

## Company Participants

- Glenn Fodor, SVP
- Mike Spriggs, Director of Product Development at First Data
- Seema
- Unidentified Speaker

## Other Participants

- Unidentified Participant

## Presentation

### Unidentified Speaker

BI Last Weekend Review with First Data. A little about BI and some housekeeping rules before we start. Today's presentation will be recorded and available for playback. You can access the replay via the link sent to you in the e-mail from Bloomberg webinars. At the bottom of the slide window, you can adjust the volume and maximize your screen. Please ask a question by submitting one to the right of your slides. We will address the questions at the conclusion of the presentation, and a copy of the slides will be distributed in a post-event e-mail. Today's speakers include Glenn Fodor, SVP of First Data, and Mike Spriggs, Director of Product Development at First Data. From BI, we have myself, Poonam Goyal, Chen Grazutis, Jennifer Bartashus and Seema Shah.

What is BI? For those of you who don't know BI, Bloomberg Intelligence provides in-depth research and analysis across multiple industries, companies as well as government, ESG, credit and economic and litigation research. We have covered over 135-plus industries and over 1800 companies. You can access them all on BI GO. We've got 300-plus third-party data providers. BI has 280-plus research professionals and the senior analyst averages 17-plus years of experience on either the sell-side or the buy-side. BI has provided on the terminal exclusively to Bloomberg clients at BI GO.

With that, I'll turn the presentation over to Glenn for his remarks.

### Glenn Fodor {BIO 19504826 <GO>}

Hey, I'm Glenn Fodor, Head of First Data Insights, that's First Data's analytics arm. Let's give you a quick background for those that might be new to this event, what First Data is and who you're listening to and why you should take the data -- believe the data accordingly because of what we see out there. So we are the largest processor of credit and debit cards in the world. We service about over 6 million merchants around the world and 4,000 financial institutions. The data we're talking

about today is gleaned from our merchant side of the business, the merchant data. So every credit card and debit card swipe that goes through the point of sale or through a mobile app over the phone, online, you name it, that's what's coming -- that's what's incorporated into this data today. So while we service 6 million merchants and what we do here or process, which is very important, is we isolate it down to a 1 million or so merchant population, total same-store sales basis, we remove all the noise, we remove certain sectors, we remove certain volatile merchants to get a representative sample of what's going on in the economy and remove the outliers. So what a stress that this is actual data, right? This is not a forecast, this is not estimates. There's some assumptions that go into the population and various other items. But again, this is actual data, what's flowing through the pipes.

So for those who you wanted, we are a public company and -- because it's a read-through into our results, it's not, right, because of this same-store sales basis, it's a million merchants out of 6 million and then there's a whole bunch of other aspects to our business as well. But because of the same-store sales basis actual data, a million merchant population, we really like the insights that we sit on. So as Poonam mentioned, we have Mike Spriggs on as well, he is a key member of my team and he is a source of a lot of this data, and he is going to be available for Insight as well as to dig in, if we need to go into specific sectors.

So here's what we're going to cover today. First, kind of level set on the economy. Most of you on the call have already seen the charts, follow it religiously, so I'll be like really quick, but again, just to sort of set the stage, I'm going to go through our observations of what we saw. I'll cover at the end, really quickly, how you can stay abreast of these trends through the season beyond just this phone call today, and then we'll take some questions. So with that let's jump into it.

Next slide. Okay. So this is an executive summary. Overall, I would say it's a solid start to the season, total spend was up over 7% on thanksgiving and black Friday combined, up 5% over the whole holiday weekend defined as Thursday through Cyber Monday. And I think you have to put all of this, what you're going to hear ,today in perspective of, and something you're all well aware of, it tough comps, we're working up off of. So in light of that, the numbers are, we'd say, a solid start.

During this slide, I won't go through everything chapter inversely, we have basically something for everyone here with the mosaic of various stats you can see. So, let's jump into a quick overview of the economic landscape, just some highlights, just two slides ahead. Okay. So just the two main drivers of spending growth that we follow as a firm and just industry standards in the processing space, I'm sure for your spaces as well, sentiment and employment, and both of these charts -- long-term charts, you can see, sentiment is at some of its highest levels, unemployment is at its lowest levels in quite some time. So levels that -- these are the main two economic measures, rise right to the top, that drive consumer spending velocity.

