# SpendingPulse™

Andrew Mantis, MasterCard Advisors
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## SpendingPulse is a consumer spending monitoring service based on speed, accuracy and forecasting



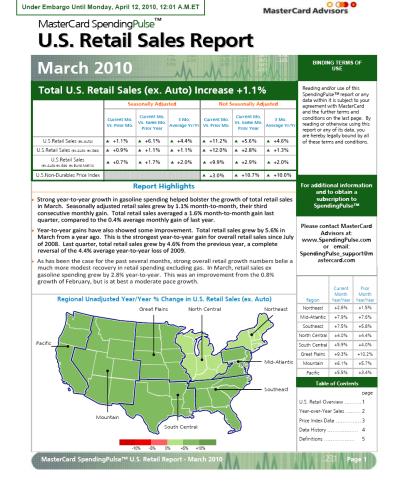
A macro-economic indicator, MasterCard SpendingPulse™ is an information service that reports on national retail sales and is based on aggregate sales activity in the MasterCard payments network, coupled with survey based estimates for certain other payment forms, such as cash and check. MasterCard SpendingPulse does not represent MasterCard financial performance.

SpendingPulse reports and content, including estimated forecasts of spending trends, do not in any way contain, reflect or relate to actual MasterCard operational or financial performance, or specific payment card issuer data.



#### **SpendingPulse™**

- Monitoring: analysis of total US retail sales and sales in 12 key categories – released monthly:
  - AirlinesApparel
  - Department Stores Electronics & Appliances
  - eCommerce Furniture & furnishings
  - Jewelry Gasoline (weekly)
  - Grocery Hotels & Lodging
  - Luxury sales Restaurants
- Outlook: rolling forecast estimates of total category spending for coming year – released quarterly
- Calendars: forecast of total category spending for every day of the year – released annually
- UK: selected reports also available





### **Holiday Season 2010 – Total US Retail Sales**

December 2010 - Actual										
December U.S. Retail Sales: \$366.8 Billion / \$23.0 Billion Online										
	All figure	es in Millions of U	S Dollars	Data Not Seasonally Adjusted						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday				
			1	2	3	4				
			Rank # 19 <b>\$11,403</b>	Rank # 20 <b>\$11,309</b>	Rank # 12 <b>\$13,089</b>	Rank # 9 <b>\$13,825</b>				
5	6	7	8	9	10	11				
Rank # 25 <b>\$10,391</b>	Rank # 23 <b>\$10,839</b>	Rank # 22 <b>\$11,115</b>	Rank # 18 <b>\$11,486</b>	Rank # 15 <b>\$11,961</b>	Rank # 7 <b>\$13,985</b>	Rank # 5 <b>\$14,975</b>				
12	13	14	15	16	17	18				
Rank # 26 <b>\$9,933</b>	Rank # 21 <b>\$11,274</b>	Rank # 14 <b>\$12,202</b>	Rank # 10 <b>\$13,279</b>	Rank # 13 <b>\$12,869</b>	Rank # 4 <b>\$15,181</b>	Rank # 2 <b>\$16,387</b>				
19	20	21	22	23	24	25				
Rank # 16 <b>\$11,635</b>	Rank # 8 <b>\$13,882</b>	Rank # 6 <b>\$14,454</b>	Rank # 3 <b>\$15,434</b>	Rank # 1 <b>\$17,298</b>	Rank # 11 <b>\$13,127</b>	Christmas Rank # 31 <b>\$1,914</b>				
26	27	28	29	30	31					
Rank # 29 <b>\$7,402</b>	Rank # 28 <b>\$8,597</b>	Rank # 27 <b>\$9,527</b>	Rank # 24 <b>\$10,515</b>	Rank # 17 <b>\$11,520</b>	Rank # 30 <b>\$6,002</b>					

