



JAGUAR CONSUMER WEEKLY CALLOUTS

SEPTEMBER 4th, 2023

Stifel analyst Jim Duffy visited and called 110 stores (*Dick’s, Academy, Foot Locker, Finish Line, Champs, and Hibbett Sports*) to gather data on the popularity of athletic footwear styles for both boys and girls in the important back-to-school selling season. In the channel checks, **Nike (NKE)** was referenced as the most popular brand in 88.2% of checked stores. However, *this represents a -4.1pt decline from Back-to-School 2022 and a steeper -5.9pt decline from the February 2023 All-Star checks*. Gains from New Balance in Foot Locker banners and more modest gains from other brands, such as Hoka from **Deckers Outdoor (DECK)** and **On Holding (ONON)** represented the difference.

Meanwhile, *online retailer checks were directionally aligned with the brick-and-mortar checks, though Nike’s popularity slip was more pronounced online and with Women*. For Back-to-School 2023, results show Nike styles (*including Jordan and Converse*) penetration declined -28pts Y/Y to just 50% of the top 20 most popular shoes styles across ecommerce platforms.

MOST POPULAR REFERENCES BY RETAILER

Most Popular Style References											
Top Brand	BTS '19	AS '20	BTS '20	AS '21	BTS '21	AS '22	BTS '22	AS '23	BTS '23	Y/Y	Sequential
NIKE	80.7%	82.8%	78.4%	90.7%	92.5%	87.3%	92.3%	94.1%	88.2%	-4.1ppts	-5.9ppts
New Balance	0.5%	0.2%	0.0%	0.0%	0.0%	0.2%	0.0%	0.9%	7.7%	+7.7ppts	+6.8ppts
Adidas	10.8%	13.4%	16.1%	7.3%	5.9%	4.3%	5.0%	1.4%	0.5%	-4.5ppts	-0.9ppts
Vans	5.7%	2.6%	2.7%	1.6%	0.0%	3.2%	0.5%	0.0%	0.5%	0.0ppts	+0.5ppts
Other	1.2%	0.7%	2.7%	0.5%	1.6%	5.0%	1.8%	3.6%	3.2%	+1.4ppts	-0.4ppts

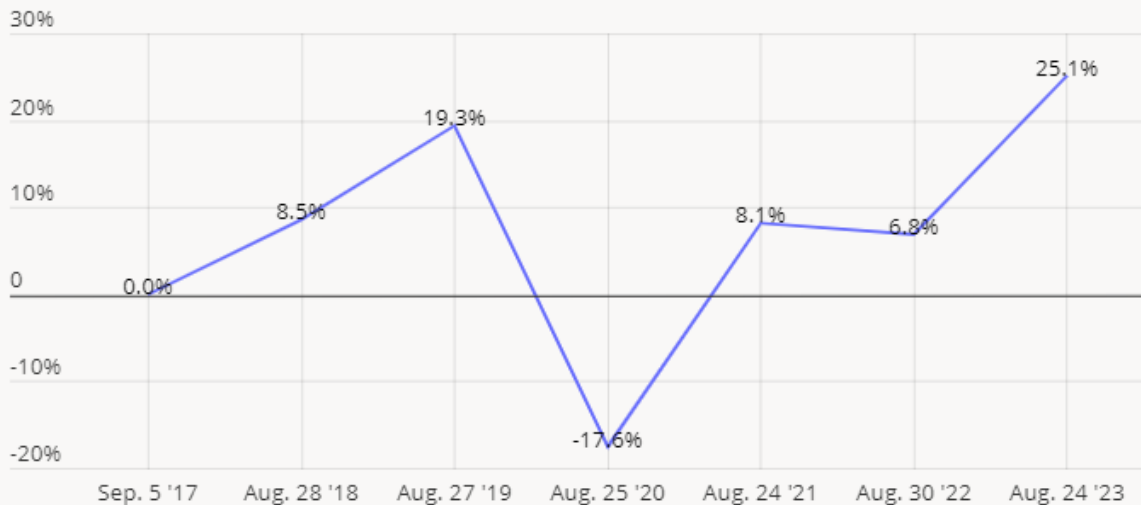
Note: "BTS" refers to our annual Back-to-School Athletic Footwear Survey which occurs in August. "AS" refers to our annual NBA All-Star Athletic Footwear Survey which occurs in February.
Source: Stifel Estimates

August 24th marked the twentieth annual launch of **Starbucks (SBUX)** Pumpkin Spice Latte. According to Placer.ai, visit data indicates that demand for the chain’s signature fall beverage is stronger than ever.

