

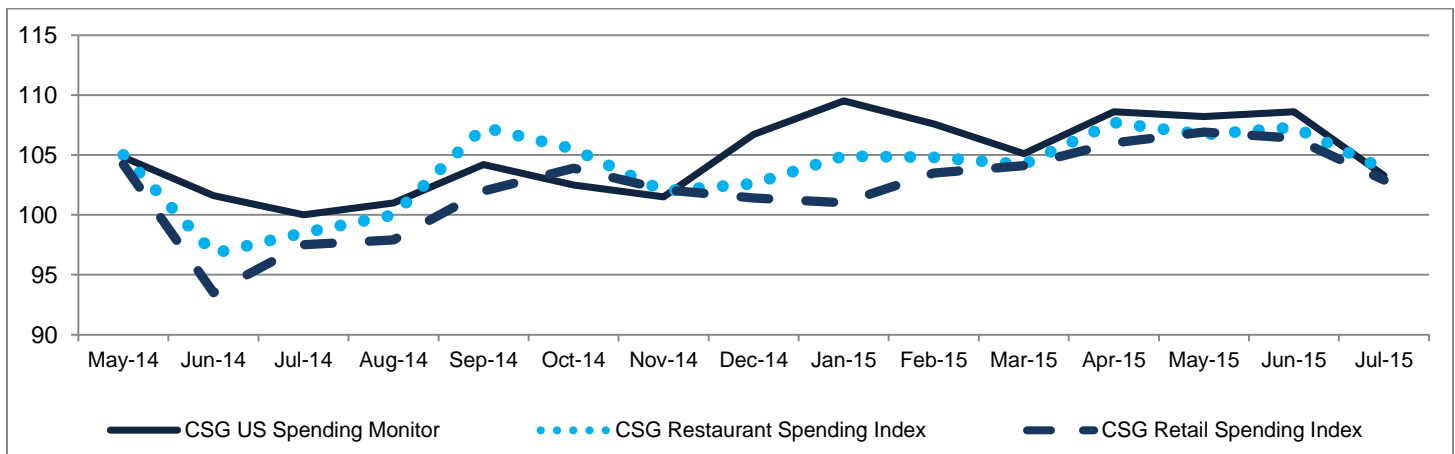


Consumer Spending Report (CSR)

August 2015

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 Index** decreased 5.3 points. This is the lowest consumer confidence index since last November, when the index was at 101.5. A majority of adults surveyed, 70.8%, say they believe the economy is fair or poor and 41.4% say they believe it is getting worse. While adults perception of their finances remained relatively stagnant, (41.0% answered excellent or good, 57.7% answered fair or poor, and 1.3% answered not sure), a greater percentage this month believe that their personal finances are getting worse. With back to school season quickly approaching, it is no surprise that adults with children had the greatest change in the percentage that saw their finances as getting worse.

The **CSG Restaurant Spending Index** decreased 3.5 points between June and July. Compared to six months ago, a majority of the adults surveyed are going out to eat less often or about the same. Breaking it down further, 39.3% of Hispanic adults surveyed are dining out less often compared to 38.6% of White and 36.9% of Black adults. When surveyed about how often adults ventured out to restaurants for dinner in a given week, Hispanic adults led both groups for dining out 2-3 times a week and 3+ times a week at 35.1% and 4.5%, respectively. A good majority of the adults – 48.7% Black, 45.1% White, 43.7% Other, and 24.7% Hispanic – surveyed at going out to eat rarely or never.

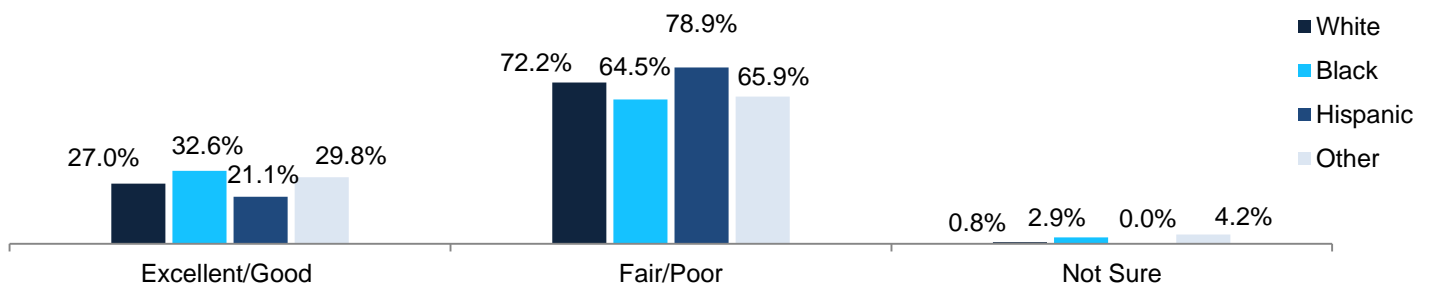
The **CSG Retail Spending Index** decreased 3.5 points; this is the lowest the index has been since January when it was 101.0. The change in the percentage of adults that say they will spend more on household improvements is an example of the decreasing index. Household improvements still has the largest percentage of adults that say they will spend more this month with 19.8%, but this percentage was 22.9% last month. While spending in household improvements and discretionary spending has gone down, expected spending on clothing, footwear, or accessories, and household expenses has gone up. The monitor is expected to stay relatively the same next month as almost half of adults surveyed reported spending about the same as last months and over half expect to spend the same next month.



