

# Bulletin

December 2007 Retail Sales • Released February 22, 2008

## RETAILERS RETHINK THEIR STRATEGY AMIDST THE CHALLENGES AHEAD

Gasoline stations drove overall retail sales up 3.5% while All Stores Less Automotive climbed only 2.2% in December. Inflation remained low relative to the U.S., sitting at 2.4%.

General Merchandise Stores maintained consistent growth with December's sales rising 4.9%, 0.4 percentage points ahead of their overall growth in 2007. Wal-Mart went to great lengths to entice consumers through their doors as some locations opened 24 hours a day leading up to Christmas. Additionally, heavy discounting played a central role in fuelling shoppers' desire to trade down during the festive season.

As economic uncertainty prompted retailers to discount both earlier and more aggressively, many consumers increased their holiday shopping during November while leaving December's results lagging. Unprecedented snowfall during the weekends leading up to Christmas also left shoppers shut in while registers remained empty.

Clothing and Accessories Stores saw sales shrink -1.2% with Shoes, Clothing Accessories, and Jewellery Stores sales falling -3.3% while

Clothing Stores suffered a more modest decline of -0.4%.

Price wars waged on among Food and Beverage Stores with their sales losing -0.4% during December. This follows 3.9% for 2007. Shoppers Drug Mart announced strong profit growth as Pharmacies and Personal Care Stores climbed 4.2% in December and 8.8% for the entire year.

Overall, December's dampened sales were on par with projections as a slowing economy south of the border suggests a softer sales outlook for 2008. As employment remains robust and interest rates shift downward, many retailers are looking toward the year ahead as an opportunity to spur on sales through innovation and experimentation. Canadian Tire continues to test new concepts as they improve on the integration of Mark's Work Warehouse into their existing offering.

As Sears continues to stumble, and

Starbucks announces 220 layoffs in the U.S. alone, it is clear that the old way of retailing has reached a plateau. Future success will stem from a new strategic approach that is rooted in research and renewal.

Whether a new store location strategy that recognizes Alberta as Canada's third largest market, or tackling the challenge of multi-channel retailing at a time when e-commerce is expanding 15% to 20% annually, tomorrow's titans of retail will be those who embrace the market's evolution.

Continue to look toward the National Retail Bulletin for ongoing insight into Canada's retail landscape throughout 2008.

**RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN**  
March 25, 2008

### 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: December	2007	2006	2007/2006
<b>All Stores</b>	<b>39,909.1</b>	<b>38,547.2</b>	<b>3.5%</b>
Automotive	10,604.6	9,872.6	7.4%
<b>All Stores Less Automotive</b>	<b>29,304.6</b>	<b>28,674.6</b>	<b>2.2%</b>
Food and Beverage Stores	8,809.2	8,843.9	-0.4%
Pharmacies and Personal Care Stores	2,784.6	2,672.8	4.2%
<b>All Stores Less Automotive, Food, Pharmacies</b>	<b>17,710.8</b>	<b>17,157.9</b>	<b>3.2%</b>
<b>General Merchandise Stores</b>	<b>6,274.6</b>	<b>5,980.7</b>	<b>4.9%</b>
<b>Furniture, Home Furnishings and Electronics Stores</b>	<b>3,703.9</b>	<b>3,543.9</b>	<b>4.5%</b>
Furniture and Home Furnishings Stores	1,599.0	1,551.8	3.0%
Computer, Software, Home Electronics, and Appliance Stores	2,104.9	1,992.1	5.7%
<b>Clothing and Accessories Stores</b>	<b>3,303.9</b>	<b>3,344.2</b>	<b>-1.2%</b>
Clothing Stores	2,426.9	2,437.7	-0.4%
Shoes, Clothing Accessories, and Jewellery Stores	876.9	906.5	-3.3%
<b>Sporting Goods, Hobby, Music, and Book Stores</b>	<b>1,561.9</b>	<b>1,505.4</b>	<b>3.8%</b>
<b>Building and Outdoor Home Supplies Stores</b>	<b>1,760.4</b>	<b>1,731.2</b>	<b>1.7%</b>
<b>Miscellaneous Store Retailers</b>	<b>1,106.1</b>	<b>1,052.4</b>	<b>5.1%</b>

