

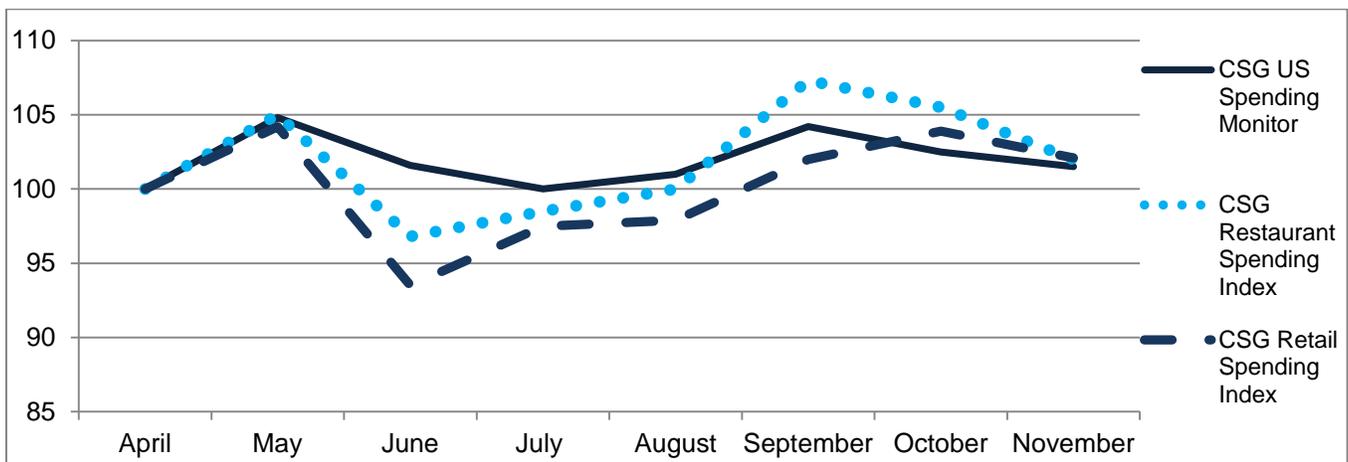


Consumer Spending Report (CSR)

December 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** decreased 1 point between October and November. This month while there was an increase in the amount of adults that rated the economy as excellent, from 4.6% to 6.2%, there was also an increase in the amount of adults that rated the economy as poor, from 34.4% to 35.6%. Also, a majority of Americans, 40.1%, still believe the economy is getting worse. Over half of adults surveyed rated their personal finances as fair or poor (60.0%) and almost a third answered good (28.5%). A greater percentage of males to females believe their personal finances are getting better with 29.2% of males saying they believe their personal finances are getting better and 23.8% of females answering the same.

The **CSG Restaurant Spending Index** decreased 3.5 points between October and November. Nearly half of adults surveyed, 50.1%, reported going out to dinner less than one time during a typical week, compared to 44.9% last month. Frequently visited restaurant concepts, fast food and fine dining, increased among the adults surveyed to 26.9% and 6.4%, respectively. Casual dining restaurants were visited less, 60.4% of adults, than compared to the 64.6% of adults in the month prior.

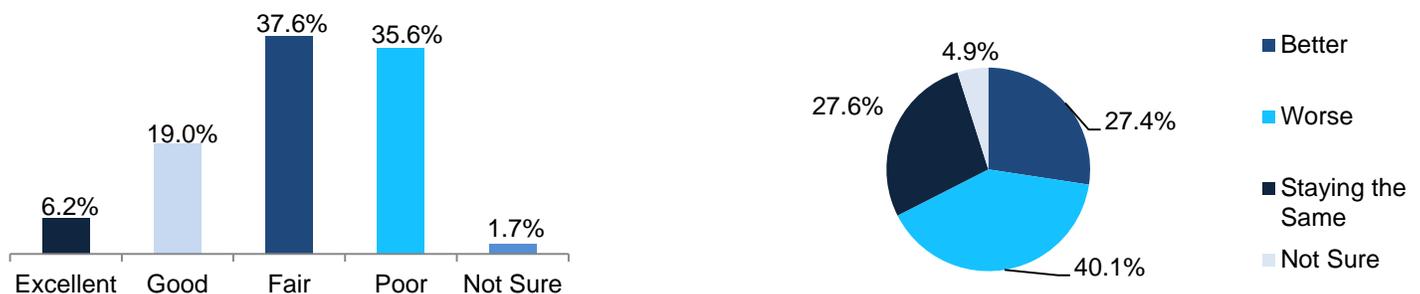
The **CSG Retail Spending Index** decreased 1.8 points between October and November. While the percentage of adults that reported they would spend more this month than last slightly increased, a greater percentage said they would spend less or about the same. Almost half of adults surveyed, 47.9%, reported that they spent about the same this month as last month and 17.0% reported they spent less. Now that the holiday season has officially begun, it is expected that the index and spending will increase next month. Of those surveyed, 37.7% report that they expect to spend more next month, 14.3% answered less, 45.4% answered they will spend about the same, and 2.6% answered that they are not sure.