So next slide, a little bit more removed measures, if you will, from the consumer, but still important and reflective, and that's things like wages and housing starts. Wages

are on a nice trend upward, so are housing starts. I guess I'm just going to go through this really quickly, you probably know all this already. This slide has, what I call, the potential stress factors, and those are well within healthy ranges. When you look at personal obligations, the consumer is not stressed on their own balance sheet and credit card delinquencies far, far below long-term averages and peaks and spikes and things of that nature. Yes, the narrative is they're increasing month over month recently, but in the -- okay, so they might be a little higher than they were six months ago, but in the scheme of things, and I don't even mean back to the financial crisis, I mean, over the last year. The scheme of things, they are still in very, very reasonable territory.

So finally, on the economic review, I'll just turn to small business for a little bit. So I know very few of us on this call are following SMB retailers specifically, but you got to realize, SMB is such an important portion of the U.S. economy. It's "main street", if you will. So it's very important and you need to be aware of what's going on here, and the story of SMB, I think, remains really good. This year, in this deck, if you've been following us for a couple of years, we've added some new concept. We never talked about SMB. In the back, we have some growth measures for the small business market, and you'll see that the numbers on these charts back up what I just said about the strength in SMB.

So as far as the final level set, let me just talk about some stats that are not in this report, but it's in a report we put out recently with our third quarter wrap-up report. All right. So we do monthly spend-trend analysis, I'm sure see it through BI, but what we (inaudible) together is we take all those months and we put it together in a quarterly wrap-up and then draw some conclusions there. And I thought the third quarter report was extremely telling and really sets the stage for a positive holiday season. Some observations from that report and when we ask Poonam or team floor, we can get it you, it's all out there on our website as well.

But retail spend growth in the third quarter continued to accelerate from the second quarter. On our retail -- among the retail sectors, the sector by sector look, 12 of the 13 sectors we followed, again it's third quarter, but again this is setting the stage for where we're at today, 12 of 13 we followed actually showed accelerating growth in the third quarter from the second quarter. Offline retail growth in brick and mortar, at the time, it showed four quarters in a row of accelerating growth; of the top 10 U.S. cities we track, 80% of them showed accelerating growth into the third quarter; and then upscale dining, which was under malaise for probably the last year, growth finally ticked upward. I wouldn't say it was heroic, but again it just broke out of its malaise, and obviously that's a very discretionary category.

So, anyway you slice it, things felt really good coming into the holiday season. So I'll jump ahead to the holiday spending trends themselves. I am sorry, there we go. Okay. So this is total spend which includes retail spend plus services, hotels, et cetera. And like I said, this all comes back to always remember how strong last year was and you can see in the middle column of bars, a group of bars on this chart. Except taking the face value of the pre-holiday, so this is the group of bars to the right, it's the blue line, that's the pre-season, as we call defined it, that's from

November 1 to the Wednesday right before Thanksgiving. It's a very modest start, right. There is no getting around it. These cost maybe some of it was weather factors in November. I'd say other than its, snow storm right before Thanksgiving that locked down the East Coast, it wasn't too many anomalies out there with respect to weather and the cold really didn't hit until sort of Thanksgiving and Black Friday, but modest start also tough comps.

And then the trajectory though into Thanksgiving and Black Friday. So these are the green line, you can see the step up from blue to green for every year for the last three years, whether it's 2016, 2017, 2018 nice step-up in this year 2018 was no exception. Last year, when you think about the magnitude of the acceleration. Last week, we had a doubling of growth from the pre-season to Thursday and Friday and this year is actually a tripling of growth to 7.1% than going from the 26 to 71(ph). Now, talking about post-Thanksgiving and Black Friday, you can't get around the math either clearly a waning of some momentum. I'd say that's not bad, again these all goes to tough comps. It's also something that happens normally right every third line here, which is the entire weekend again defined as Thursday through Cyber Monday which is the average of all five days. It always declined versus the it's hard to top Thanksgiving and Black Friday. So this year was no exception and winning momentum post Thursday and Black Friday, but again normal nothing overly concerning at this point.

The next slide, I'll turn to, it's just the same sort of what, whereas this was total spending. This is quarter about retail spending. So, pretty similar picture, at least directionally meaning modest growth into the holiday, nice spike on the holiday and then somewhat slowing post Friday. Pre-season, it was even slower when you think about retail spend. It was even slower than total spend 1.3% growth, but even bigger acceleration on Thursday and Black Friday to 7.5% growth and just like with total spend drop off post Friday and -- but this drop in retail frankly was a little bit more dramatic. We've seen lots of talk, lots of chatter, lots of reports about the empty or low-volume, low velocity stores that perhaps trend backs that up.

