

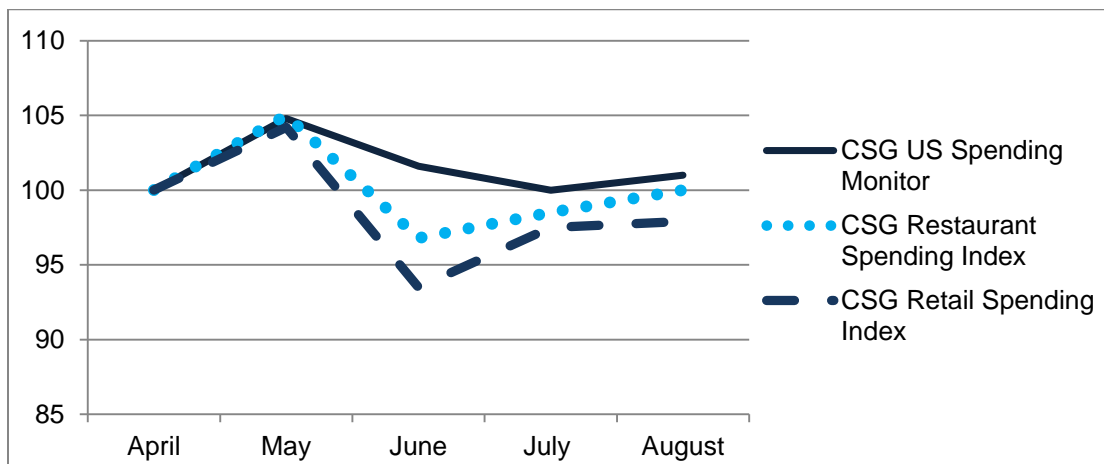


Consumer Spending Report (CSR)

September 2014

Chain Store Guide's Consumer Spending Report captures a unique view of consumer, retail, and foodservice spending intentions. The CSR includes the CSG US Spending Monitor, which tracks economic confidence and spending intentions of US consumers, the CSG Restaurant Spending Index, which measures consumer spending intentions for restaurant purchases, and the CSG Retail Spending Index that measures consumer retail and discretionary spending confidence. If you would like to subscribe to our monthly report please go to <http://newsroom.chainstoreguide.com/csr>.

Spending Monitor and Index Trends



The **CSG U.S. Spending Monitor** increased 1 point between July and August. This slight increase is shown in the rise in the percentage of people that believe the economy is staying the same: 28.9% in August, 24.4% in July, and 22.8% in June. More adults are also reporting that their personal finances are staying the same: 36.9% in August vs. 33.4% in July. While more adults believe their finances are beginning to stabilize, a combined 61.5% rate their personal finances as fair or poor.

The **CSG Restaurant Spending Index** increased 1.5 points between July and August. The percentage of adults that report going out to eat 3 or more times a week has increased from 2.4% to 4.2%. The amount of money people are expecting to spend per person has also increased. In July, 13.4% of adults expected their checks to be \$20-\$35, this percentage increased to 16.2% in August.

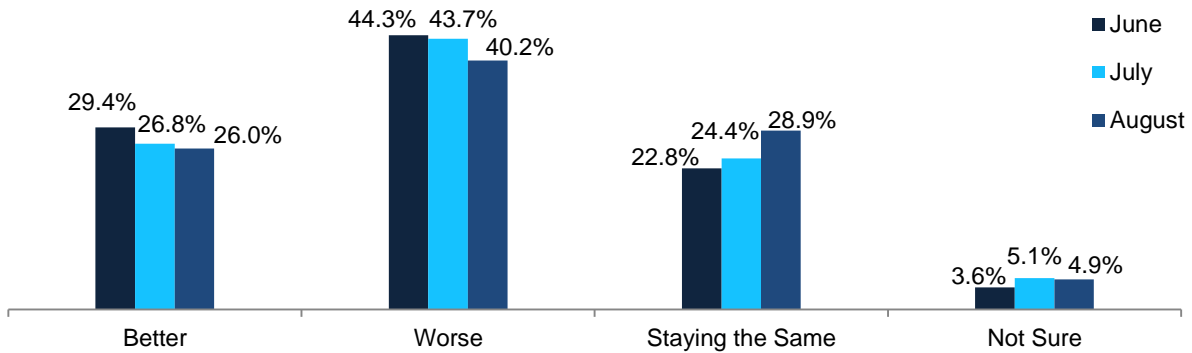
The **CSG Retail Spending Index** remained relatively stable, increasing by only 0.2 points between July and August. Retail spending has remained stable because adults are still preparing for fall and back-to-school shopping. The category which had the greatest percentage of adults reporting they would spend more was on clothing, footwear, and accessories (15.0%). In almost every category, around half of adults surveyed said they will spend the same on retail next month.