US Economy and Americans' Spending

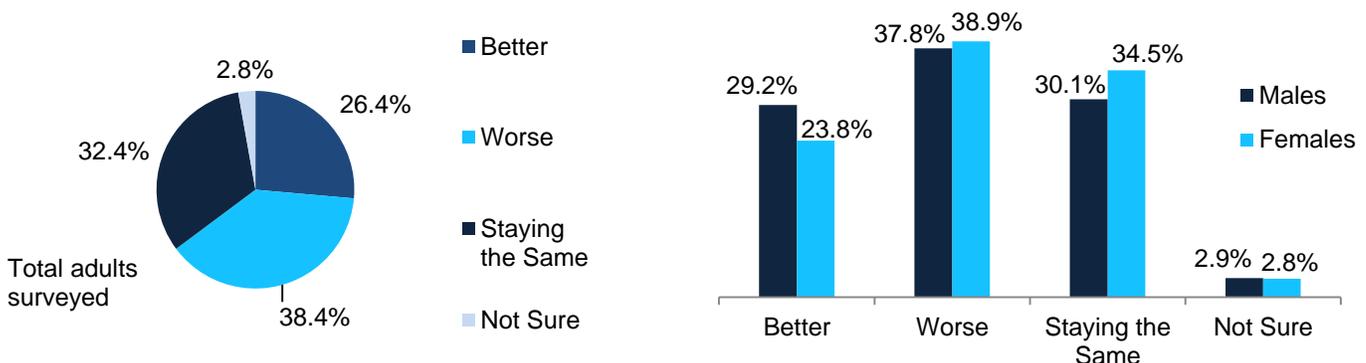
The **CSG U.S. Spending Monitor** decreased 1 point. The index remained stagnant this month as consumer confidence remained about the same as October. November saw an increase in the amount of adults that rated the economy as excellent, from 4.6% to 6.2%, but it also saw an increase in the amount of adults that rate the economy as poor, from 34.4% to 35.6%. While the percentage of those that believe the economy is excellent increased, a majority of Americans still believe the economy is getting worse. When asked, 'Are economic conditions in the country getting better or worse?' 27.4% answered better, 40.1% answered worse, 27.6% answered that it was staying the same, and 4.9% weren't sure.

Generally speaking, how would you rate the U.S. economy these days?



Over half of adults surveyed rated their personal finances as fair or poor (60.0%) and almost a third answered good (28.5%). Males answered more positively on their personal finances with 12.3% answering excellent, 29.9% answering good, 35.5% answering fair, 20.6% answering poor, and 1.7% answered they weren't sure. Of those surveyed that were female, 8.4% answered excellent, 27.2% answered good, 39.5% answered fair, 24.3% answered poor, and 0.6% answered not sure. A greater percentage of males to females also believe their personal finances are getting better with 29.2% of males saying they believe their personal finances are getting better and 23.8% of females answering the same. Of all adults surveyed, 26.4% believe their finances are getting better, 38.4% believe it is getting worse, 32.4% believe it is staying the same, and 2.8% weren't sure. Now that the holiday season has begun, more adults are reporting that they will have added expenses or a shortfall in income in the next 30 days. Last month, 32.8% answered they would have added expenses or a shortfall in income compared to 38.5% this month that answered the same.