Yes, I just want to be clear on the message every brick -- and this doesn't mean brick -- this combination of brick and mortar and e-com, but brick and mortar, a lot of debate, lot of controversy about brick and mortar out there, it's not dead, but this pace of growth is going to be perhaps not as even as e-commerce is where e-commerce's strong and while the growth rates and income may flip around violently they're still always that double-digit 13 to 15, sometimes 20 plus percent, so it steadily strong whereas brick and mortar is going to be slower maybe less steady as you think about the holiday season day-by-day. So, I wouldn't want to draw drastic conclusions on just a couple of days. But anyway it sliced it a solid start here(ph) so far is how we characterize it.

So, this chart is something we rolled out recently, I think it, it was last year, was the first time, which was the basically volume times price equal sales. All right, and the equation here is transactions, times ticket sizes equals total spend. I'm so -- I -- ahead -- here we go. And what we have here wanted to highlight the green -- the green bars, which is a little bit different than what we saw last year. So this year, brick and

mortar had very modest always little less than the green bar is always a less that was transaction growth of low single digits, very modest ticket size better even showing up on the chart four. Yes, solid 4% or so growth in total brick and mortar spend for retail. And this year, again we have like less than a percent increase in ticket size, last year it was just the opposite where brick and mortar, if you remember the deck -- brick and mortar tickets were up around 3%, e-commerce tickets at time were down 4.7% and here in e-commerce in the center bar you have e-commerce ticket sizes up a couple of percent.

Now, how much of this is due to mix and discounting. Impossible to tell, but when we talked about e-commerce ticket growth. Last year, remember we talked it up to people are buying smaller and smaller ticket items, getting more comfortable over time using e-commerce, buying everyday goods, toothbrushes and toothpaste rather than or in addition to simply you're bigger ticket items like iPhone and such and that average dipped down.

Now, that e-commerce growth was a little bit faster here on the ticket size, I wouldn't necessarily say that trend is over by any structure of imagination. There's a lot of mix, a lot of moving parts here, but I think the main takeaway from all this you get away from ticket size per share(ph) is what's really driving growth? What's really drive growth -- our transactions. There's no funny business on price, there's no jacking up prices or price is not -- price can come and go. All right, the transactions, they represent to me your core consumer spending the feet in the store with little distortion because of pricing and mix and so that to me is a good sign of fundamental strength here.

The next slide is a similar -- same look just over different part time period. This is Thanksgiving all the way through the weekend into Cyber Monday again generally seeing trends, less dramatic moves, main takeaway then from both of these charts, anyway you slice it -- oh, I jumped ahead -- is that again, I miss time period as well. Transactions are a big driver of the growth. Again, so that's core fundamental strength in my eyes. This was next at the allocation of spend. All right, here I want to show how spending patterns change between the preseason, and the combined days of Thanksgiving and Black Friday.

As you have two dynamics going on here, basically. You have, your just regular shifts in buying habits that's from one-time period to another, just naturally move from -- moving from the kitchen into the store or whatever. So you have a regular shift in buying habits and patterns and then you have the inevitable sales and discounts that vary from year-to-year that influence behavior -- influences behavior. The main point here is, okay, retail increased as a portion of spend where did it come from, mostly service. All right, so you could argue that, people move away from buying things for themselves, meaning a service, hotel stay whatever to buying things for others, i.e., a retail product.

Next slide has decided kind of same look, but breakdowns the retail category. Main takeaway here is impressively once again this year. The strong shift into electronics between the time periods pre-holidays, Thanksgiving and Black Friday. And as you'll

see, I believe it's the next chart, Electronics growth started strong already in the preseason, but again it increased its share spend through Wednesday into Thursday and Friday. So, with that let's dig into growth among the part of the continuum of growth among the retail categories. So, here we have a look, this is preseason look retail growth in November 1st to Wednesday before Thanksgiving. You can see that 1.3% growth carries over the year, that's the average line and here we decompose how it shows up in the various segments.

And as I think about this chart versus last year's chart. It was kind of similar, when you look at the top three sectors very familiar territory for them through the form electronics top the charts. At the other end, sporting goods and hobby stores. Once again, biggest laggards.