*The company demonstrated its mastery at owning the calendar earlier this summer through its “WinsDays” deals, which offered Starbucks Rewards members 50% off cold drinks when ordering through the app on Wednesdays July 26th, August 2nd, and August 9th. The promotion drove traffic to the chain during the typical midweek lull and may have gotten visitors excited about the main event later in the month – the return of the Pumpkin Spice Latte. So, when the fall-themed drink hit Starbucks stores on Thursday August 24th, visits spiked once more. Just how big was the spike compared to previous years? We dove deeper into the foot traffic metrics to find out. **This year’s fall menu rollout drove a 25.1% increase in visits on the day of the launch (compared to the 2017 PSL launch visits) – the largest spike in recent years.***

Most Successful PSL Launch in Recent Years

Compared to September 5th 2017 Baseline (Day of 2017 PSL Return)



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-Wolfe Research conducted beer checks that suggested **Bud Light (BUD) trends are still down approximately -25%**. While off-premise trends may be recovering modestly, Wolfe continues to hear that negative social pressure is preventing an on-premise recovery. NFL and College Football venues have likely ordered in-line with historical patterns despite the controversy overhang, although pull-through expectations are uncertain/mixed (*Wolfe notes that feedback from baseball stadiums has been negative on Bud Light*).

*“Checks suggest that fall shelf resets will largely follow the previous six months of sales velocity; **Molson Coors (TAP)** and **Constellation Brands (STZ)** will be the primary beneficiaries at the expense of Bud Light/Bud Family brands, lesser-known seltzers, and Truly (White Claw should largely retain shelf space). We note that this commentary is a shift from our earlier checks that called for BUD’s relationships to mitigate declines at major chains – but fall resets will be minor compared to spring. In all, we expect a moderate headwind to BUD sales in challenged regions.”*

-This week’s amusement park traffic tracker from KeyBanc highlights daily geolocation data for the week of August 21st to August 27th:

Cedar Fair (FUN) – Traffic for the full week came in at -26.4% Y/Y, continuing softer trends of late relative to July (-13.5%). The Monday-Friday period was -27.1%, while the weekend was -25.9%.

SeaWorld Entertainment (SEAS) – Traffic for the full week came in at -8.3% Y/Y, a step back relative to last week (-3.2%) and July (-6.3%). The Monday-Friday period was -8.7%, while the weekend was -7.9%.

Six Flags (SIX) – Traffic for the full week was -0.5% Y/Y, an improvement relative to last week (-1.7%) and July (-4.6%). The Monday-Friday period was -1.4%, while the weekend was +0.1%.

Figure 1: Summary - Attendance Trends for the Week of 8/21-8/27 (2022 Comp Week: 8/22-8/28)