US Economy and Americans' Spending

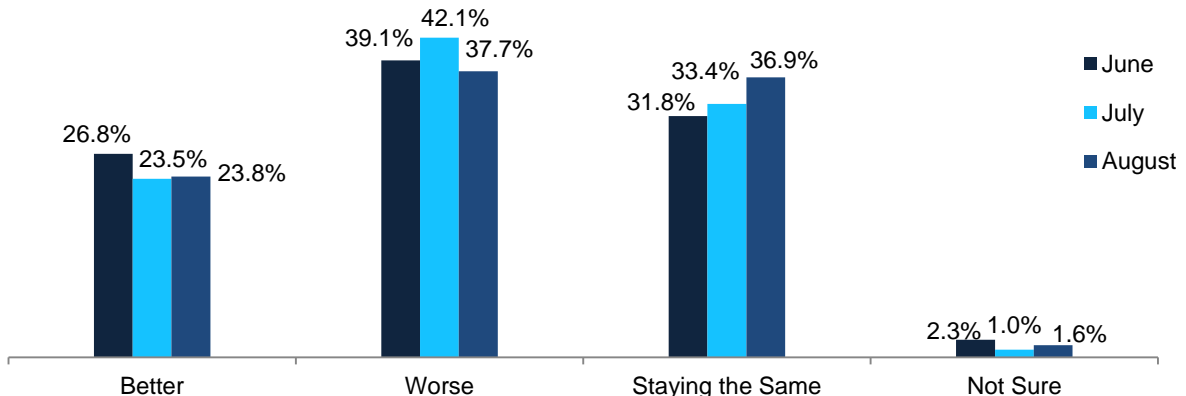
The **CSG US Spending Monitor** increased 1 point. One of the ways this slight increase can be seen is in the change in the amount of people that report the economy is staying the same: 28.9% in August, 24.4% in July, and 22.8% in June. The amount of people that believe the economy is fair compared to poor has also increased. In July 35.1% of adults surveyed rated the economy as fair, compared to 44.7% in August. Overall, 2.1% of adults surveyed rated the economy as excellent, 18.0% as good, 44.7% as fair, 33.7% as poor, and 1.5% weren't sure.

Are economic conditions in the country getting better or worse?



American adults' views regarding their personal finances have relatively stayed the same over the past month, with 29.7% rating their finances as good, 41.3% as fair, and 20.2% as poor. The greatest percentages of adults that believe their personal finances are poor were those with children (29.7); this is compared to 16.7% of adults without children believing the same. The percentage of adults that believe their personal finances are staying the same has increased from 33.4% to 36.9% in the past month. Adults between the ages 18-39 represent the largest group believing their personal finances are getting better (28.4%); this is compared to 22.8% of 40-64 year olds and 15.9% of those 65 and older.

Are your personal finances getting better, worse, or staying the same?