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

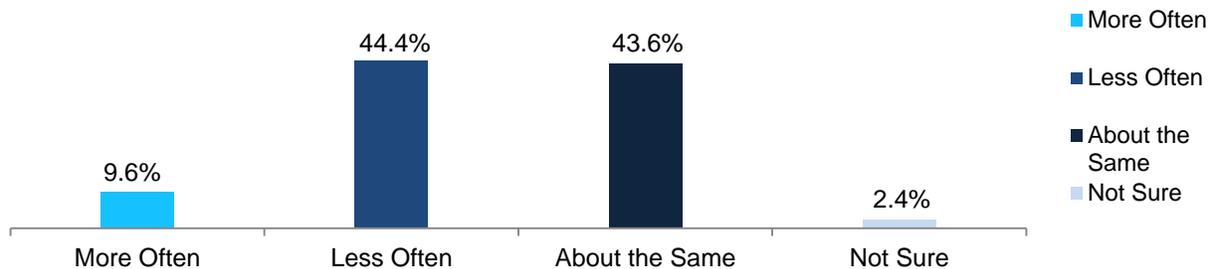




Restaurant Consumer Insights

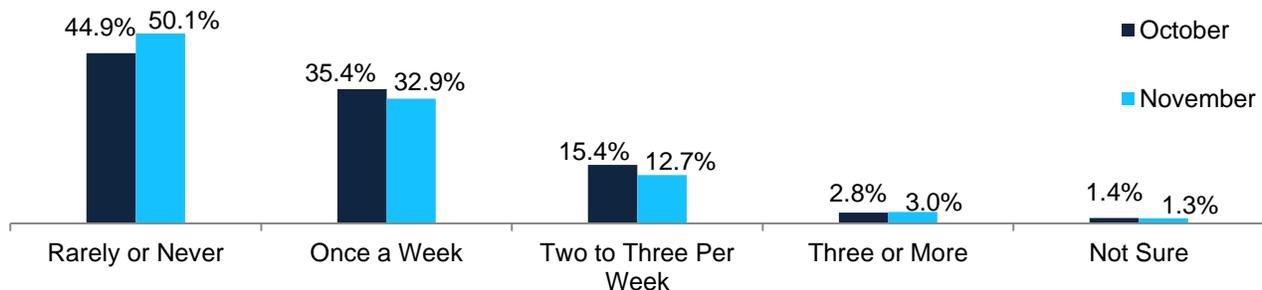
The **CSG Restaurant Spending Index** decreased 3.5 points. This month, 44.4% of adults reported going out to eat less often than six months ago. Only 9.6% of the adults surveyed stated they went out to eat more often while 43.6% reported going out to eat about the same. These results are not surprising since the holiday season is in full gear.

Compared to 6 months ago, are you going out to eat more often or less often?



Complementing the decrease in CSG's Restaurant Spending Index, adults surveyed who rarely or never go out to eat for dinner in a typical week was 50.1% compared to 44.9% the previous month. Those who went out to dinner once a week surveyed at 32.9%, 12.7% for restaurant visits at 2-3 times a week, and 3.0% for more than 3 times a week. Last month, adults surveyed at 35.4% going out to dinner once a week, 15.4% for 2-3 times a week dinners, and 2.8% for more than 3 times a week.

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



CSG Recession Buster

"A mixture of innovation, trial and error, and a touch of hunger fueled two creative minds behind the largest popcorn retailer in the world. Originally founded in a small Manhattan apartment kitchen, Robert and Renee Israel brought their whole-grain GMO-free kernels to Boulder, CO, and created Doc Popcorn in 2003.

The healthier, all-natural flavored popcorn company remained small by operating only two company owned stores until the start of the recession, but no one could have guessed what the company would do next. Amidst the faltering economy and numerous retail closings, Doc Popcorn launched its franchising program in 2009 and experienced record-setting growth. By 2010, the company had 12 units in full operation, all of which were franchised, showing no signs of stopping its expansion. With an average of one new location opening a week, Doc Popcorn nearly doubled the company's location count in 2011, 2012, and 2013 with 22, 43, and 85 units respectively. As of October 2014, there were nearly 100 units spanning 28 states, District of Columbia, and Puerto Rico. Doc Popcorn can also be found in Mexico, and just this year, the company celebrated its first location in Tokyo, Japan.

Now, how did Doc Popcorn grow 2,933.3% in locations since 2009 into a worldwide leader in the multi-billion dollar snack industry? It's simple. No, really, the concept is a simple idea resulting in a convenient and lucrative franchise. Doc Popcorn offers three types of businesses: "PopKiosk," "PopShops," and a self-containing mobile "poperating" unit known as the "PopCart" and two other mobile units under development – "PopTrailer" and "PopTruck." Doc Popcorn's wide variety of distinctive flavors (Cheesy Cheddar to Hoppin' Jalapeno to Sinfully Cinnamon) can be sold wherever the people are and the company is most definitely planning on it."

