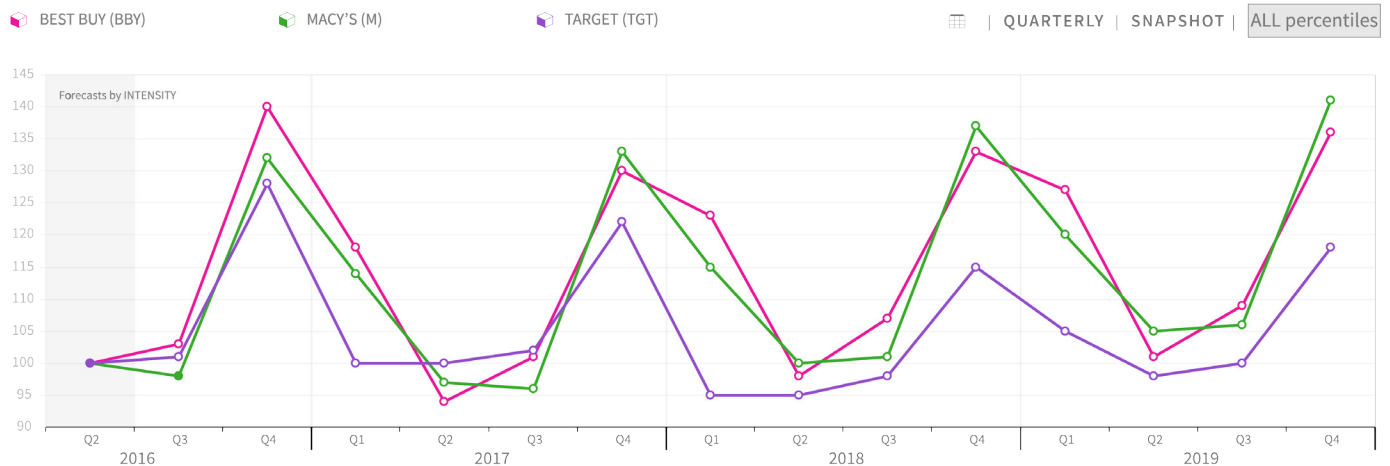


Intensity's Holiday Retail Sales Outlook: A rocky road ahead for some traditional brick and mortar retailers

As of November 22, 2016

INDEXED



Summary

The above chart displays the median quarterly TruePath revenue growth forecast for major retailers Best Buy (BBY), Macy's (M), and Target (TGT). TruePaths, which convey actual paths that revenue may follow, are simulated forecasts that are ranked based on the discounted present value of future revenue across five years of forecasts. They are especially useful in evaluating the potential volatility of future revenue, along with seasonality and cyclicity.

There are several key insights that can be drawn from this chart:

- All three retailers show significant seasonal spikes in revenue growth in the fourth quarter.
- Relative to 2016, Target's fourth quarter revenues are forecasted to decline into 2019, whereas Best Buy and Macy's will remain stable. This is consistent with expansion into non-seasonal sales.
- These retailers will continue to struggle for growth amidst competition from e-commerce rivals.

Best Buy, Target, and Macy's have put significant investment into expanding their online retail presence in recent years, and this will certainly be on display as we roll into Black Friday and Cyber Monday. With the growth of e-commerce merchants continuing to outpace total retail sales, especially those of clothing stores, there is clear reason to pursue this strategy.