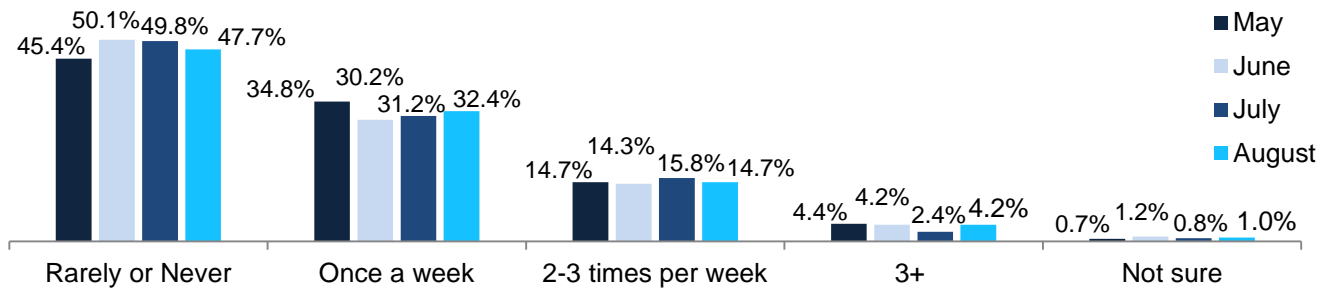




Restaurant Consumer Insights

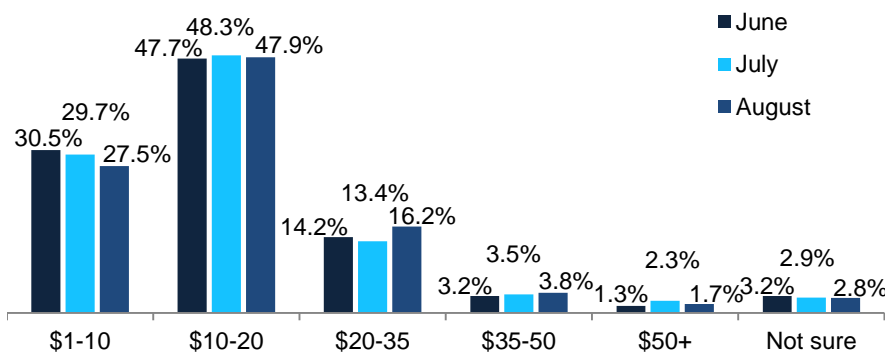
The **CSG Restaurant Spending Index** increased 1.5 points in July. One factor which affected the slight increase was the change in the amount of times adults are reporting going out to eat each each week. The number of adults that report going out to eat once a week increased from 31.2% to 32.4%, and the amount of adults that go out to eat 3 or more times per week increased from 2.4% to 4.2%.

In a typical week, how often do you go out to a restaurant for dinner?

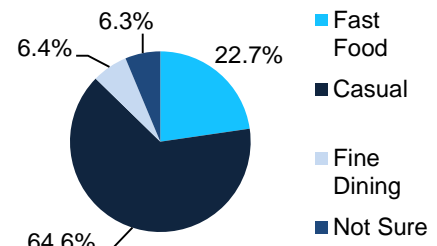


Another factor contributing to the rising index was an the increase in prices people are expecting to spend when going out to dinner. In July, 13.4% of adults expected their average check to be \$20-\$35; in August this percentage increased to 16.2%. This months Restaurant data reveals that a majority of adults still prefer to eat at causal dining (64.6%) and fast food (22.7%) restaurants.

What do you expect your average cost per person will be when you go out for dinner?



In general, what type of restaurant do you usually go to for dinner the majority of the time?



CSG Recession Busters

“While many fast causal chains took a hit after the 2008 recession, one sandwich chain refused to raise the white flag and continued its march with a brown bag and a red Sharpie in hand. Founded by Jeff Sinelli in 2003, **Which Wich** started with only one location in Dallas, TX. Which Wich has approximately 300 units in 37 states and eight international locations in Mexico, Panama, Guatemala, Qatar, Bahrain, Kuwait, Lebanon, and United Arab Emirates.

