



Q2 2011 Spend Sights Report Luxury Retail US Furniture & Home Furnishings, Apparel & Accessories, Jewelry and Department Stores

Q2 2011 vs. Q2 2010



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

Overview: Luxury Retail Sights in Q2 2011

This Spend Sights Report focuses on US spending for the luxury furniture & home furnishings, apparel & accessories, jewelry and department stores categories during the second quarter of 2011, and draws comparison against the same period of 2010.

As luxury consumers certainly heeded the financial lessons gleaned in a down economy, they have not stopped spending altogether. In fact, overall spending during Q2 increased in several categories, including jewelry by 8.4%, apparel & accessories by 3.4% and department stores by 3.1%. Interestingly, the overall spend increases are often the result of increased average transaction size, given that transaction volume decreased – indicating that

consumers are spending less often, but still willing to splurge occasionally on big ticket items.

At the other end of the spectrum, furniture & home furnishings spend declined in Q2 across all consumer and business groups, possibly echoing the negative sentiment clouding the housing sector overall.

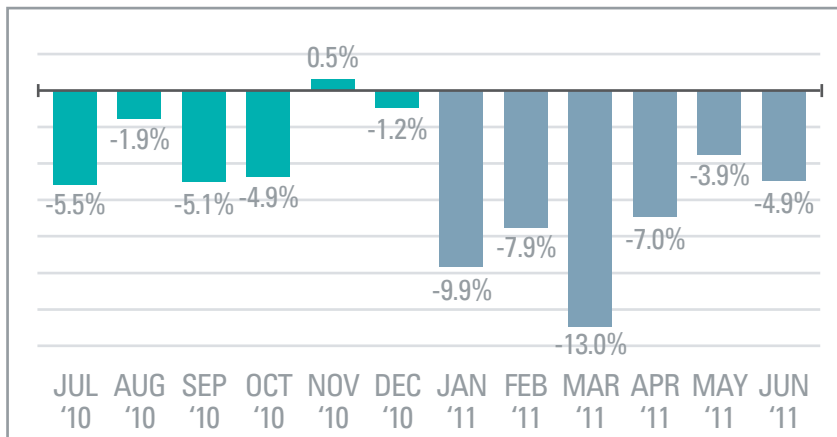
*The Spend Sights Reports are based on **aggregated information** that is not specific to individual cardmembers or merchants, and **do not contain any personally identifiable information.***

Q2 Spend Sights: Luxury Furniture & Home Furnishings

Housing Market Hurts Home Retailers

As the housing market struggles, so too are retailers catering to home decorators. Consumers continued to shy away from spending in the furniture & home furnishings category in Q2, marking the seventh straight month of decreased spending in this category. Overall spending decreased by 7.0% in April, 3.9% in May and 4.9% in June, and spend has decreased in 11 of the past 12 months over the year prior.

Monthly % Change In Spend vs. Year Ago



Furniture & Home Furnishings Spend Snapshots

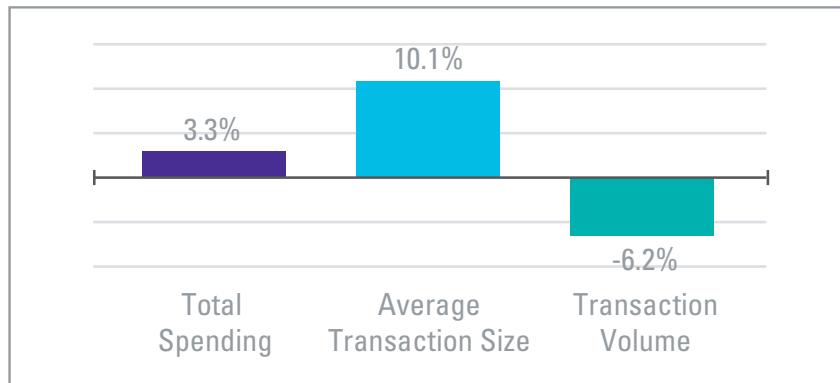
- Overall spend decreased by 5.2% in Q2, as average transaction size decreased by 0.9% and transaction volume decreased by 4.4%, when compared to Q2 last year.
- Ultra-affluent consumers decreased spending by 9.0%, while average consumers decreased spending by a more modest 5.3% in Q2.
- Large business spending decreased by 6.0% in Q2, and small business spending followed closely behind, posting a 4.8% decrease.

Q2 Spend Sights: Luxury Apparel & Accessories

Consumers Spend More on Fewer Purchases

As the recession's financial lessons linger, consumers remain reserved in luxury apparel & accessories spend. That said, overall consumer spending in this category increased by 3.3% in Q2 over the year prior. Given that transaction volume decreased by 6.2%, this uptick is a direct result of a 10.1% spike in average transaction size, indicating that while consumers are cutting back on frequent purchases, they are still splurging on occasional big ticket items.