Now, the same slide, let's look at it for Thursday and Friday -- sorry I jumped to ahead -- so here's the 7.5% growth over the Thursday. Friday time period you saw main takeaways to me are -- what all the categories were in positive growth, there were no major negative laggards and in closing and merchandise put my we're talking about this before the call very strong basically across the board. Now, let's look at spending by channel. There is a stack bar chart you're looking at. Now, in our portfolio, which minds you -- mind you skews a little bit heavier towards e-commerce in the portfolio we put together. There is general economy, If you believe the government stats e-commerce as a percent of total consumer sales is call it 10% to 15% maybe 10%, 12%. We are in the '30s here again, it's a mix issue, but what really matters, doesn't matter. We're talking 10% or 30% that is in that direction, right and what percent share of total commerce is e-commerce becoming.

Now, you see pre-holiday started big strong shift sway into commerce reaching 37% of the total spend again within this \$1 million or so much in portfolio ahead -- its the highest we've ever measured this in all years of doing it. It dialed back in the next couple of days. But overall, again, generally, you look at over 32% versus the 29% for full season 2017, those that do comparisons you want, and you want to see the 29% is going to 32% which means that we equalize this to the economy, does that 10%, is that 10% going into 12%, is that 10% going to 11%, either way, it's share is increasing by leaps and bounds. So, again, this is -- to be no surprise when you consider the differentials in growth rates between e-commerce and obviously the brick-and-mortar.

The next slide is a regional look. Like I said, at this outset about our third quarter report and sort of the growth acceleration in 12 out of the 13 category showed accelerating growth into third quarter. Takeaway here, I think it's the parallelism in growth rates. So we divide this into the five or six regions we have, what we have, what we see is basically across the board, preseason growth was very modest. Doing one of these regions was general outlier, but for the most part, all the other ones are all on that like 1% to 1.6% range across the board to very similar across the country.

And then, what's also similar is their magnitude of change. So many of these side, if you look at the preseason growth versus that the Thanksgiving and Black Friday, it was all -- all of them where I guess, 2x to 3x increase in growth rate from the

preseason to Thursday and Friday. So again, very similar momentum and velocity across the country. I think it was actually uncanny parallelism.

Next look is on ticket sizes. I'm not going to dwell on this, but this is average ticket sizes for retail spend across Thanksgiving and Black Friday. So the interesting callouts to meet our building materials by big ticket size increase on -- or relative ticket size -- relative ticket size between e-commerce and brick-and-mortar. So rhetorical question is, is this because the main large home improvement stores have gotten so good at order online, pickup in store. We know the some of those are really breaking new ground in their prowess on penetrating e-commerce, and then, again, using their own local store as a facto distribution center.

So perhaps that's a -- that's a signal of what's going on there. Furniture, the ticket size online so much larger than the physical store, that's actually kind of curious, is this due to the interfaces online, right. So maybe I can be more comfortable buying that larger ticket furniture item, because the visuals and the 360 view and the video eye capture I can have it, I get a much bigger, better idea of what I'm actually paying \$1000 worth. I don't need to go into the local furniture store its the rhetorical questions you folks know better than I, but again it slipped, some of the data is splitting out.

And than electronics, again, people are getting obviously more and more comfortable buying online, whether it's bigger ticket items, people already know what an iPhone is, what an iPad is, you don't need to see it, touch it, check it out, you just know what it is, ready to press the button online.

Next slide, this just average ticket size for total spending to be the main call out as auto parts, and how much larger tickets are on the e-commerce side in this sector. Some say auto parts of the next sector to be attacked them to move online, perhaps this is evidence of that's going on right now. This chart we -- here's where we call out dramatic moves in growth rates along the various sectors and segments. So we divided between brick-and-mortar and e-commerce, what growth was for each of those channels by these various sectors in 2017 versus 2018, and when it highlighted red, it means, there was a dramatic slowing doesn't mean with the negative number, it just means just the rate of growth in 2018 slowed from 2017, green is just the opposite, it's when it increased notably, and I think here the main conclusion, usually, this chart when we've seen in the past, if you remember, it had a lots of colors, either, lots of green, lots of reds or lots of both.

And here, I would say, you should have a lot of white space, and you have pretty much equal number of greens and reds. So not doing the math exactly just optically or you'll have equal number that have accelerated notably, equal number that have decelerated notably, and then a whole bunch of folks in the middle are just holding steady. So again, argues for the view that things are relatively steady-eddy overall.

This is a new chart since you last in this presentation, but it's a click down into more detail on retail spending at the category level. I'm talking about which ones had the

highest levels of growth. The takeaway to me is that this is a pretty wide swath of sectors that we have here, meaning, we have everything from food to travel to discount stores to apparel and argues for generally broad-based strength across the retail sector.