US Economy and Americans' Spending

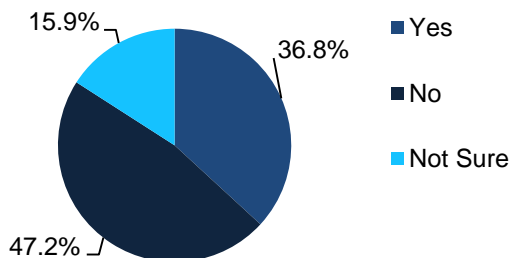
The **CSG U.S. Spending Monitor** decreased 5.3 points. This is the lowest consumer confidence since last November, when the index was at 101.5. A majority of adults surveyed, 70.8%, say they believe the economy is fair or poor, and 41.4% say they believe it is getting worse. Those that identified themselves as Black had the greatest change in the percentage that rated the economy as excellent. In June, 17.8% answered excellent and in July only 7.9% answered the same. While they had the greatest change compared to all the demographics, they still have the largest combined percentage that believe the economy is excellent or good, 32.6%, compared to 27.0% of those that identified themselves as White, 21.1% that identified themselves as Hispanic, and 29.8% that chose Other. Those that identified themselves as White had the greatest percentage that say they believe the economy is getting worse, 47.0%, compared to 28.3% of those that identified themselves as Black, 26.3% that identified themselves as Hispanic, and 31.8% that chose Other.

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

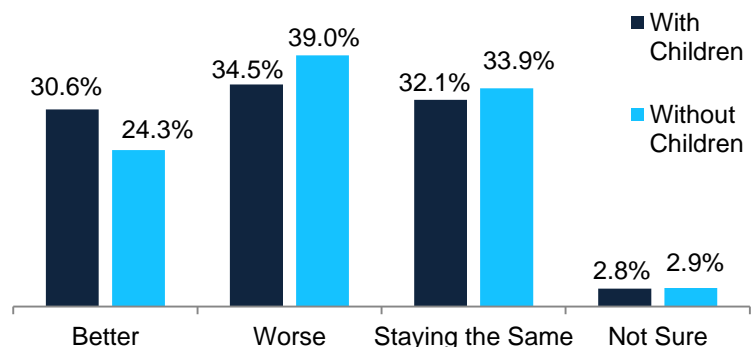


While adults perception of their finances remained relatively stagnant, (41.0% answered excellent or good, 57.7% answered fair or poor, and 1.3% answered not sure), a greater percentage this month believe that their personal finances are getting worse. With back to school season quickly approaching, it is no surprise that adults with children had the greatest change in the percentage that saw their finances as getting worse. In June, 41.4% of adults with children rated their finances as getting better and 26.4% as worse; in July the percentage that rated their personal finances as better was just 30.6% and 34.5% as worse. While they may not be preparing for their childrens back to school shopping, adults surveyed without children had a majority that reported that they expect their personal finances to get worse with 39.0% and only 24.3% believe their finances are getting better. A majority of adults, 47.2%, report that they don't expect added expenses or a shortfall in income in the next 30 days, 36.8% believe they they will.

Over the next 30 days, do you anticipate any added expenses or a shortfall in income that would cause you to cut back on your current lifestyle or spending habits?



How would you rate your own personal finances these days?