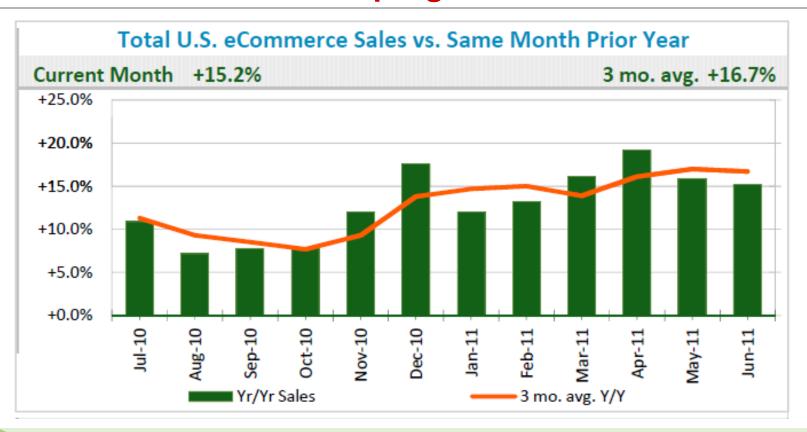


### Holiday Season 2010 – Total US Retail Sales Online

Decen	nber 2	010 - 2	Actual	231	325 .321 .3 150 .1	65 .325 43 31				
December U.S. Retail Sales: \$366.8 Billion / \$23.0 Billion Online										
	All figure	Data Not Seasonally Adjusted								
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday				
			1	2	3	4				
		(	Rank # 1 \$1,134.3 Online	Rank # 6 <b>\$991.6 Online</b>	Rank # 14 <b>\$891.5 Online</b>	Rank # 19 <b>\$647.8 Online</b>				
5	6	7	8	9	10	11				
Rank # 24 <b>\$514.5 Online</b>	Rank # 13 <b>\$906.2 Online</b>	Rank # 5 \$1,031.4 Online	Rank # 8 \$985.6 Online	Rank # 7 <b>\$990.7 Online</b>	Rank # 12 <b>\$928.5 Online</b>	Rank # 18 <b>\$697.4 Online</b>				
12	13	14	15	16	17	18				
Rank # 25 <b>\$509.8 Online</b>	Rank # 10 <b>\$949.9 Online</b>	Rank # 3 \$1,093.3 Online	Rank # 2 \$1,098.0 Online	Rank # 4 \$1,044.1 Online	Rank # 9 <b>\$968.6 Online</b>	Rank # 17 <b>\$710.3 Online</b>				
19	20	21	22	23	24	25				
						Christmas				
Rank # 26	Rank # 15	Rank # 11	Rank # 16	Rank # 20	Rank # 29	Rank # 31				
\$506.0 Online	\$880.8 Online	\$933.3 Online	\$787.2 Online	\$584.7 Online	\$345.2 Online	\$130.7 Online				
26	27	28	<b>2</b> 9	30	31					
Rank # 30 <b>\$186.5 Online</b>	Rank # 27 <b>\$466.9 Online</b>	Rank # 22 <b>\$572.9 Online</b>	Rank # 21 <b>\$578.1 Online</b>	Rank # 23 <b>\$541.1 Online</b>	Rank # 28 <b>\$393.1 Online</b>					



#### So...How have retail sales progressed...?





### Online retail sales growth rates have accelerated with the past 4 months all growing above 15%.



# **Spending Environment**







Online Apparel sales had year-over-year growth of 12.7% in June 2011 to total almost \$2.8 billion.



16.6% of Apparel sales occurred online in June 2011.



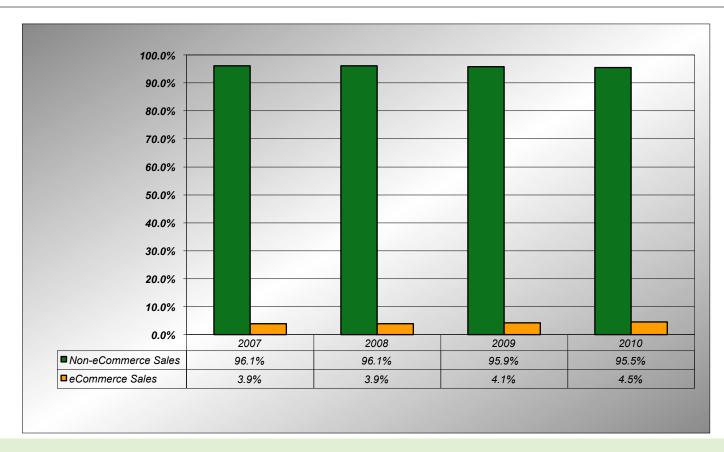
Online sales accounted for over 20% of Apparel sales on Wednesdays in June!