I have two slides here, this is just as robust through these really quickly, but these were just consumer buying patterns by our year-over-year. So, we have this for Thanksgiving and Black Friday, you can barely tell there's two lines here. What does this mean, like this is the percent of that day's transactions that happen within that hour.

Right. So, what is this telling us is that lots of -- the majority of the day's transactions, there's a preamble as you go through the morning sort of made day kind of peaks, but that accounts for a good portion of the days transactions in the next sort of levels off for a while, people go back to work, picks up again as they go after dinner -- after dinner shopping, but again, it's not nearly as strong as the morning and lunchtime, and then it tapers off again. Yeah, this is where the pattern here before Thanksgiving, and then here's a pattern for Black Friday. So that's a different shapes of the curves, but no change in the shopping patterns year-over-year.

So, here as promised, just a quick look on to small business spending, SMB spending. Main Street, I'd say is clearly doing very well. It did do weaker than our total population in the preseason, but they didn't make up for it. The SMB market did make up for it from Thursday onward with growth in that period of 5% versus our total population growth of 5.5%, I'm sorry, total population growth of 5% compared to 5.5% for the SMB population. So again, just shows that, on a relative basis SMB is more than holding our own versus the broader population.

And then here, it's a duplicate of the prior slides we saw which is just highlighting those SMB, small business categories that grew faster. And I think it's not odd or interesting, is that, even though SMB growth would you just said with a little bit faster than the total population growth, 5.5% versus 5%. When you take the top growing SMB categories and you compare these growth, growth rates of these nine are so to the growth rates of the top nine of the total merchant population, these growth rates aren't nearly as strong as the ones from the other phase So by arguing just interesting dynamic of math perhaps, but argues for maybe more one of the growth rates of the top performers weren't as high, maybe they'd more evenly spread across the portfolio, so less variability between the fastest growers and the slower growers.

So then in the last slide of content we have and then we're happy to take questions. But I just want to inform you, as I said in the beginning, there is an addition we made to our entire spend trend offering this year and this move to real-time. And if you go to our website at [firstdata.com](https://firstdata.com), you can see there is a real-time dashboard that is tracking spending trends.

We have a clip here of our President (inaudible) components of our friends at Bloomberg, he was on show late Monday afternoon talking about Cyber Monday



trends, talking about this dashboard we put up, it's called holiday insights. Yeah, so bottom line, our discussion here doesn't need to end today, you can continue to monitor trends at our homepage again firstdata.com, but it's a really interesting site, shows a lot of different looks of the data as a interday and a day to day index of how the season is tracking versus last season. It talks about the current days categories which ones are growing fastest, ranked in the Top 10 is ranked in the Top 5 dining categories and a quick service, as you can imagine, it's always at the top with the most transactions.

But watch it long enough, so some very interesting conclusions you can draw. So take a look, we're happy to take questions now. I'll turn it back to (inaudible). Thank you.

## Questions And Answers

### Operator

Thanks, Brian. (Operator Instructions) we'll take our first question, I guess so.

### Q - Unidentified Participant

Yes, just pick it up the question before we look at the questions on the webinar, Glenn. There's a lot of chatter out there about Cyber Monday and the fact that retailers are offering more of the same sales ahead of margin itself and maybe there are some purchasing that is being shift in earlier in the week, do you see anything in the data, that might confirm order contradict that?

### A - Unidentified Speaker

All right, its a great question. It's analysis that we tweeted out the other day as well from first data's handled. But we did look at that, because we want to get into this debate -- if there is pull forward of Cyber Monday spending and we went through a whole bunch of iterations looking at same cardholder spend year-over-year. So, we are going to have a clean population and what we found is if you compare the proportion of spend between the week before Cyber Monday plus Cyber Monday and your proportion that out between a 100%. We got about two-thirds of the spend over that seven or eight days, call it, two-thirds comes before Cyber Monday, a third of it comes on Cyber Monday.

And that was last year. And if you do that same analysis for the same cardholders. Again, these are the same cards that are showing up in stores, there's no estimates there. You get just about the same proportions. It maybe this year. They may have trended a little bit more heavily weighted to the five or seven days before, but nothing meaningfully notable nothing that supports the big debate that's out there. So I would be comfortable saying that the proportions have generally change. So people are sure, they could have pull forward their spending, but then they also spent a lot more on Cyber Monday as well. So again, if the math works out the proportions stay the same.