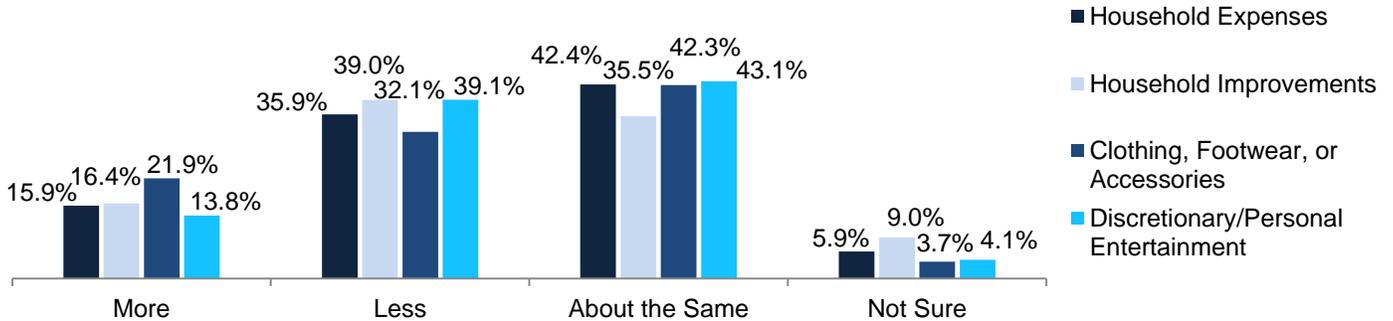
-Loren McCollom (lmcoll@chainstoreguide.com)



Retail Consumer Insights

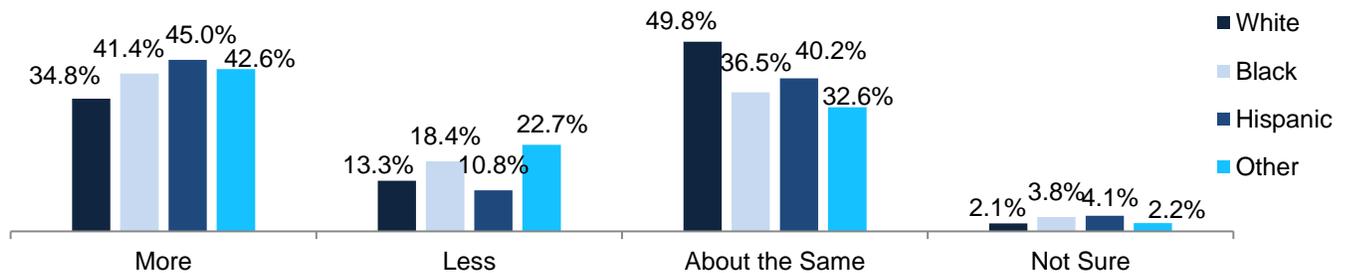
The **CSG Retail Spending Index** decreased 1.8 points. While the percentage of adults that reported they would spend more this month than last slightly increased, a greater percentage said they would spend less or about the same. This month, the area of spending that had the greatest percentage of adults that said they would spend more on was clothing, footwear, or accessories with 21.9%.

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



Almost half of adults surveyed, 47.9%, reported that they spent about the same this month as last month and 17.0% reported they spent less. Now that the holiday season has officially begun, it is expected that the index and spending will increase next month. Of those surveyed, 37.7% report that they expect to spend more next month, 14.3% answered less, 45.4% answered they will spend about the same, and 2.6% answered that they are not sure. Those that identified themselves as Hispanic had the highest percentage that said they would spend more with 45.0%, followed by those that identified themselves as Other with 42.6%, those identified as Black with 41.4%, and 34.8% of those identified as White.

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



Rue 21 and Higher

"Rue 21, an apparel specialty retailer for teens and young adults, has launched a new junior's plus-size division called Rue+. The top company said its customers have been asking for more plus-size clothing and footwear. The new product offering for teen girls will be available at Rue21.com and in select stores nationwide.

Rue+ sizes will range from 14-24 for bottoms and 1X-3X for tops. Footwear sizes now include wide width options. Prices start at \$9.99 for an assortment that includes apparel, outerwear, accessories and footwear. The company is offering free shipping on Rue+ merchandise on Rue21.com for a limited time. To promote its plus size launch, Rue 21 is using social media by hosting an Instagram contest for a chance to win a Rue+ shopping spree.

Rue 21 started the year 2008 with less than 500 stores. The retailer opened more than 100 stores each year since going public in 2009. Currently, the company operates 1,100 stores. The top teen retailer anticipates growing to more than 1,700 stores in the continental United States in the near future. Although Rue 21's financials are now private, new store openings are listed on the company's website for all to see.

