q survey is a collaboration between iPerceptions and noted web analytics author and blogger Avinask Kaushik. It provides on-going benchmarks for corporate websites to refine their site's usability continually through timely user feedback.

The two metrics, "task completion" and "satisfaction levels", are based on consumer evaluations of online retailers they have access to in their respective country. The summary results below are based on a sample of over 700 consumers per country per quarter.

	Metric	Q4/08	Q1/09
U.S.A.	Task Completion	69%	73%
	<i>Satisfaction Level</i>	70	73
France	Task Completion	42%	51%
	<i>Satisfaction Level</i>	59	60
China (including Hong Kong)	Task Completion	73%	74%
	<i>Satisfaction Level</i>	74	73
Canada	Task Completion	79%	78%
	<i>Satisfaction Level</i>	73	73
U.K.	Task Completion	70%	71%
	<i>Satisfaction Level</i>	67	69

Note: Task completion is the share of all respondents who indicated "Yes" to completing their primary intent. Satisfaction is the mean of respondents' score on a 0 to 10 scale, which is then normalized to a 100-point scale.

With the exception of France, overall Satisfaction ratings for the remaining countries over the two quarters are within 5 points of one another, suggesting a moderately satisfied group of retail consumers across these markets. However, the “task completion” percentages show much more variance, with France once again registering the lowest levels.

Additional analyses of the results show that in the U.S. and China (including Hong Kong), task completion levels and customer satisfaction are relatively in-sync with a 1:1 ratio. The relative symmetry of both metrics is surprising when viewed through a variety of lenses such as market maturity, online penetration levels, as well as number of retailers selling online.

The table also shows that in both the U.K. and Canada, “satisfaction levels” are below the “task completion” ratings, suggesting that consumers in both countries may not be entirely content with the online retail offering. In Canada, the lower satisfaction levels may be a function of the limited Canadian offering relative to the plethora of sophisticated online retailers south of the border.

In France, online shoppers registered higher satisfaction levels as compared to the task completion figures.

“When” as opposed to “if” will be the key question for e-commerce retailers who are pondering the notion of going international. These results provide insights into the market’s e-commerce maturity and consumer behavior and attitudes for the respective countries, but also beg other questions. As market benchmarks, it provides standards to manage your websites in various countries, and prioritize improvement efforts.

Of course, you will need to conduct your “due diligence” for the respective markets to build your business case, and gaining a more complete understanding of some of the drivers of these two metrics is part of that process.

As we look to the future, providing more insights into these results and looking at them from different perspectives will be the goal.

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