Online sales only represent 7% of Apparel sales on Saturdays in June.

Note: a macroeconomic indicator, SpendingPulse reports on national retail and service sales and is based on aggregate sales activity in the MasterCard payments network, coupled with survey based estimates for other payment forms, including cash and check. SpendingPulse does not represent MasterCard financial performance.



## Online sales are making progress though only 4.5% of total retail sales (ex auto) occurred online in 2010

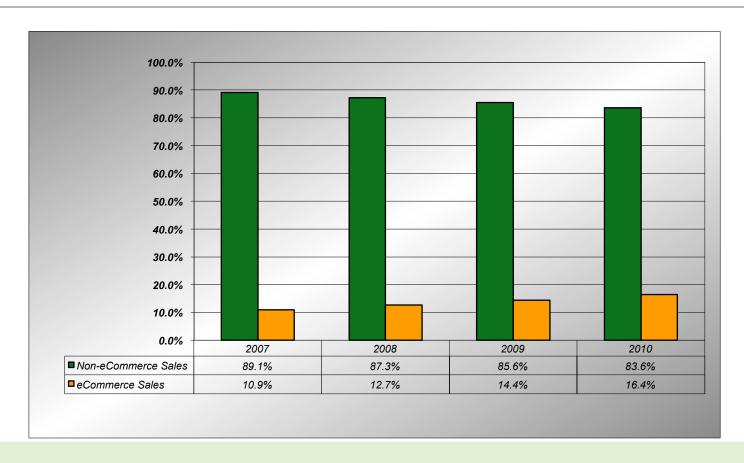


### Food and gasoline are key retail sectors that keep this penetration rate low.

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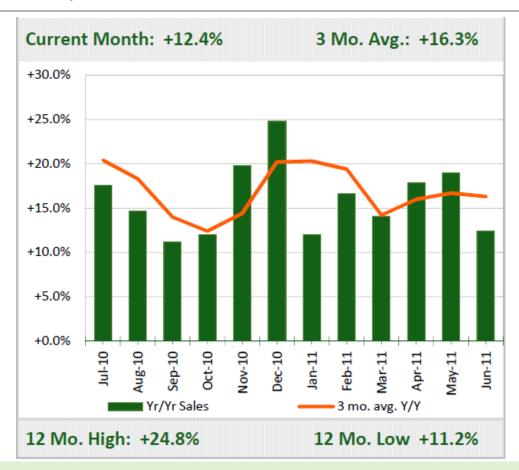
## Apparel sales are making much more progress with 16.4% of sales occurring online in 2010



### 16.7% of Jewelry sales are now occurring online. This is up from 12.8% in 2007.



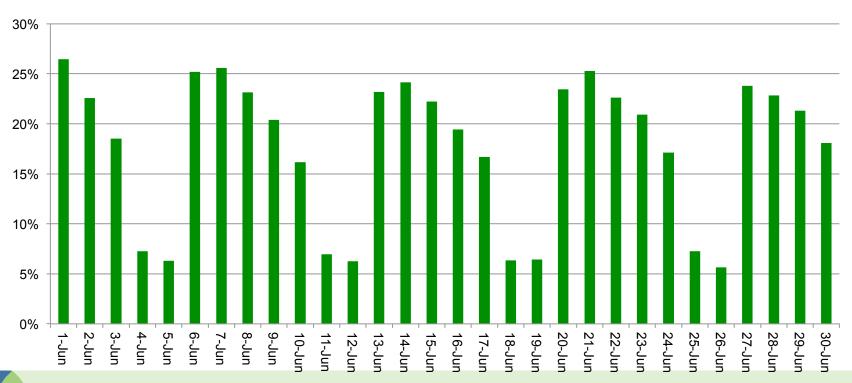
### US online Apparel sales grew 12.4% compared to June 2010 to almost \$2.8 billion



### Lower gasoline prices, better weather and in-store promotions may have helped brick and mortar sales in June.



### Online Apparel sales as a share of Total Apparel sales has dramatic shifts throughout the week in June



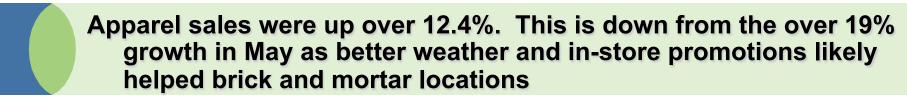
#### Wednesday June 8th 2011 profile:

- Online sales \$114 million, the 6<sup>th</sup> busiest day of the month
- In Store sales \$378 million, the 15th busiest day of the month

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### US online retail sales grew 15.2% compared to June 2010



Children's Apparel sales increased 15.1% as spending on this category continues to hold on to a strong Spring season.

