### Weekly Chain Store Sales Snapshot

**ICSC-Goldman Sachs Weekly U.S. Retail Chain Store Sales Index**

Through the Week Ending Saturday December 20, 2008

**Latest Week’s Sales Snapshot**

<table>
<thead>
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<th>Week-to-Week Change:</th>
<th>2.6% from prior week</th>
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<tbody>
<tr>
<td>Year-over-Year Change for the Week:</td>
<td>-0.6% from prior year</td>
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The ICSC-Goldman Sachs chain store sales index for the week ending December 20 rose by 2.6% from the prior week—though it is expected to decline 0.6% from the prior year—indicating the completion of their holiday-gift buying. According to the ICSC-Goldman Sachs holiday tracking survey, 80% of holiday shopping was completed, on average, between December 18-21—which was up appreciably from the prior week (see Chart 2)—which helped to lift demand for the week. Traffic was relatively strong during the last week (especially at department stores), despite weather disruptions from snow and cold. According to Weather Trends International (WTI), “national temperatures last week were 2.7°F colder than last year” and 1.6°F below its long-term average for the nation. WTI also reported that, “national precipitation was +27% wetter than last year and +58% wetter than average.” Snowfall was likely a 100-year record and 221% more than last year and 289% wetter than average. Snowfall was twice the average. Brutally cold sub-zero temperatures and -40°F wind chills were a huge negative for store traffic and holiday sales this past weekend. Helping to raise demand in an otherwise volatile, but weak, season, was that a third of consumers reported buying more holiday gifts in the form of merchandise rather than gift cards this year due to the hefty pre-Christmas discounts. One-in-five consumers also reported buying apparel in the pre-Christmas period for themselves due to the deep discounting and heavy post-Thanksgiving selling days.

**December Sales Expectations**

November chain store sales on a year-over-year comparable-store basis plunged by a record (for any month since November 1970 when the year-over-year sales growth in the index began) 2.7%, based on ICSC’s tally of 37 retail chains. Excluding Wal-Mart’s performance, the industry posted a record decline of 7.7% based on its year-over-year comp-store sales. The calendar and recessionary economy accentuated the year-over-year November sales weakness with fewer post-Thanksgiving selling days, tough weather-inflated sales comparisons with 2007 and scaled-back holiday expenditures. For December, weak underlying demand and heavy discounting will likely continue be a drag on sales, while easier comparisons and a calendar shift will tend to boost the monthly sales performance. ICSC Research expects December sales will down by 1.0% (or possibly more) for the industry as a whole.

### Fiscal Month (Unadjusted, Year/Year Change; Tracking Index)

- **Current Fiscal Month (MTD)** = 0.0%
- **Prior Fiscal Month** = 0.0%
- **Two-Months Ago** = 0.7%

### Selected Monthly Comparable Store Sales Tracking Estimates

- **TGT = -8.0%**
- **WMT = +3.0%**
- **Kohl’s = -10.0%**
- **JCP = -11.0%**

**r=revised; (–) or (+) indicate the direction of the change in monthly sales expectations from the previous week.**

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The retail industry expects the Christmas season to be "very difficult" and "uncertain" in the aftermath of September 11th and the 2001 recession. "Value" is back in vogue. Patrons in the merchandise are expected to connect with the consumer. Home-related focus also is in this year. Apparel inventories are considerably leaner than a year ago, which should stage off any massive price cutting ahead of Christmas. Post-Thanksgiving sales generally okay, but Wal-Mart & Target did well.

Consumer demand was lukewarm in the post-Thanksgiving period through mid December. The recession & unseasonable weather tended to pare demand as some retailers stepped up promotions and discounting. Apparel demand languished as those sales continue to lose appeal at Christmas time -- a longer run theme. Certain hot products were moving -- such as Xbox and Playstation 2 or the movies "Pearl Harbor" and the "Grinch." However, generally the Christmas season has been uneccyting & sales dismal.

Another year when there was a last-minute surge in demand in the days leading up to Christmas. Promotional and discount activity was largely as planned by the retailers, though some stores (such as Kmart and May) adjusted those parameters upward once the season began. The overall season was challenging for the industry with plenty of pockets of weakness.

The retail industry worry level is very high with consumers facing a weak job market and concern about war with Iraq. The 10-day West Coast dockworker strike caused some scrambling for goods by some retailers, but most okay. Price discounting is widespread, but that is possible, in large part, due to declining prices for goods purchased from going into the 2005 (many are less consed). Strategy is to promote, advertise more heavily and try more marketing programs to connect with consumers.

Holiday spending was hurt by a winter snow and ice storm in the East during the first week of December; sales partially recovered in the second week. Retailers expect the last weekend and week of Christmas could make or break the month. Warning and promotional activity remained high as sales are running on-to-below plan so far.

The retail industry is likely to step up advertising this holiday season in part, to stimulate product of December image. Apparel imports suggest lean inventories this year should benefit retailers generally and check heavy discounting at the first sign of sluggishness. Some retailers are promoting sooner to capture holiday sales earlier. With it providing cushion for the season. The luxury market is looking better since mid year; may be the key to successful season.