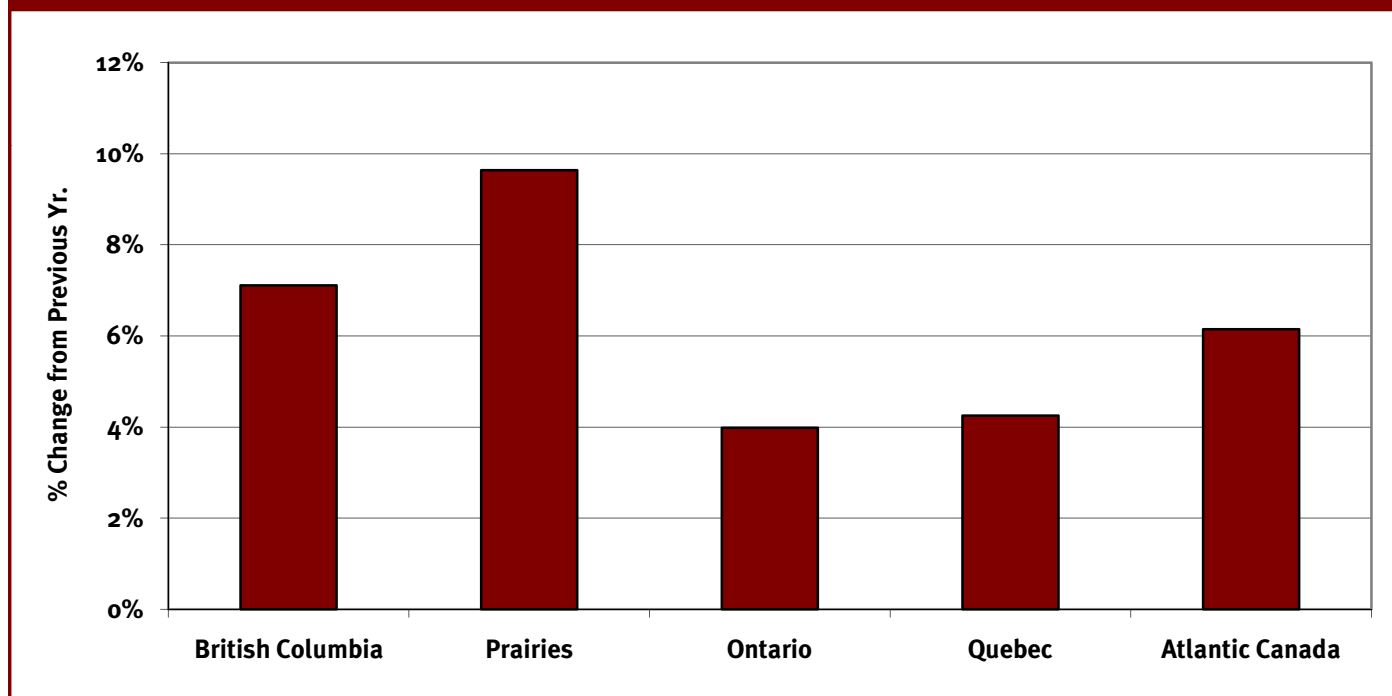
Year-to-date Sales	2007	2006	2007/2006
<b>All Stores</b>	<b>412,207.0</b>	<b>389,567.4</b>	<b>5.8%</b>
Automotive	142,064.5	133,650.6	6.3%
<b>All Stores Less Automotive</b>	<b>270,142.5</b>	<b>255,916.8</b>	<b>5.6%</b>
Food and Beverage Stores	91,451.2	88,029.2	3.9%
Pharmacies and Personal Care Stores	28,357.6	26,070.3	8.8%
<b>All Stores Less Automotive, Food, Pharmacies</b>	<b>150,333.6</b>	<b>141,817.3</b>	<b>6.0%</b>
<b>General Merchandise Stores</b>	<b>48,624.3</b>	<b>46,518.3</b>	<b>4.5%</b>
<b>Furniture, Home Furnishings and Electronics Stores</b>	<b>29,861.0</b>	<b>27,600.0</b>	<b>8.2%</b>
Furniture and Home Furnishings Stores	16,119.5	14,925.3	8.0%
Computer, Software, Home Electronics, and Appliance Stores	13,741.6	12,674.6	8.4%
<b>Clothing and Accessories Stores</b>	<b>23,839.8</b>	<b>22,648.8</b>	<b>5.3%</b>
Clothing Stores	18,254.0	17,248.5	5.8%
Shoes, Clothing Accessories, and Jewellery Stores	5,585.8	5,400.3	3.4%
<b>Sporting Goods, Hobby, Music, and Book Stores</b>	<b>10,612.8</b>	<b>10,003.1</b>	<b>6.1%</b>
<b>Building and Outdoor Home Supplies Stores</b>	<b>26,625.9</b>	<b>24,754.4</b>	<b>7.6%</b>
<b>Miscellaneous Store Retailers</b>	<b>10,769.9</b>	<b>10,292.8</b>	<b>4.6%</b>