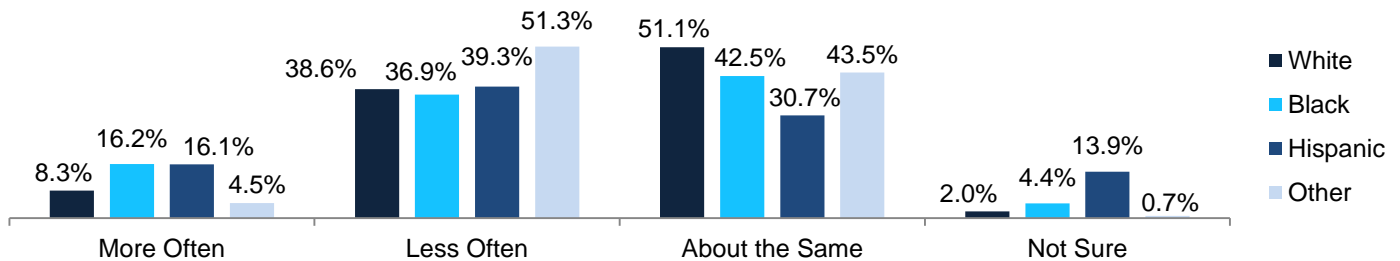




Restaurant Consumer Insights

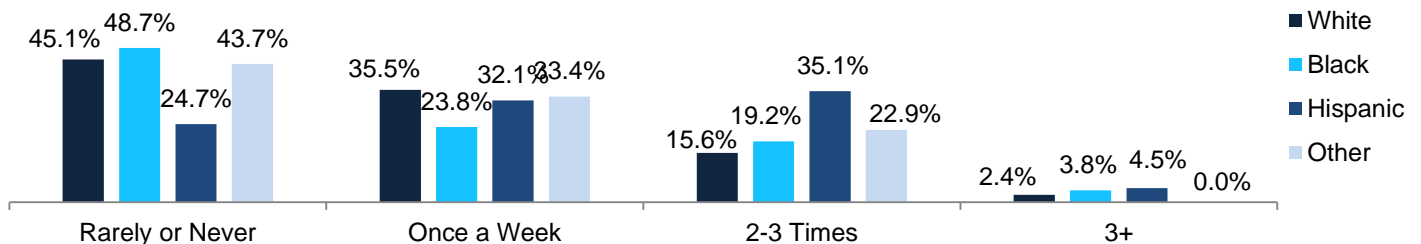
The **CSG Restaurant Spending Index** decreased 3.5 points between June and July. Compared to six months ago, a majority of the adults surveyed are going out to eat less often (39.6%) or about the same (47.7%). Breaking it down further, 39.3% of Hispanic adults surveyed are dining out less often compared to 38.6% of White and 36.9% of Black adults. Of the adults who surveyed are dining out about the same, 51.1% were White adults, 43.5% were adults categorized as Other, 42.5% were Black adults, and 30.7% were Hispanic adults. Only a small percentage of adults – 16.2% Black, 16.1% Hispanic, 8.3% White, and 4.5% Other – surveyed dining out more often compared to six months ago.

Compared to six months ago, are you going out to eat more often/less often?



When surveyed about how often adults ventured out to restaurants for dinner in a given week, Hispanic adults led both groups for dining out 2-3 times a week and 3+ times a week at 35.1% and 4.5%, respectively, compared to 19.2% and 3.8% of Black adults, 15.6% and 2.4% of White adults, and 22.9% of the adults who surveyed as Other. A good majority of the adults – 48.7% Black, 45.1% White, 43.7% Other, and 24.7% Hispanic – reported going out to eat rarely or never. For those who surveyed at dining out on average once a week, 35.5% were White adults, 33.4% were adults categorized as Other, 32.1% were Hispanic adults, and 23.8% were Black adults.

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



The Sampler Effect

As fast casual restaurants continue to take over the foodservice industry, casual dining concepts are considering new ways to get consumers into their establishments by focusing on the first course – the appetizer. Out of all the sections on a restaurant’s menu, an appetizer can make or break the first impression with a customer, which sets a precedent for the rest of the meal. If the appetizer is affordable, shareable, and most importantly enjoyable, then the job of the appetizer is done.

Appealing to all three, Kansas City, MO-based Applebee’s is putting its food where your taste buds live and is hosting a nationwide sampling event for its “Taste The Change” promotion at almost all of its approximately 2,000 locations. The appeal to enhancing the appetizer section on Applebee’s menu follows the tapas-like trend where consumers are opting for smaller, shareable portions instead of investing in one major meal. Other casual dining locations try to compete by hosting single appetizer specials like “Bang Wednesdays” where Bonefish’s famous Bang Bang Shrimp appetizer is only \$6 at any of the company’s 200+ locations. Also on Wednesdays, Tampa, FL-based Square 1 Burgers & Bar serves a giant stack of its house made, double dipped onion ring appetizer for only \$3 at its nine locations.

In due time, other casual dining restaurants will vamp up the appetizer selection and more than likely follow Applebee’s sampler event to bring in and satisfy hungry consumers of all ages.