Footwear sales increased 27.1% as the country continues to become more comfortable purchasing shoes online.

Women's apparel sales were up 12.2% and now have 5 consecutive months of double digit online sales growth.

Department Store sales were up 15.1% as this channel continues to aggressively adopt online sales strategies and tactics.

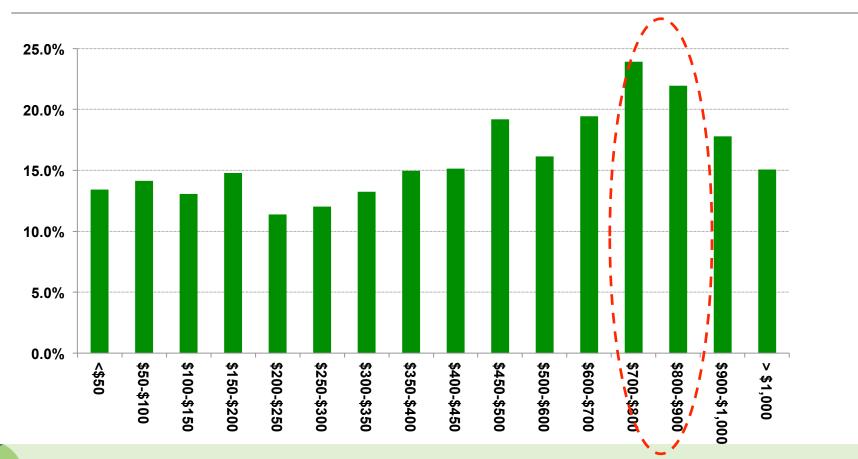


### **Online Basket sizes**





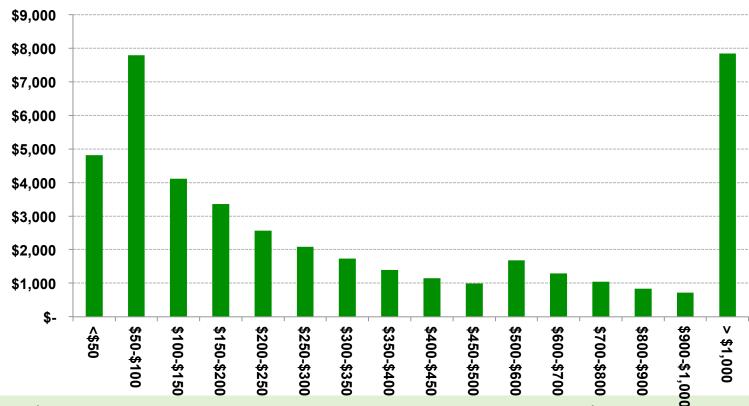
### US eCommerce sales growth rates by basket size Q1 2011



 The \$700 to \$900 basket bands have the hotter growth rates above 20%



#### US eCommerce sales \$ by basket size Q1 2011



- \$12.6 billion in online sales occurred in baskets below \$100
- \$22.6 billion in online sales occurred in baskets below \$250
- \$7.8 billion occurred in baskets above \$1000

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### Factors to Pay Attention To





#### Factors to pay attention to for the balance of the year



Gasoline prices: If prices continue to remain elevated (+25% compared to 2010), that is a positive driver of online sales growth



Overall economic environment is showing signs of struggling; consumer spending is holding



Modest organic sales growth makes capturing share more important than ever. Taking advantage of the sale migration on to the Internet is a significant opportunity to gain share.



Have your online holiday strategy done now, early season tactics were effective last year and more online promotional activity in November (pre-Thanksgiving) is expected.



#### For more information...

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