In an interview in 2009, Jeff insisted that Which Wich’s success is due to being priced right. By offering a custom sandwich, a bag of chips, a drink, and even a fresh-baked cookie for under \$10, Jeff believed that this value-priced formula will survive regardless of the economy, and he was right.

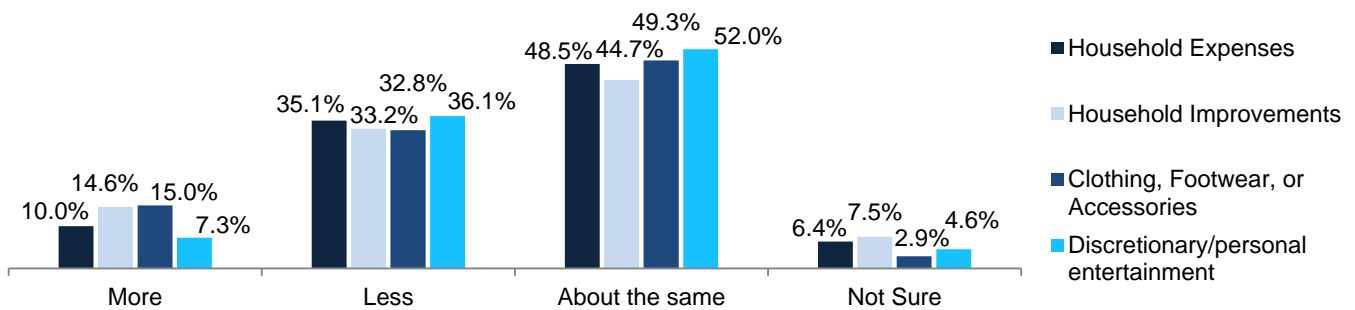
Which Wich has had an extraordinary growth spurt since its founding just 11 years ago primarily from franchising, and the company shows no sign of slowing down. During the recession years, the company achieved almost 450% growth in restaurant locations. The majority of the company’s growth has come from within – all of the company’s franchisees are multi-unit owners. As of May 2014, Which Wich projected 87 openings within the next fiscal year and continues to accept franchising opportunities worldwide.”
 -Loren McCollom (lmccol@chainstoreguide.com)



Retail Consumer Insights

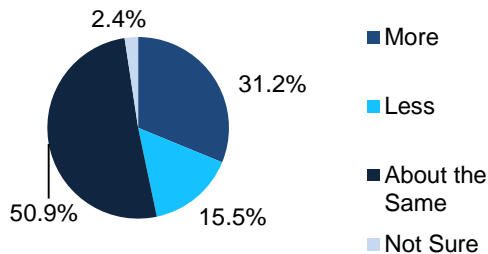
The **CSG Retail Spending Index** remained relatively stagnant with an increase of only 0.2 points. Almost half of all adults surveyed reported that they will spend about the same next month in each retail category. The area which had the greatest percentage of increase, where adults said they would spend more, was spending on clothing, footwear, or accessories, where there was an increase from 12.4% to 15.0%. While the overall percentage of adults that reported they would spend more on home improvements decreased (18.8% to 14.6%), 20.5% of those that make over \$100k said they will spend more on this area. Retail spending has continued to stay the same as adults are still getting ready for fall and back-to-school shopping.

In the next month, will you spend more, less, or about the same on....

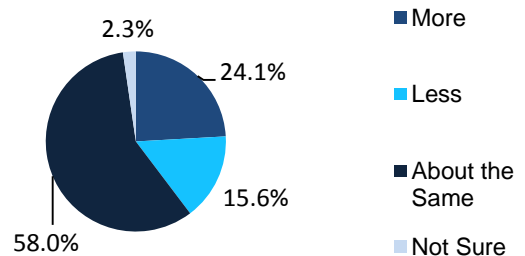


Another instance of the stagnant monitor is when adults were asked about their spending this month compared to last month; 50.9% stated that they spent about the same. A majority of adults, 58.0%, report that they will spend about the same next month as well.