		Monday 8/21	Tuesday 8/22	Wednesday 8/23	Thursday 8/24	Friday 8/25	M - F	Saturday 8/26	Sunday 8/27	Weekend	Full Week
FUN	Geo - Y/Y	(4.1%)	(25.7%)	(36.1%)	(33.3%)	(31.9%)	(27.1%)	(28.2%)	(22.8%)	(25.9%)	(26.4%)
Operating Days*	Days / '22	7 / 7	7 / 7	7 / 8	7 / 8	10 / 10	38 / 40	14 / 14	14 / 14	28 / 28	66 / 68
Weather Adj.**	Days / '22	7.0 / 6.3	7.0 / 6.8	6.6 / 8.0	6.6 / 7.0	10.0 / 10.0	37.2 / 38.1	13.5 / 13.1	12.8 / 13.6	26.3 / 26.7	63.5 / 64.8
SEAS	Geo - Y/Y	4.1%	(12.3%)	(10.2%)	(13.9%)	(9.9%)	(8.7%)	(2.1%)	(15.0%)	(7.9%)	(8.3%)
Operating Days	Days / '22	12 / 10	12 / 10	12 / 10	12 / 11	12 / 12	60 / 53	12 / 12	12 / 12	24 / 24	84 / 77
Weather Adj.**	Days / '22	12.0 / 10.0	10.7 / 9.4	11.2 / 9.6	11.4 / 10.6	11.8 / 10.0	57.1 / 49.6	12.0 / 9.9	10.1 / 11.4	22.1 / 21.3	79.2 / 70.9
SIX	Geo - Y/Y	103.6%	56.3%	(23.8%)	(30.1%)	(34.2%)	(1.4%)	(7.3%)	9.7%	0.1%	(0.5%)
Operating Days*	Days / '22	6 / 7	6 / 6	6 / 7	7 / 8	8 / 8	33 / 36	22 / 22	22 / 22	44 / 44	77 / 80
Weather Adj.**	Days / '22	6.0 / 4.1	6.0 / 5.1	5.8 / 7.0	6.2 / 7.8	6.3 / 6.8	30.3 / 30.9	20.6 / 21.6	21.4 / 19.5	42.0 / 41.1	72.3 / 71.9

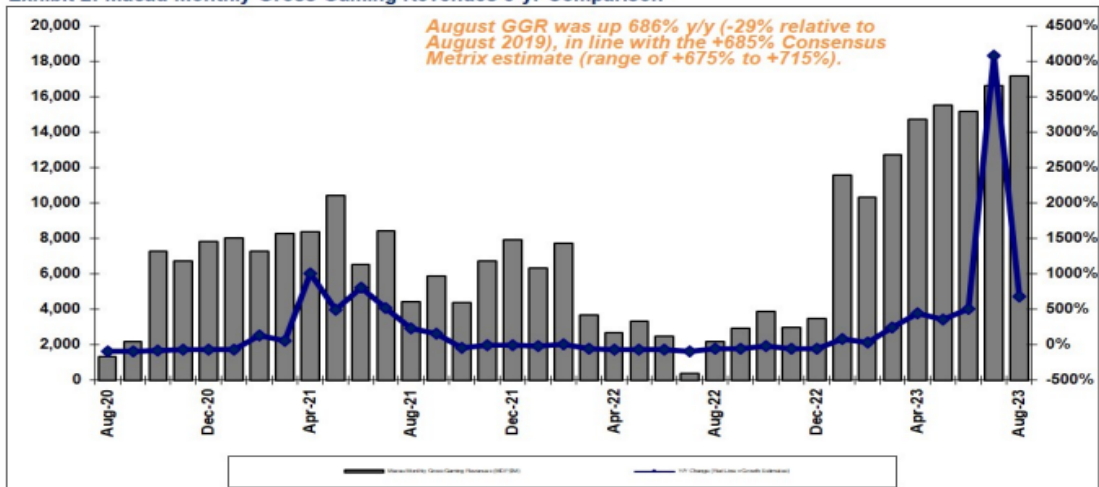
Source: Placer.ai, Company Websites, WeatherSource, and KeyBanc Capital Markets Inc.
 *Operating days reflects domestic parks
 **Weather Adj. days adjusts each operating day count based on the timing/level of precipitation

-On Friday, Macau reported August gross gaming revenues of 17.21B patacas, representing a 686% increase versus the prior year's 2.19B patacas/-51% comp. The monthly result came in essentially in-line with the +685% ConsensusMetrix consensus forecast (+675% to +715% range). August GGR was up 3% on a monthly sequential basis.