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

## Retail Trade, Canada, All Stores, by Region

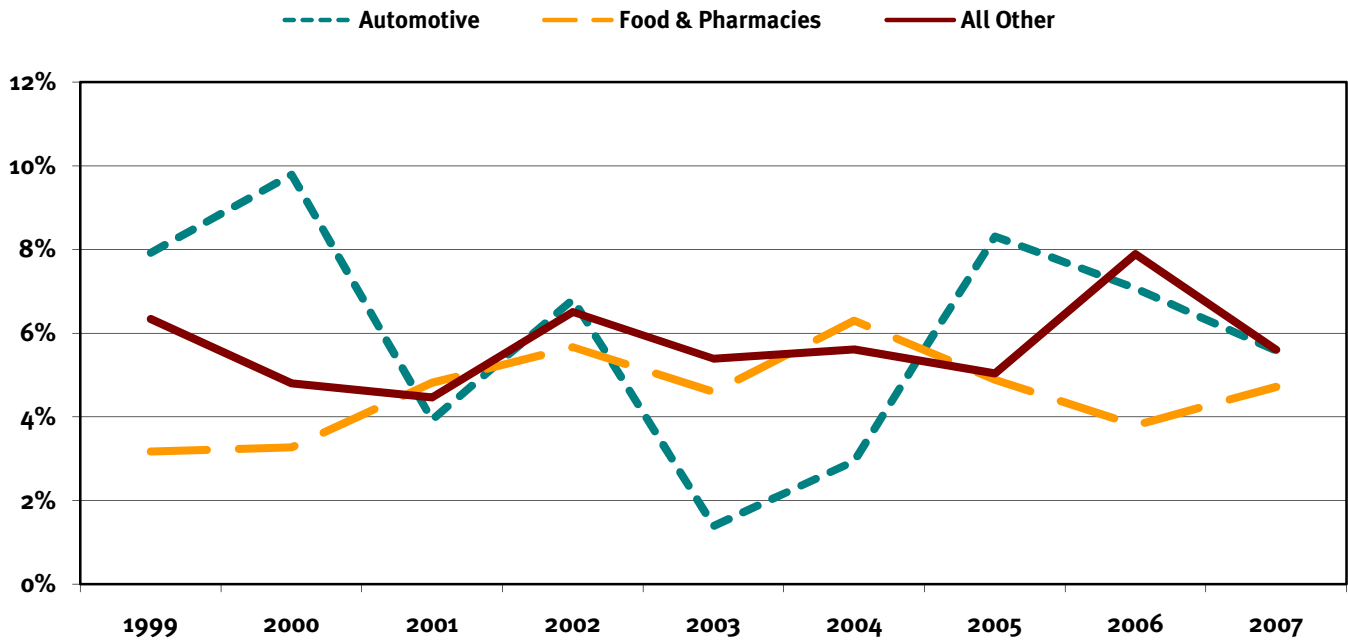
	Year-to-date 2007	Same Period 2006	Change 2007/2006
British Columbia	56,369.5	52,626.9	7.1%
Prairies	88,237.1	80,479.7	9.6%
Ontario	146,442.3	140,835.4	4.0%
Quebec	90,451.4	86,762.8	4.3%
Atlantic Canada	29,244.2	27,550.3	6.1%