Northeast snowstorms battered store sales during the first two weekends of December sales, however, the industry largely rebounded quickly from Mother Nature's impact. Nonetheless, the first half of December's store sales performance was largely below plan for the industry. Those regional storms, as expected, shifted demand later in the season as NE demand was the strongest on the weekend prior to Christmas. Although some retailers stepped up promotions, most were close to plan.

High gasoline prices caused a dichotomy in consumer spending trends between low-income and high-income oriented consumers. High-end consumers and upscale are where the retailers will focus. Digital camera, jewelry, and women's accessories should do well. More inventory on the shelves than last year should support more sales during the season and limit gift-card usage (as share of total holiday expenditures).

Slow start as consumer's willingness and ability to spend have decreased over the month. Retailers selectively increased promotions, but consumers were not finding disciting the key concern. With gasoline prices up approximately 27% in December versus the prior year, this panel chain store demand was down 4.0 percentage point, based on our research. Electronics doing well this season, but product demand remains spooky more generally. Internet and mail order taking larger share of holiday spending.

A strong finish to the Christmas season was enough to put the sales pace back on track for December. Gift cards accounted for an estimated 10-13% of total holiday expenditures by the consumer, which was larger than prior year, and expected to extend the holiday season into January. Sales were uneven for the industry overall, but much improved in the aggregate as the economy continued to improve as well.

High energy prices to run vehicles and to heat homes post major corn from the widespread. With little personal savings cushion and record high credit card delinquency rates as a result, high season, consumers and upscalers are where the retailers will focus. Digital camera, jewelry, and women's accessories should do well. More inventory on the shelves than last year should support more sales during the season and limit gift-card usage (as share of total holiday expenditures).

Uneven start to the season despite more favorable consumer fundamentals with receding gasoline prices after hitting historic highs in early September. Promotions drove retail sales during November and on Black Friday then sales dipped in early December. Moderate is the catchword for the performance to date. Calendar arithmetic makes final week very important for impression of holiday strength with a surge expected. Consumers shopping earlier than last year (at same time, but completion rate same.

The season ended on a strong note and was helped by a late Hanukkah (which began at sundown on December 25) which further boosted the sales tally. Additionally, post-Christmas shopping and gift-card redemption was very strong, in part due to the fact that December 26 was a federal holiday. Overall, the two-month season finished strong.

The high-energy price worry began to recede in late summer, maybe too late for some ordering, but well in advance of the holiday season. Staying the course for the remainder of year was largely the strategy for the holiday season. However, Wal-Mart jumped the promotional gun by discounting toys in October and electronics in November as a way to recapitalize holiday spending market share. Early opens continue to be the day-after-Thanksgiving strategy—some just after midnight. Fashion cycle strong.

November sales were mixed with Wal-Mart's soft performance holding back the overall industry. Sales and traffic on Black Friday and the subsequent weekend were strong with 28% of consumers reporting that they shopped ONLY for themselves during that period. Meanwhile, holiday tracking surveys suggest that consumers were behind on their completion rate for holiday gifts through mid December. The calendar, once again, suggested a likely sales surge from the Friday through the Sunday ahead of December 25.

Holiday spending procrastination continued throughout the season; consumers cited gift cards and full-weekend prior to Christmas as reasons for the slower shopping pace. Season saw strength in selected items, such as flat-panel TVs, T.M.X. Elmo, Sony's 'Playstation 3, but apparel demand was soft, in part due to the mild seasonal weather.

Tumbling housing market, subprime ripple effect continued to worry consumers. Additionally, gasoline prices continued to be elevated. Several toy recalls during the year depressed consumer's intention to buy toys (based on surveys). Wal-Mart again released their top toys for discounting during the season. The industry expects a tough holiday season and plans for a promotional season in which consumers focus on "value" and "practical." But still, underlying income growth remains strong, which helps to lessen downside risk.

Black Friday sales were favorable, but consumers were very selective with promotions. Only 10% of consumers shopped on Black Friday and 35% of consumers shopped on Black Friday and/or the subsequent weekend. Consumers' estimated 6.5% of their spend on Black Friday and Christmas period was strong with about one-in-four consumers shopping on December 26. Consumers reported redeeming about 17% of their gift cards during the week after Christmas. On average, consumers spent $77 on themselves during the holiday season, which was less than during the 2003 season.

With a struggling labor market, plunging stock market, financial crisis and recession as a backdrop, the industry anticipated weak sales. Value is the strategic watch word for the season. Retailers pared their ordering of apparel and home goods in order to enter the season with lean inventories. This is expected to the most challenging holiday season in many years. Additionally, some retailers worry that the short season (days between Thanksgiving and Christmas) will exacerbate the weakness.

Black Friday sales were decent with more consumers (45%) reporting they would shop on Black Friday and the subsequent weekend up from 36% in the prior year. Terry Lundgren of Macy's noted that "November ended with a strong Thanksgiving weekend, including the largest Black Friday in the history of the company." Overall, industry sales volatility was very high from day to day. Retailers were very creative in their marketing from layaway to heavy discounting targeted on certain days. But sales languish.

Notes: Sales data are based on a two-month year-over-year average for November and December as measured by the ICSC tally of comparable-store sales for a broad-spectrum of the nation's retailers. The number of "Christmas shopping days" is counted from the day after Thanksgiving to Christmas Eve.