Stifel was out saying, “While August GGR came in line with current consensus, we would be more focused on the fact that August represented the first month that GGR were down less than 30% relative to 2019. What does this mean? **Given the mix shifts between mass, premium mass and VIP, we suspect August could end up being the most profitable month Macau has seen since the pandemic began.** The fact that August was down less than 30% relative to 2019 should give investors comfort that there should be upside to not only 2H23 GGR estimates, but we would expect positive Macau-centric company earnings revisions as well. We would caution investors though that September is probably going to witness a material sequential decline relative to August. With Typhoon Saola bearing down on China, it looks like the first weekend of September is going to be a non-event. While disappointing, **we would instead be focused on what October should look like given the pent-up demand around the all-important October Golden Week holiday.**”

Related tickers include: [Las Vegas Sands \(LVS\)](#), [Melco Resorts \(MLCO\)](#), [Wynn Resorts \(WYNN\)](#)

Exhibit 2: Macau Monthly Gross Gaming Revenues 3-yr Comparison



Source: DICJ, Stifel Estimates and Stifel Research

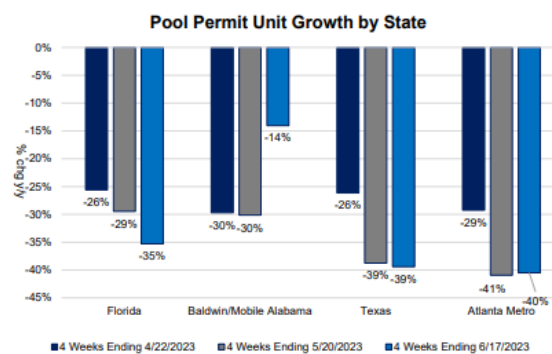
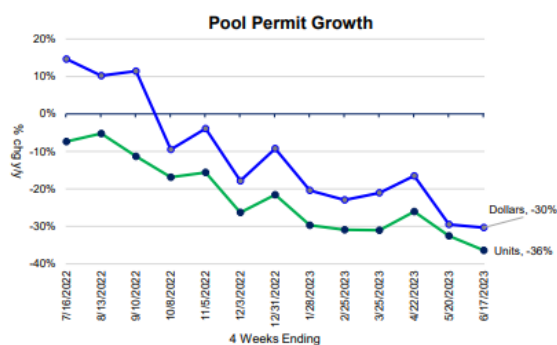
-HBW Weekly provides construction permit data for 93 counties in Alabama, Florida, Georgia, and Texas. Using this data, Stifel analyzes single-family residential pool permits and commercial pool permits (*new, additions, attachments*). They estimate these markets accounted for over 50% of new in-ground residential pool construction over the past three years and 28% of 2022 new single-family housing permits.

For the latest four weeks ended 6/17/2023, pool permits declined 36% on a unit basis, representing a deterioration following signs of improvement. Permit dollars declined 30%. “We believe the data reflects weaker underlying demand which drives our cautious outlook for 2023 residential inground pool construction (-30% units, -24% dollars) and incremental scrutiny for the category recovery’s amplitude.”

In addition, for the latest four weeks, \$80,000+ permits declined 23% against a 41% decline for all other permits. This validates recent industry commentary that the weakness is concentrated at the lower end of the category. For the latest 52 weeks, \$80,000+ permits accounted for 26% of total units versus 7.4% in 2020.

Related Tickers include: [Hayward Holdings \(HAYW\)](#), [Leslie’s \(LESL\)](#), [Pool Corp \(POOL\)](#), [Latham Group \(SWIM\)](#)

HBW 4 Week Pool Permit Data



-**American Outdoor Brands (AOUT)** will be reporting their earnings on Thursday, September 7th after the close. In a preview note, B. Riley would highlight that after launching the subscription app platform earlier this year to “gamify” the sport of fishing, they could start to hear some data points around downloads and subscription levels from management. With approximately 40M freshwater fishing participants, including nearly 30M bass anglers, even a relatively low percentage adoption of the fish scale and associated app could drive meaningful high-margin recurring revenue streams in the years ahead (*along with the potential to expand the platform to additional activities*).

-The Cannabis sector was back in the news last week. According to a letter to the Drug Enforcement Agency, **U.S. Assistant Secretary for Health Rachel Levine asked for cannabis to be rescheduled from a Schedule I drug to a Schedule III under the Controlled Substances Act**, citing a review from the Food and Drug Administration. The letter to the DEA comes after a GOP congressman recently reintroduced the Marijuana 1-to-3 Act, hoping to move marijuana into a less restricted classification of drugs under federal law.