## Operator

Great, thank you. So we have a question. And Glenn, maybe you can answer this, there Mike on the line. Do you have data on tier retail pricing in TX Thanksgiving and Black Friday period and in Q3 versus price mix to assess the consumer they're trading up or down?

## A - Unidentified Speaker

As far as the trading up and down. That's probably something beyond what we have handy, right now. To go back to the question, it was pure retail pricing, so that might be on slide 11, average ticket and sales, retail and spending. Let's say, Cyber Monday, sorry -- slide 10, probably has the closest we're going to get to the answer.

## Operator

Okay. Pull the slide one moment.

## A - Unidentified Speaker

One of those and then just going back -- a little more back. One more for -- sorry two more -- that. I think it's. I believe the answer to the question. It might be in the lower left, Mike, (inaudible) correct me, if I'm wrong, but here you have modest growth in retail. Average ticket prices, most of these as we said, most of the growth of that 4% in the Thanksgiving and Black Friday is of the 4%. Most of it is driven by transactions. So, I hope that answers the question.

## A - Mike Spriggs {BIO 1772239 <GO>}

I can jump in here and say something. So we have to remember than we do look at the first data spectrum(ph) data. We look at the average basket in totality not necessarily per item. So what comes into what average ticket calculation would be the total basket and what I've noticed in Cyber Monday this year for at least one very large retailer is that they were trying to push up at least in the e-commerce side to push up the average basket. And the way they did that it was coming (inaudible) actually increase the minimum basket you need for free shipping. So 2016 was \$50 went up to \$75 in 2017. And this year was \$99. So just by doing that you push people to buy more items to get into that free shipping area and I think that has something to do with just the average basket or average ticket that comes out of our first data. So we have to remember that dynamics when we look at the numbers. More specifically, just discounting all retailers pushing up the average basket.

Yes, this is Mike (inaudible), just kind of think back on that comment. Ken, that was a great observation and across the board at a very high level. Top line, we see that growth in average ticket was less of a factor, when you look at this in totality, but we also did see within SMB, that the SMB merchants has figured out exactly what you said, how to drive average ticket as a way to drive sales. So yes, they're getting more foot traffic, but as we look at the numbers we are seeing that average ticket is on equal footing if not even more of an influence that drive some of the sale at least for Thanksgiving, Black Friday and to a lesser extent, the five day selling period.

## **A - Unidentified Speaker**

Thanks, Mike. Putting up this one is for you I guess. Our consumer consolidating online shopping at few retailers for example are consolidating their online shopping location and major online players like Wal-Mart and Target, Amazon versus buying online specialty stores.

## **Q - Unidentified Participant**

Thanks, Mike. Putting up this one is for you i guess. Our consumer consolidating online shopping retailers for example consolidating their online shopping location and major online players like Wal-Mart and Target Amazon versus buying online specialty stores?

## **A - Unidentified Speaker**

Yes, that's hard to tell, I mean, I don't think we've seen data that would directly answer that question. But what I can tell you is that Wal-Mart, Target and Amazon are becoming more marketplaces. So therefore, they are offering more skews, which is allowing more shoppers to find more stuff on their site, so that's definitely helping some consolidation. But that said, the difference between them and specialty stores. It's a little different because specialty stores push their own brand which you sometimes can't find at these marketplaces. So you would have to go there to buy the product, like if you want it, Victoria Secret or if you wanted Abercrombie or American Eagle, you have to go to those retailers website stores to really get that product. So, I think it depends, I would say marketplaces are gaining share because of the products that they're adding. But that said, I don't think that's coming off of specialty. I think that may be more coming off of doors and they're looking for them on marketplaces.

## **Operator**

We have another question, and I'll direct this to maybe Mike and Seema. If you could talk a little bit about what you're seeing in home furnishing specifically across your data, Mike and then Seema, perhaps you can talk about what you're hearing from the retailers on that front?

## **A - Seema** {BIO 20003528 <GO>}

Sure, I can jump in and start then from the retailer perspective, it seems like the Black Friday weekend was very strong for digital players, which you guys pointed out in your chart yesterday Wayfair announced that over the five day period their sales were up 58%, which is the largest growth they've seen over that holiday period ever. So I think that's a great sign of corroborates what you have. But it's also a risk for the more traditional brick and mortar players to likely lost some market share to Wayfair.

