

Q2 2010 Spend Trends Report Luxury Retail Furniture & Home Furnishings, Apparel & Accessories, Jewelry and Department Stores

Q2 2010 vs. Q2 2009



Spend Trends Report Luxury Retail: Furniture & Home Furnishings, Apparel & Accessories, Jewelry and Department Stores

Overview: Luxury Retail Trends in Q2 2010

The luxury retail sector – specifically furniture & homes furnishings, apparel & accessories, jewelry and department stores – showed gains in spending in the second quarter despite a recovering economy and a continued decrease in consumer confidence.

Consumer spending increased in each of the four categories we reviewed by over 9% and most notably, by 21% on home furnishings. Though overall spending in all four categories increased this quarter, the jewelry and apparel industries showed some signs of struggle as spending in June 2010 posted a much smaller increase from a year ago compared to previous months. Home furnishings and department store

spending growth continued to increase and does not appear to be slowing down.

The Spend Trends Report focuses on US spending during the second quarter of 2010 and draws comparison against the same period in 2009. You will find additional interesting insights about the luxury retail sector in the following pages.

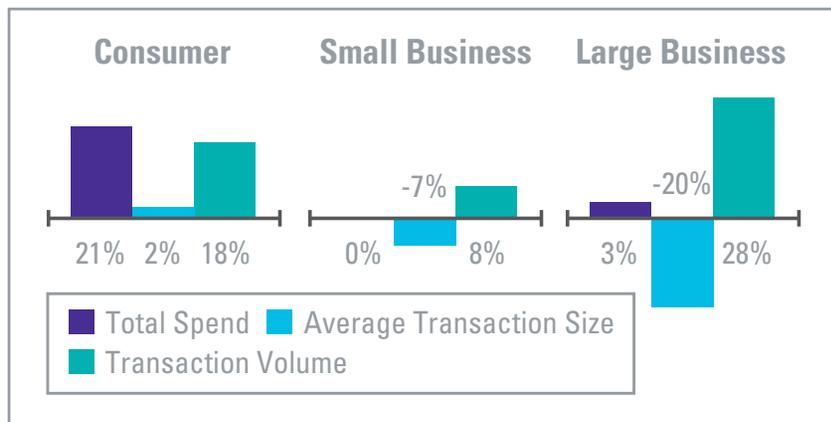
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Q2 Spend Trends: **Luxury Furniture & Home Furnishings**

Businesses Refrain From Redecorating, but Consumers Not Shy

Consumer spending on home furnishings increased 21%, but small and large businesses did not follow suit. Large business spending increased only 3% while small business spending remained the same, showing that while consumers seem to be re-decorating their homes with new furniture, businesses overall are holding tight with their current office décor

Changes in Spending by Customer Type: Home Furnishings (Q210 vs. Q209)



Furniture & Home Furnishings Spend Snapshots

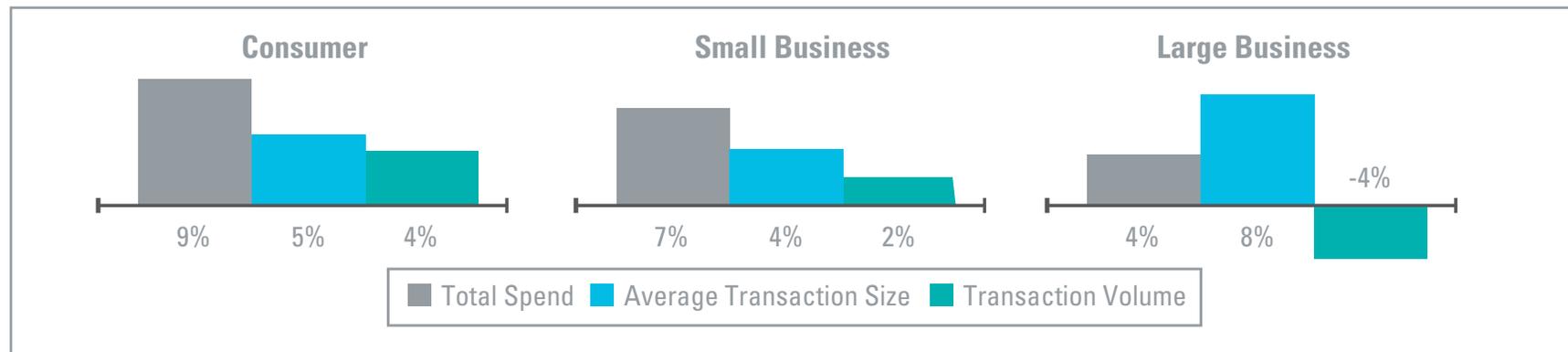
- Overall spending on home furnishings has increased for the past five straight months and most notably, 16% in June 2010
- Total home furnishings spending, by both consumers and businesses, increased 16% while transaction volume increased 18%.
- Individual consumers were responsible for 86.1% of total home furnishings spending.

Q2 Spend Trends: **Luxury Apparel & Accessories**

No Slowdown for Apparel & Accessories Spending From Recession Through Economic Recovery

Total spending on luxury apparel and accessories by US consumers increased 9% in the second quarter when compared to Q2 2009. In total, consumer spending accounts for 87% of all luxury retail transactions, with businesses accounting for 13%.

