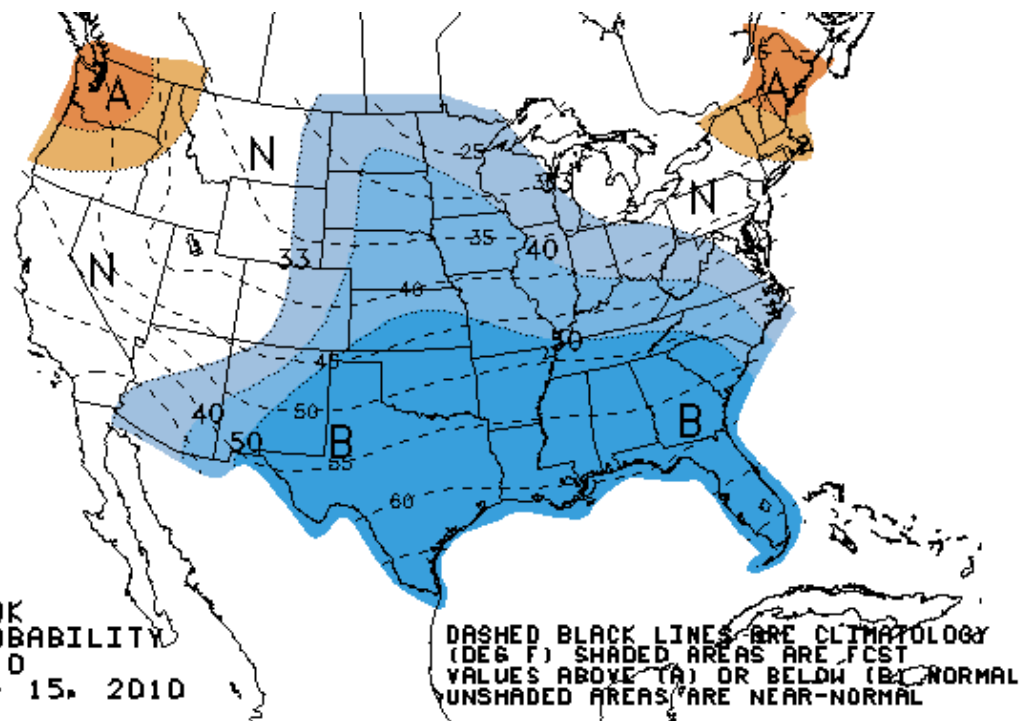


## GHS Consumer Strategies: Store Traffic Saturday, February 27, 2010: *Weather Taking a Toll on Traffic*

### KEY OBSERVATIONS:

- **Full month's traffic badly hurt by weather.** Data obtained from ShopperTrak™ supported the easy-to-understand risk that severe wintery weather significantly hurt traffic in the most affected areas, especially the northern Middle Atlantic and Southern New England areas. For the four-weeks ended Saturday, February 27, 2010, traffic at apparel and accessories and footwear stores saw double-digit declines in traffic on a year-over-year basis. Some of our industry sources noted that results were generally much better when bad weather days were removed from overall results for the month.
- **Endless winter could derail some of the Q4 earnings momentum.** The S&P Retail Index (RLX) bounced to 428.32 on March 1, 2010 on very strong retailer fourth quarter earnings news. We noted that today's action on the RLX suggested the market may want to price in some of the negative effects of weak traffic and perhaps disappointing sales (well, uh, duh) in February for certain names exposed to the wrong geography and very seasonal inventories. It is snowing today in the Southeast-Middle Atlantic with nothing on the horizon to suggest that temps in the South Central-Southeast-Middle Atlantic regions could improve anytime soon. Thus March apparel and accessories and footwear sales, to a moderate degree, could be slightly below plan, in our opinion.
- **Enclosed mall traffic generally much better than off-mall concepts.** We noted from the ShopperTrak data that enclosed mall traffic generally held up better during February 2010 with less favorable traffic seen in off-mall locations. Overall mall traffic may not have translated into store sales conversions, looking at the spreads between mall traffic data and apparel-accessories-footwear traffic data on the next page.
- **Home improvement equally vulnerable.** The Q4 earnings [comments](#) from Lowe's Companies, Inc. (LOW)'s EVP/CFO, Bob Hull, in which he said that, "As a result of the abnormally high snowfall in February we have tempered our outlook for Q1 slightly" and, "As a result of the snowfall I mentioned, we will incur extraordinary snow removal and building repair expenses that we expect to negatively impact Q1 by 15 basis points" suggest the snowfall's effects could be significant, in our view. The Home Depot (HD) did not speak directly about Q1 in its conference call (according to the transcript). It is possible that LOW's store base was so exposed to the snowfall in affected regions that there was no avoiding the material impact. Either way, this news suggests that the impact on the sector's overall Q1 results could be interesting.



*Image source: Climate Prediction Center, National Weather Service*

## Key Store Traffic Indicators for Saturday, February 27, 2010



US	MW	NE	S	W
1-week Ended Saturday, Feb. 27, 2010 - Year over Year % Change				
Apparel/Accessories/Footwear				
-3.0%	1.7%	-12.4%	2.8%	0.0%
Broad – Traffic				
-3.2%	-3.0%	-13.7%	2.0%	-2.4%
4- Weeks Ended Saturday Feb. 27, 2010 Year over Year % Change				
Apparel/Accessories/Footwear				
-17.3%	-17.2%	-23.6%	-13.8%	-15.7%
Broad – Traffic				
-17.3%	-18.3%	-23.0%	-14.7%	-16.1%
Single Day - Saturday – Feb. 27, 2010 Year over Year % Change				
Apparel/Accessories/Footwear				
1.8%	8.2%	-10.8%	11.4%	-0.3%
Broad – Traffic				
-0.1%	0.4%	-10.6%	8.3%	-1.0%
Single Day - Saturday – Feb. 27, 2010 Week over Week % Change				
Apparel/Accessories/Footwear				
0.2%	4.1%	-7.2%	3.6%	0.9%
Broad – Traffic				
1.2%	2.7%	-2.4%	3.0%	0.9%
1-Week Ended Saturday Feb. 27, 2010 Year over Year % Change				
Enclosed Malls				
3.1%	5.2%	-3.1%	4.1%	5.2%
Total Retail Stores				
-5.4%	-6.9%	-16.8%	2.0%	-2.5%
4-weeks Ended Saturday, Feb. 27, 2010 Year over Year % Change				
Enclosed Malls				
0.0%	1.9%	-5.7%	1.0%	1.9%
Total Retail Stores				
-4.2%	-5.8%	-11.1%	0.0%	-2.4%
Single Day - Saturday – Feb. 27, 2010 Year over Year % Change				
Enclosed Malls				
10.8%	12.0%	5.2%	11.6%	12.9%
Total Retail Stores				
-3.2%	-4.0%	-13.8%	7.2%	-4.1%
Single Day - Saturday – Feb. 27, 2010 Week over Week % Change				
Enclosed Malls				
8.3%	8.2%	8.0%	8.2%	8.6%
Total Retail Stores				
-0.8%	0.5%	-4.6%	1.3%	-0.9%

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