## **A - Mike Spriggs** {BIO 1772239 <GO>}

Yes, it's a great observation and I can say that I hope to contribute to that growth. The Wayfair, we've got some really great deals there in that weekend. What we're seeing in our data is (inaudible) what was just said for furnishings -- just furniture

stores in general, they struggle this year, their are traditional furniture stores they struggled in that kind of continued through the holiday, they deliver better during the holiday, when I think furniture stores are struggling because of the marketplace players like we just talked about that are bricking a wider variety of stuff, including hi-tech items like (inaudible) that being said, we saw it through the Thanksgiving, Black Friday time period that two day time period, that SMBs, again I figured it out. And actually figured out how to occupy share of mind with customers, so home furnishings that we saw within S&P, we're up 4.5%. Thursday, Black Friday and they cooled off a little bit when you add to it -- with the weekend and in Cyber Monday and that growth was driven again primarily by really strong growth in average ticket. They were able to increase their average ticket over year-over-year for Thursday, Black Friday by 10% and the home furnishing space. Is definitely, just kind of looking at other categories and kind of same space strong SMB performance not only jewelry stores. They did well, also, Thursday, Black Friday they grew at about 4% and they were able to encourage consumers to spend 15% more on an average ticket than last year, during the Thursday, Black Friday time period. So, again, these guys are figuring out a different way to approach consumers. I don't know if it's more customer service oriented white-glove treatment or that kind of thing, but certainly they're carving out a niche, and especially in an environment where we've got pretty strong consumer sentiment, pretty strong confident, and we are just doing a little bit better, there's a little bit more money to spend. I think SMB players are figuring out how to really capitalize on that.

### **A - Unidentified Speaker**

Mike, there is a questionnaire about luxury overall, so not SMB per se, but luxury retail for the holiday season. So as you dig into the data -- what are the conclusions on just luxury where we have our category, I don't know if you haven't tuned up.

Yeah, give me a second, and I'll give you some stats on that.

### **Q - Unidentified Participant**

Okay. While, we wait on you, Mike, for the luxury. There's a question here on clothing, and maybe Ken, you can chime in here. What do you think about the strength that we're seeing in clothing and accessories as cold weather largely to thank for that?

### **A - Unidentified Speaker**

So, in general, as we don't like to speak about the weather too much because it's really outside of our control, unfortunately, but I mean, obviously, historically we've seen every time where the weather is seasonable in terms of the temperatures when it's cold when it's supposed to be cold. Especially in Black Friday when it's -- and of course, not too nice out, it does, it starts with traffic, it brings people -- did towards bring people into the malls and that's a positive and while they're in there, obviously, you're seeing the categories, they are going to benefit more than others so the other where the codes, which tend to be higher ticket item that's obviously very good to retailers and brands when that goes higher.

And to be honest on a footwear side, we've got a few indication at boots, again, high ticket item, the sales spiked over the weekend. So definitely cold weather in right time has a big impact on sales that we can.

### **Q - Unidentified Participant**

I would agree with that. And we have some two housekeeping, I guess type questions. Chart on Slide 14 someone asked what TH to CM means, that's Thanksgiving to Cyber Monday, and then there was another question, if first data could breakdown transactions average ticket sales by retailer. We've asked us and maybe Glenn, you can reinforce the answer. I think it's now.

### **A - Unidentified Speaker**

Yeah. We've really a lot of money with you folks on the other side by selling that data, but we can, everything we provide is aggregated, segregated, cohort type level, so there's no re-identifying who the merchant is so just the legal parameters we have to follow unfortunately.

### **Q - Unidentified Participant**

And you also, do you have and click and collect grocery well, while they are asking, just basic question.

### **A - Unidentified Speaker**

Good question. But, we don't have that level of detail. So within a merchant, we don't know -- and we can at some point, but the baseline of data we're collecting right now, we don't know what's in the basket, so we just see that there's a ticket at X, Y, Z merchants for this much at this time at this zip pro [ph] location, but we don't know what's in the basket.

Yeah. And the piggyback on that there is really no flag in our data, yes, let us know this was that a pickup, actually say, quick and collect, so I order in online then I go pick it up in store. That kind of distinction is not necessarily available in the data for those merchants who segregate their own activities by just demonstrating in-store purchase versus an e-commerce -- a pure e-commerce transaction. Yeah, we can pick that up, but the quick and collect aspect of it's a little bit -- so little more nebulous for us.

### **Q - Unidentified Participant**

But did you finding it on Luxury ?