While other competitors were struggling, Rue 21 continued to thrive. From 2007 to now, the company saw a 132% growth rate in store count and a 234% growth rate in annual sales. Ending the last fiscal year with \$992 million in sales, I am confident the fast growing company will hit the \$1 billion mark soon. Rue 21 and its merchandise continues to grow."

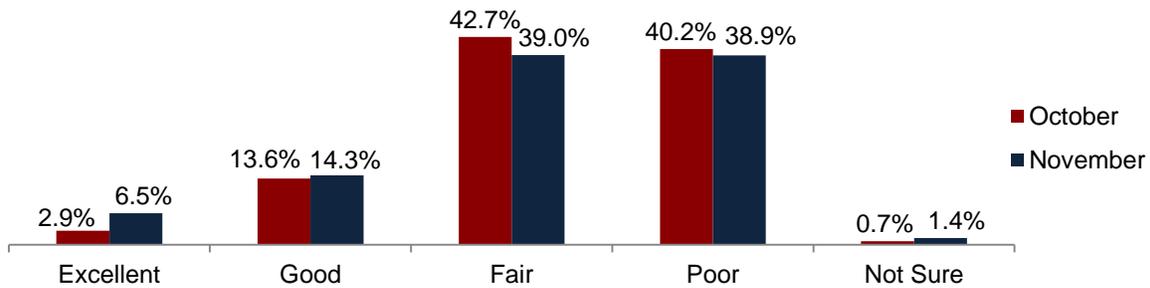
-Natasha Perry (nperry@chainstoreguide.com)



Republicans Vs. Democrats

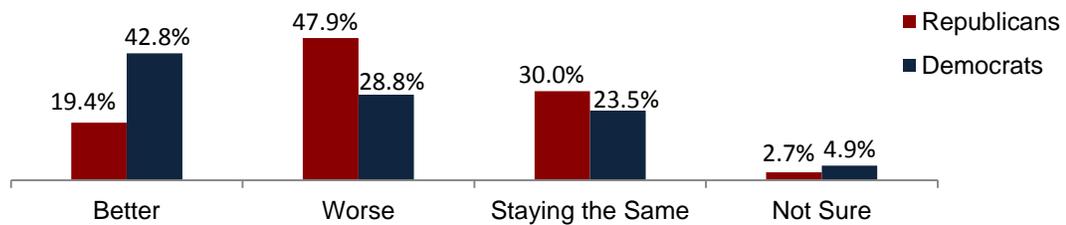
With the elections over and the Republicans gaining a majority of seats, it is no surprise that the adults surveyed identifying themselves as Republican had a more positive outlook on the economy this month compared to last. When asked to rate the economy, 6.5% of Republicans answered excellent, 14.3% answered good, 39.0% answered fair, 38.9% answered poor, and 1.4% weren't sure. This is contrasted to last month as only 2.9% answered excellent, 13.6% answered good, 42.7% answered fair, 40.3% answered poor, and 0.7% weren't sure.

Generally speaking, how would you rate the U.S. economy these days?



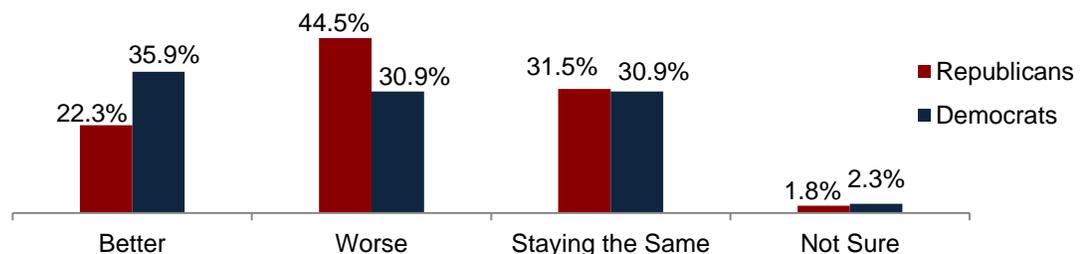
A greater percentage of Republicans also believe the economy is getting better. Last month 14.4% of Republicans believed the economy is getting better; this month 19.4% answered the same. There was the opposite effect with Democrats. Last month, 44.7% believed the economy was getting better and this month 42.8% answered the same.

Are economic conditions in the country getting better or worse?



As Republican's opinions of the economy are slowly increasing, so are their views on their personal finances. In October, 16.9% stated they believe their personal finances are getting better, compared to 22.3% this month. Democrats surveyed also displayed a slight increase in the belief their personal finances were getting better with 32.3% in October and 35.9% in November.

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





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.