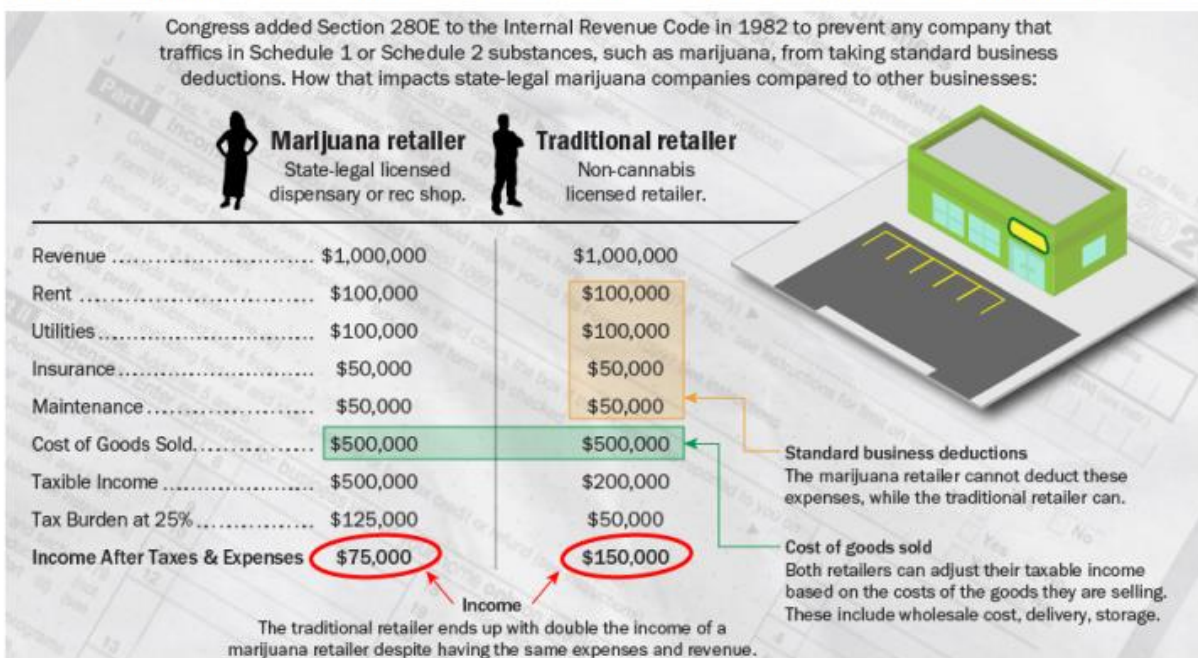
According to dea.gov, Schedule I drugs, substances, or chemicals are defined as drugs with no currently accepted medical use and a high potential for abuse. Some examples of Schedule I drugs are: heroin, lysergic acid diethylamide (LSD), marijuana, 3,4-methylenedioxymethamphetamine (ecstasy), methaqualone, and peyote.

What Happens Next? As BTIG wrote, the DEA analysis is the next step in the process, and their base case remains that it will recommend rescheduling cannabis. The step that follows will depend on the DEA's risk appetite, as it could either issue a final order or go through a months-long public rulemaking process.

"It is difficult to say much bad about this headline, but we have made three points when speaking to clients: (1) The DEA still has to undertake its own review; (2) There could still be frictions between state and federal laws, and (3) Descheduling would be far preferable to reschedule. With all that being said, this is a milestone event for the cannabis industry and our base case remains that rescheduling is the likeliest outcome."

Related ETF Tickers: [Amplify Growth Opportunities \(CNBS\)](#), [Pure US Cannabis ETF \(MSOS\)](#), [Global X Cannabis ETF \(POTX\)](#), [Pure Cannabis ETF \(YOLO\)](#)

Moving Cannabis to Schedule 3 Under the CSA Could Be A Tailwind for Cannabis Industry



Source: ProPublica, Marijuana Business Factbook, MJBizDaily, BTIG Research. CSA = Controlled Substances Act

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