% Change in Consumer Fashion Spend (Q2 2011 vs. Q2 2010)



Apparel & Accessories Spend Snapshots

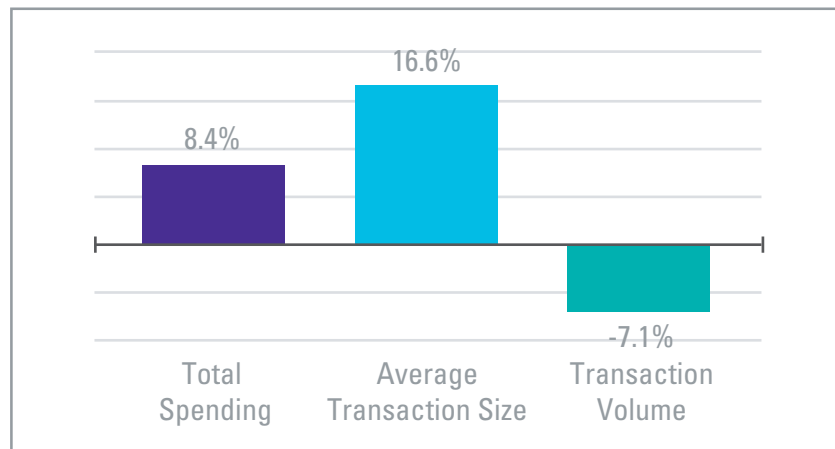
- June proved to be the most popular month to shop as overall spending on apparel & accessories increased by 6.7%, followed by spending increases of 2.4% in April and just 1.5% in May.
- 50.5% of average consumers had less than three transactions on apparel & accessories, while 40.6% of ultra-affluent consumers were in this "less frequent" spending group.
- In a sign that the "spend more, less frequently" theme resonates across all demographic groups, ultra-affluent and average consumers increased overall category spend by almost the same amount, 3.2% and 3.3%, respectively, as a result of increased transaction size despite decreased transaction volume.

Q2 Spend Sights: **Luxury Jewelry**

Consumers Splurge on New Bling

Overall spending on luxury jewelry increased by 8.4% in Q2, the most of any retail category when compared to the same quarter last year. Average transaction size increased by 16.6% as transaction volume decreased by 7.1%, – exhibiting a similar theme – “spend more, less frequently” – to what was present in the apparel & accessories and department store categories.

% Change in Spend: Jewelry (Q2 2011 vs. Q2 2010)



Jewelry Spend Snapshots

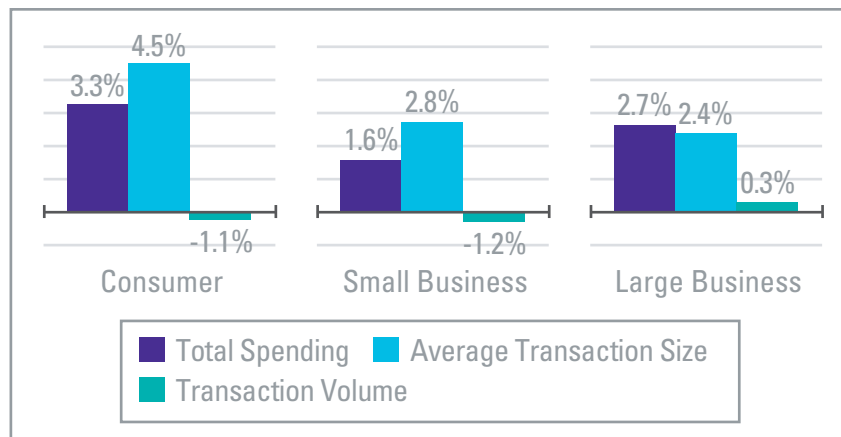
- June proved to be a popular month for spending on jewelry as overall spending increased by 14.5%, while May followed close behind with a 7.9% increase. Spending increased by a more modest 2.9% in April.
- June marked the fifth straight month of spending increases in the luxury jewelry category.
- Average consumers increased spend on jewelry slightly more, 8.4%, than their ultra-affluent counterparts, 7.6%, in Q2.

Q2 Spend Sights: Luxury Department Stores

Consumers Favor Big Ticket Items

Luxury department stores experienced similar consumer spending patterns as the apparel & accessories and jewelry categories in that transaction volume decreased in Q2 by 1.1%, and average transaction size rose by 4.2%, resulting in an overall spend increase, of 3.1%.

% Change In Spend by Customer Type (Q2 2011 vs. Q2 2010)



Department Stores Spend Snapshots

- April proved to be the most popular month to shop as spending increased by 4.1%, compared to increases of 2.6% in May and 2.5% in June.
- Average consumers increased category spend by 3.3% in Q2, slightly more than their ultra-affluent counterparts, who increased spending by 2.6% at luxury department stores.
- Despite transaction volume decreasing by 1.1% overall, 76.1% of ultra-affluent consumers spent in three or more transactions during Q2, while 67.4% of average consumers followed the same trend.

Who Are The Spenders?

US Consumers

Average = All consumers regardless of spend living in the United States

Ultra-Affluent = The highest spending US Consumers

US Businesses

Small Businesses = Small Business Card customers

Large Businesses = Corporate Card customers

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 2011 Spend Report – US 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 Spend Sights 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.