### **A - Unidentified Speaker**

Yeah, so I guess some interesting things on Luxury, so overall for Thursday, Black Friday time period that two-day window. Luxury was up 3.9% and again like we started, we stated at the outset, 2017 was breakout year, very strong growth across the Board so the growth this year at 3.9% respectable but is against our comps. Interestingly over the 5-day period, so in all that Thursday, Black Friday, and then you

add the weekend plus Cyber Monday. We saw growth pickup at a 4.3%, so for 3.9% the 4.3% that's a little bit different than the overall trend that we've seen just across retail.

In the side of luxury -- yeah, it actually accelerated. Inside of luxury there as you can imagine a variety of different things, right, we look at that Jewlery stores, high-end women's accessories, high end shoes, clothing is a big component of that. And of course, at the top of the list here in terms of the contribution to luxury and the growth we saw Jewelry stores, and this is going to be across the large national brands as well as SMB, as I mentioned previously, but they were up collectively, just when you consider luxury brands as a kind of a customized category concept here, they were up 10% for Thursday, Black Friday, Jewelry stores taper back a little bit, but not much they were up 8% for the entire 5-day window.

And then so they left the pack there. Women's accessories was up 8% for the 2-day work and 1.5% for the 5-day selling periods. So yeah, overall it's pretty healthy and in each of those cases what we're seeing is that it was primarily transactions that drove the growth as opposed to just larger [ph] tickets. Primarily a function of transaction.

### **Q - Unidentified Participant**

But in the past we've broken out the growth in the luxury category e-commerce is brick and mortar. Do you have therefore say Thursday through Cyber Monday real simple like what the comparative growth rates were into that, was at 4% or so you said ?

### **A - Unidentified Speaker**

Yeah, so, I'll give you both here. Let's say, for Thanksgiving to Cyber Monday, I'm sorry, Thanksgiving and Black Friday together at 3.9%, it was almost all driven by e-commerce activity. Almost all given that growth was almost all driven by e-commerce activity, e-commerce was up 16% across total luxury brands for the 2A window. And then it accelerated, overall they accelerated from 3.9% to 4.3% again driven by e-commerce activity over the 5-days, it was up 12% for past 5-day period. So e-commerce was the channel of choice for its consumers and luxury brands this year.

### **Q - Unidentified Participant**

Question on duty-free sales. We don't see that. So we don't have details there. Sorry. Mike, there's a question on, I believe it was that what portion of total holiday spend comes in this weekend, this past weekend, that's the question Poonam? So do you have a day by day volume figures that quickly -- now we can expect --

### **A - Unidentified Speaker**

No, yeah, we have to give (inaudible) on it. And when we say a total holiday, I guess it's a question of perspective, right, because, yeah, the 5-day window is what we were doing in this peculiar analysis, but as we consider Holiday and especially what we're going to be measuring with our dashboard, that was talked about. We're going to be looking at sales activity from effectively Thanksgiving Day, all the way through the day after Christmas. So for us that's the (inaudible)

Okay. I'm willing to push that back (inaudible).

### **Q - Unidentified Participant**

Yeah, I think there is one last question, maybe, Glenn, in the slide you showed retail up and essentially experiential, the experiential part of spend down year-over-year from last year to this year. We think very interesting and I guess we were in stores over the past weekend and we noticed that people are out shopping of all ages and all demographics, is that a trend that you saw just over, I guess the 5-day period or is this something that you've been seeing all year ?

### **A - Unidentified Speaker**

No, that's actually just that small period. We actually seeing more experiences and that's more the -- and we've been talking about that in other webinars in the events we've been doing, with I was just, I don't want to suggest what we saw there is new trend, as we are experiences that's what consumers want, so it's all part of how stores are developing there, their strategy is now combining experiences with the physical. So I wouldn't say that it's too early to draw, that was just really for that small window period.

### **Q - Unidentified Participant**

Great. I think we may have one more question, that just came in. Can you break out sporting within the sporting hobby category?

### **A - Unidentified Speaker**

We're not be able to because we have to go within certain statistical parameters for legal reasons, (inaudible) is that one we can do or does that bump up against our legal restrictions?

Yes, I would have to say going, it's. Yes. We'll take a look, probably not so just because our first priority is protected in M&A of the underlying merchants without a data and so that might be problematic.

### **A - Mike Spriggs {BIO 1772239 <GO>}**

Because you can do that with? So here we have two things to feedback to you, if we can do this. Because this is a legal and not a technical one.

### **Operator**

Got it. Thank you, Glenn. Thank you, Mike and thank you everyone for joining. We don't have any more questions. So have a happy holiday and we'll speak to you soon. Thank you.

### **A - Unidentified Speaker**

Thanks Glenn.

*This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2024, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.*