Changes in Spending by Customer Type: Apparel Industry (Q210 vs. Q209)



Apparel & Accessories Spend Snapshots

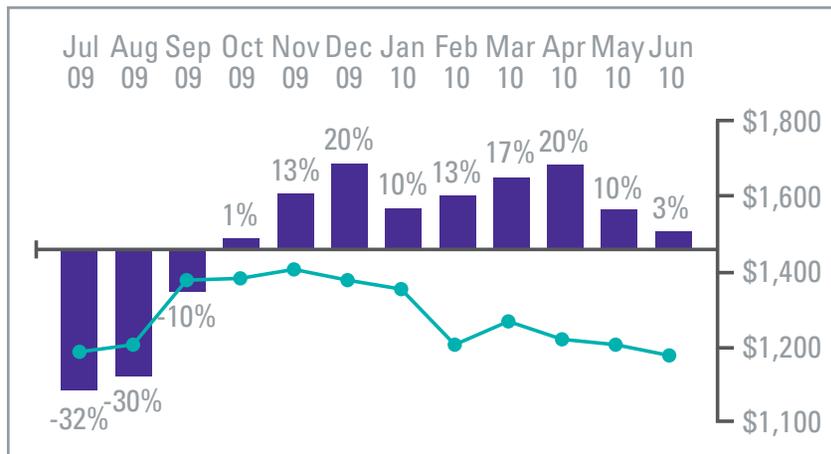
- Overall spending on apparel & accessories increased by 13%, and transaction volume increased by 8% over the same period last year.
- June 2010 was the ninth consecutive month with year-over-year spend growth for this category.
- Overall transaction size increased by 5% while transaction volume increased by 8% in this category.

Q2 Spend Trends: **Luxury Jewelry**

Going for the Gold

Overall spending on jewelry increased 3% in June, the smallest increase in the past eight months. It appears that while other luxury retail categories are flourishing, consumers are shying away from jewelry spending in the summer months.

Monthly Change in Spending vs. Year Ago: Jewelry (Q210 vs. Q209)



Jewelry Spend Snapshots

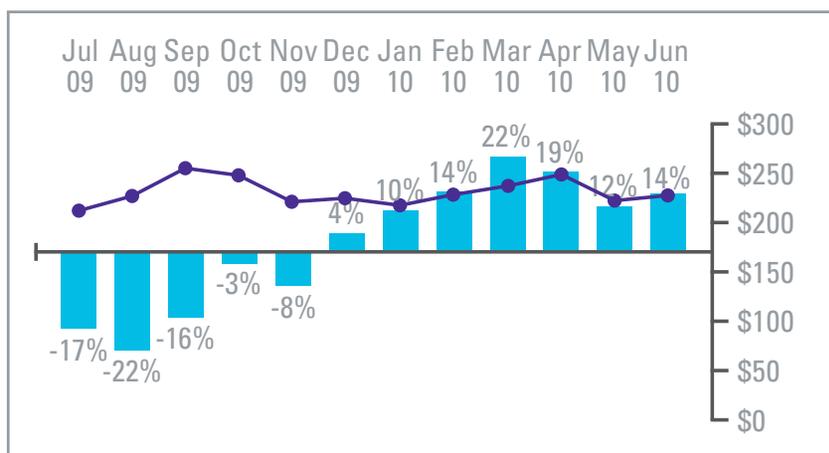
- Consumer spending on jewelry increased by 12% when compared to the same quarter last year.
- Average transaction size for luxury jewelry by US consumers increased by 10%, while transaction volume increased just 2%.
- Males and females are almost equally divided when it comes to luxury jewelry spending, with females making up 51% of the total transactions.

Q2 Spend Trends: Luxury Department Stores

Shopping Spree for All

Overall spending in luxury department stores increased for the seventh consecutive month. Six of the past seven months have posted increases above 10%. It appears consumers continue to enjoy spending in department stores.

Monthly Change in Spending vs. Year Ago: Dept. Stores (Q210 vs. Q209)



Luxury Department Stores Spend Snapshots

- Overall spending in luxury department stores increased by 15%. However, transaction size did not match this increase, posting a modest 2% gain for this period.
- Female shoppers accounted for 69% of all spending at luxury department stores. The largest percentage of all shoppers – 22% – were in the 36-45 age group, followed by the 26-35 age group at 19%.

Who Are The Spenders?

US Consumers

Average = All consumers regardless of spend living in the United States
Ultra-Affluent = The highest spending US Consumers living in the most affluent neighborhoods

US Businesses

Small Businesses = US Businesses with fewer than 100 employees
Large Businesses = US Businesses with more than 100 employees

About American Express Business Insights

As part of the Global Merchant Services organization within American Express Company, American Express Business Insights provides in-depth, actionable insights into consumer and business spending at the business, industry and geographic levels, leveraging proprietary transaction data from the American Express network of approximately 90 million cards in force across over 125 markets. For more information about American Express Business Insights, visit www.americanexpress.com/businessinsights.

About the Q2 2010 Spend Report – Luxury Retail

To identify changing spending habits across the luxury retail industry, American Express Business Insights examined consumer and business spending patterns at thousands of luxury retail merchants in the US. The data shown in the Industry IQ reports are derived from transactions on the American Express payment network projected to reflect the general population in the industry, consumer and business segments shown. The data do not represent American Express's own performance in the industry segments shown and do not represent the spending behavior of American Express Cardmembers overall or in any particular Cardmember segment.