Are you spending more, less or about the same as you spent last month?



Do you think you will spend more, less or about the same next month?



Prestige Properties Gives Us One More Reason to Visit New York City

"New York City is undoubtedly one of America's top destinations for shopping and on August 14 there will be one more incentive for Americans to spend their money. For the first time in 40 years, New York City will open an enclosed mall at 200 Baychester Ave, Bronx, NY 10475. Going along with America's motto of bigger is better, The Mall at Bay Plaza is 780,000 square feet and boasts of having more than 100 stores and restaurants, a movie theatre, food court, health club, and over 2,400 indoor parking spots. The new three-story mall will have typical stores such as Forever 21, Ulta, Macy's, Gap, and Old Navy and restaurants such as Red Robin, Olive Garden, and Cinnabon.

In the past, other mall outlets like Pier 17 and Albee Square Mall haven't had successful results, but CEO and Chairman at Prestige Properties, Sam Shalem, has an optimistic attitude on the future success of this mall. Let's hope for the sake of the \$300 million it cost to develop and the 1,700 permanent jobs it has created that he is right. The mall is located in a seemingly perfect location; it is in between two major highways, will have around 230 busses making stops daily, has very little competition in the immediate surrounding area, and there are approximately 1.4 million people within a 10-mile radius."

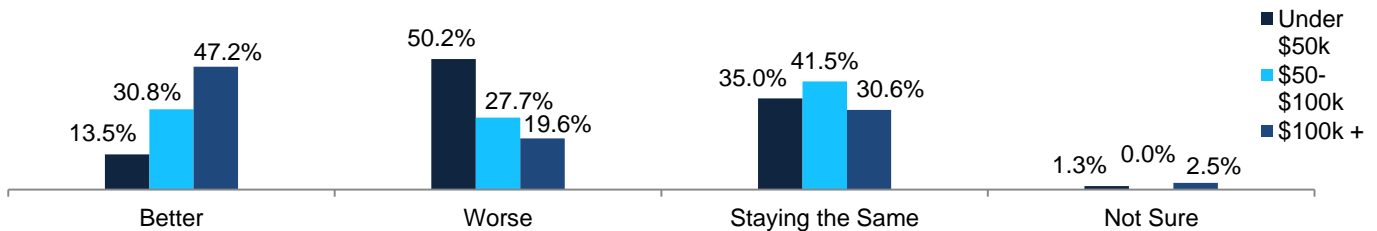
-Rebecca Ewing (rewing@chainstoreguide.com)



Spending Among Income Levels

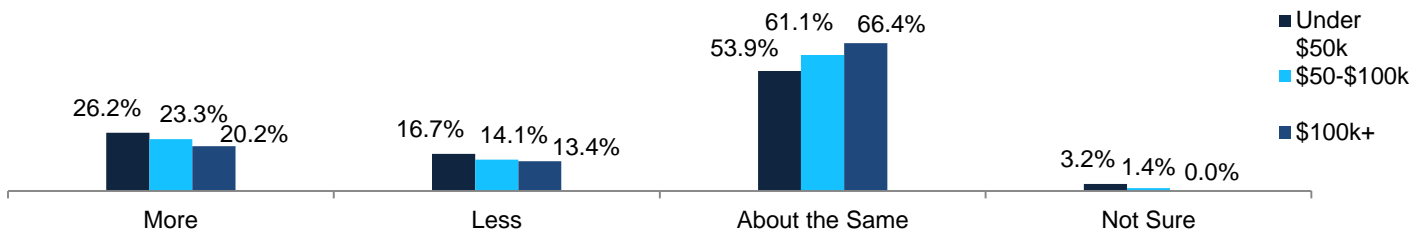
While it is not surprising that a combined 79.7% of those that make less than \$50k report their personal finances as fair or poor, it is surprising that a greater percentage of adults in this income level report spending more than adults in other income levels. When asked if they believe their personal finances are getting better or worse, 50.2% of those that make less than \$50k answered worse compared to 27.7% of those that make \$50-\$100k, and 19.6% of those that make \$100k and above.