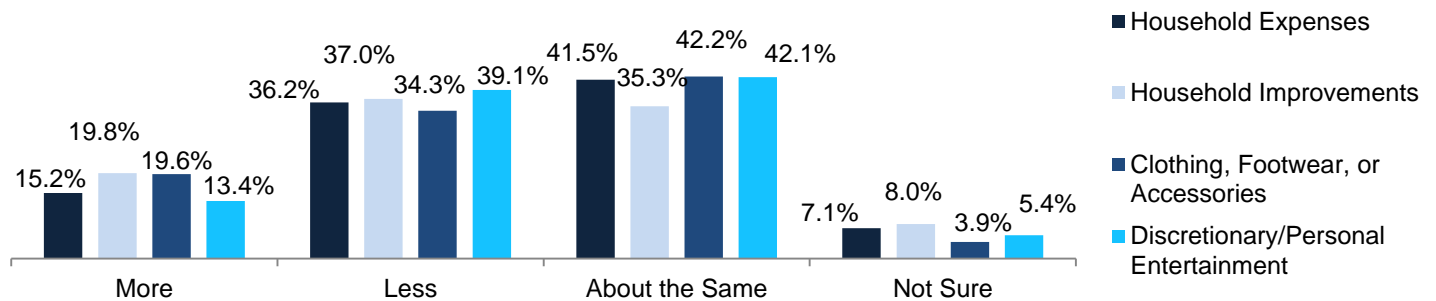
- Loren McCollom (lmccol@chainstoreguide.com)



Retail Consumer Insights

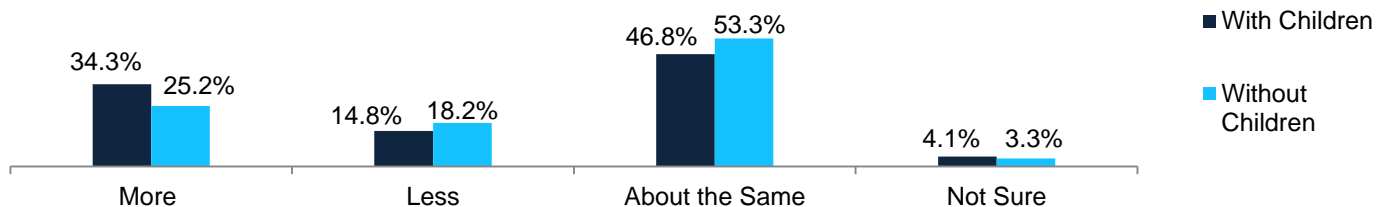
The **CSG Retail Spending Index** decreased 3.5 points; this is the lowest the index has been since January when it was 101.0. The change in the percentage of adults that say they will spend more on household improvements is an example of the decreasing index. Household improvements still has the largest percentage of adults that say they will spend more this month with 19.8%, but this percentage was 22.9% last month. While spending in household improvements and discretionary spending has gone down, expected spending on clothing, footwear, or accessories, and household expenses has gone up. This increase in expected spending is no surprise as back-to-school shopping and end-of-summer sales are about to begin.

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



The monitor is expected to stay relatively the same next month as almost half of adults surveyed reported spending about the same as last month and over half expect to spend the same next month. Adults with children had an overwhelming majority that reported spending more last month and that expect to spend more next month compared to adults without children. When asked about last month's spending 40.6% of adults with children reported spending more, compared to 27.1% without kids. When asked about next month's spending, 34.3% of adults with children said they would spend more compared to 25.2% without children.

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



Lululemon Has Some New Competition

Kate Hudson is giving women another reason to want to workout. Launched in 2013, her clothing line, Fabletics, is a member of the e-commerce family owned by JustFab Inc., which includes the platforms JustFab and fabkids. As of now, all of her clothing is sold online and includes pieces such as yoga pants, tank tops, shorts, and limited men's apparel. From a consumer standpoint, the clothes are extremely stylish and trendy; similar to Lululemon, but often cheaper than Target.

Because it has proven to be such a success Fabletics is moving offline and into five of General Growth Properties (GGP) malls as soon as this fall. The malls include: Bridgewater Commons (Bridgewater, NJ), Christina Mall (Wilmington, DE), Kenwood Towne Center (Cincinnati, OH), The Mall in Columbia (Columbia, MD), and Saint Louis Galleria (St. Louis, MO). The first two stores to open will be on September 3rd in The Mall in Columbia and Bridgewater Commons. The last three will open in October.

In store amenities will include mobile points of sale, free shipping from warehouses for out-of-stock items, in-store fitting appointments, buy online and pick-up in store, and a virtual shopping cart to help customers complete their shopping online after their in-store visit. Alan Barocas, Sr. Exec VP of Leasing, GGP stated, "More and more, we are seeing pure-play retailers like Fabletics see the value of adding physical locations to enhance sales and brand visibility. In fact, 90 percent of all U.S. retail sales occur at physical stores, and when a pure-play retailer opens a physical store, they see online sales increase three to five times in the same trade area."

-Rebecca Ewing (rewing@chainstoreguide.com)



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.

Rebecca Ewing

Market Research Editor
813-627-6913

Loren McCollom

Market Research Editor
813 627-6956

Brian List

Sr. Market Research Manager
813 627-6943