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

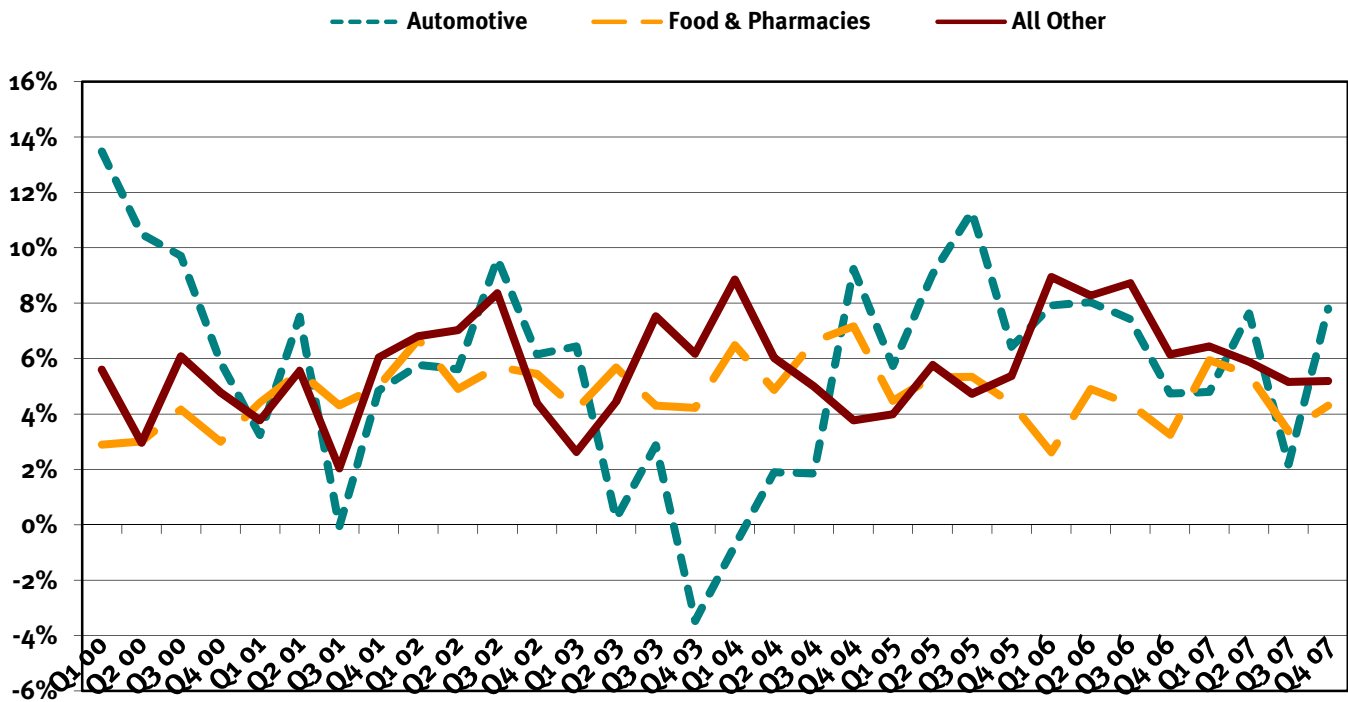


**For more detailed information on retail sales, please contact J.C. Williams Group**

Canadian Retail Sales by Major Product Category, Year Over Year (1999–2006)



Canadian Retail Sales by Major Product Category, From the Same Quarter a Year Earlier



Consumer Price Index

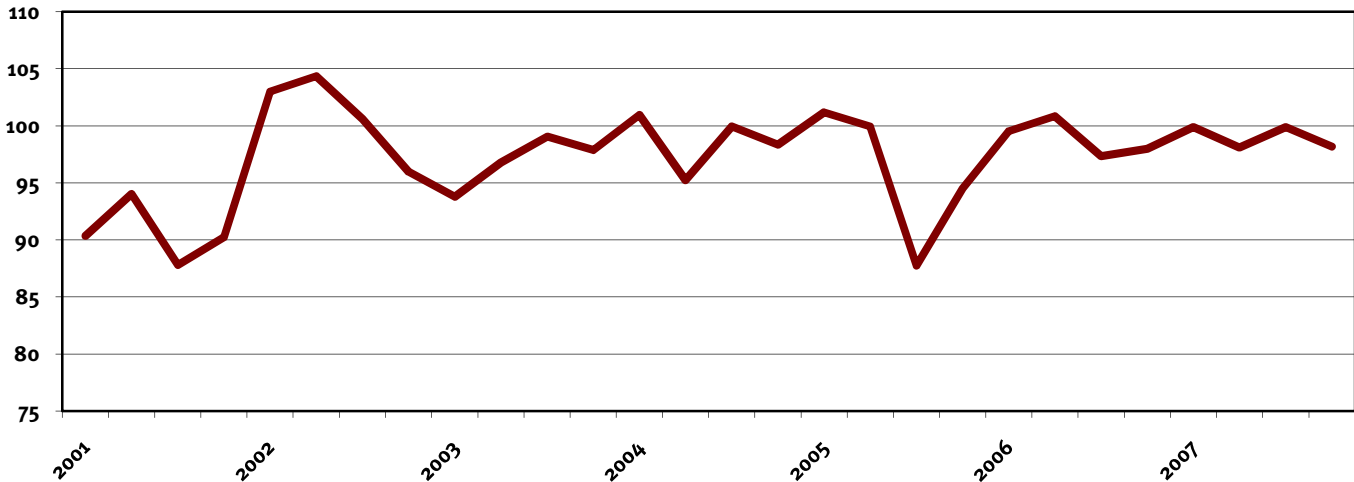
December 2007

vs.

December 2006

2.4%

Canadian Consumer Confidence Index 2001–2007



Source: Conference Board of Canada, 2002 = 100

Canadian Consumer Expenditures Index 1999–2007