Are your personal finances getting better these days, or worse?



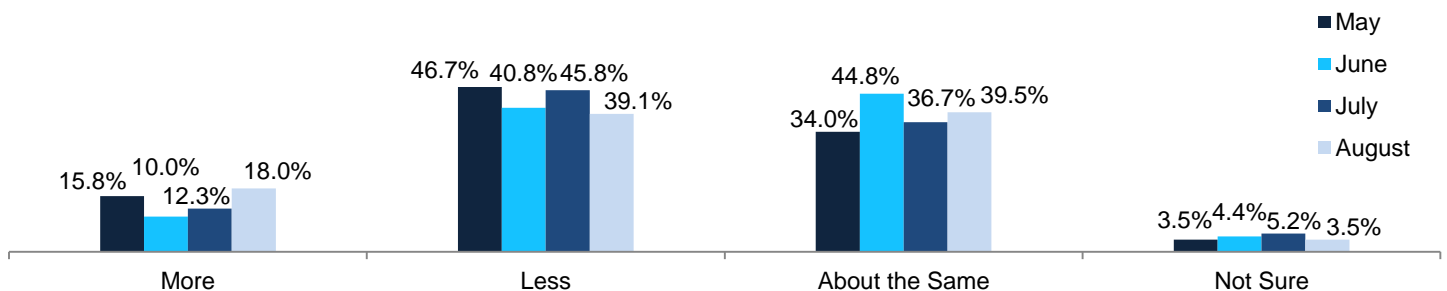
When asked about their spending compared to last month, 32.7% of those that make less than \$50k answered that that they spent more; this is compared to 28.1% of those that make \$50-\$100k, and 31.8% of those that make over \$100k. When asked how they will spend next month, 26.2% of those that make less than \$50k reported more, compared to 23.3% of those that make \$50-\$100k, and 20.2% of those that make over \$100k. While this does not necessarily mean that those that make less than \$50k will spend more money, it shows that their intention is to shop more next month than other income levels.

Do you think you will spend more, less or about the same next month?



Of the adults that make less than \$50k, the greatest percentage report they will spend more on clothing, footwear, and accessories (18.0%); this is compared to 13.8% on household improvements, 8.1% on discretionary/personal entertainment expenses, and 10.7% on household expenses. The fluctuations in retail spending and the effects of back-to-school shopping among this income level can be seen when comparing spending intentions on clothing, footwear, and accessories, over the past 4 months.

In the next month, do you think you will spend more, less or about the same on clothing, footwear, or accessories? (Those that make under \$50k)





About Chain Store Guide

For 80 years, Chain Store Guide (CSG) has been the leading provider of comprehensive and definitive retail and foodservice intelligence to businesses around the world.

Chain Store Guide details all major retailers, restaurants, distributors and wholesalers in the United States and Canada with contact information on over 700,000 establishments.

Chain Store Guide provides data in print directory, online web application and customized database formats. Chain Store Guide data is used by manufacturers, suppliers, service providers, brokers, real estate professionals, retailers, analysts, consultants and other professionals seeking to gain insight into retail and foodservice markets in the U.S. and Canada. Since 1934, Chain Store Guide has been the leading data source for in-depth information on retailers, restaurants, and foodservice operations.

The CSG US Spending Monitor, Retail Spending Index, and Restaurant Spending Index are monthly indexes of consumer spending intentions and capacity based on interviews with a random sample of 1,500 U.S. adults. In addition to spending, the survey asks consumers their opinions on the U.S. economy and their personal finances, retail and other discretionary spending. Surveys are conducted by Rasmussen Reports, an independent survey research firm (www.rasmussenreports.com).

The CSR is a summary analysis of our data, if you would like a more detailed analysis, have any questions, or would like to quote any of the information from this report, please contact Rebecca Ewing at rewing@chainstoreguide.com.