



November 2006

## Retail Update

### Current Situation

Newsstand sales were off 3.2%, as reported by ABC for first half 2006. Not only were unit sales off, but retail dollars also declined, sinking 2.2%. However, total retail sales, audited and non-audited grew slightly up 1.5%. While the economy, war, weather, consumer confidence and increasing fuel costs are all contributing factors to retail sales, we cannot ignore consumer shopping patterns have changed. Household penetration shopping in traditional supermarkets has declined 1% over the past six years. The annual number of trips to supermarkets has dropped from 83 to 64, down 23%. Total shopping trips have declined over 5%.

<b>Household Annual Trips:</b>	<b>2005</b>	<b>1999</b>	<b>% Change</b>
Grocery	64	83	-23%
Mass Merchants	18	26	-31%
*Supercenters	27	15	80%
Drug	15	15	0%
Convenience/Gas	15	13	15%
Dollar	13	10	30%
Warehouse	11	9	22%
<b>Totals</b>	<b>163</b>	<b>171</b>	<b>-5%</b>

<b>Household Penetration</b>	<b>2005</b>	<b>1999</b>	<b>% Change</b>
Grocery	99%	100%	-1%
Mass Merchants	87%	95%	-8%
Supercenters*	58%	52%	12%
Drug	83%	87%	-5%
Convenience/Gas	43%	50%	-14%
Dollar	67%	52%	29%
Warehouse	50%	50%	0%

Retail Traffic Patters (AC Nielsen)

- Includes Kmart, Target & Wal-Mart Supercenters

If we look at the share of dollar sales we see that bookstores and chain drugstores are up and mass merchants are down. However, as of 2005, magazine sales in supercenter stores were reported in the Supermarket category, keeping all ‘grocery’ sales together. The 5% increase in grocery represents Wal-Mart and Target supercenters. Traditional

grocery stores would represent only 30% of dollar sales, off nearly 30% from six years ago.

Retail Sales by Class of Trade	2005	1999	% Change
Grocery	46%	44%	5%
*Mass Merchants		15%	
Discount	9%		
Book Stores	12%	10%	16%
Drug	11%	9%	18%
Convenience/gas	7%	7%	3%
Terminal	6%	5%	24%
Newsstand/Misc Combined	9%	10%	-6%
**Dollar			
**Warehouse			

Harrington Associates, 2006

\* As of 2005, magazine sales in supercenter stores (huge retail formats that combine grocery and discount store formats) are reported in the Supermarket category.

\*\* As of 2005, Dollar and Warehouse sales are included in Discount

We will continue to monitor sales by class of trade and look forward to reporting the impact of magazine sales in new classes including Dollar and Warehouse.