

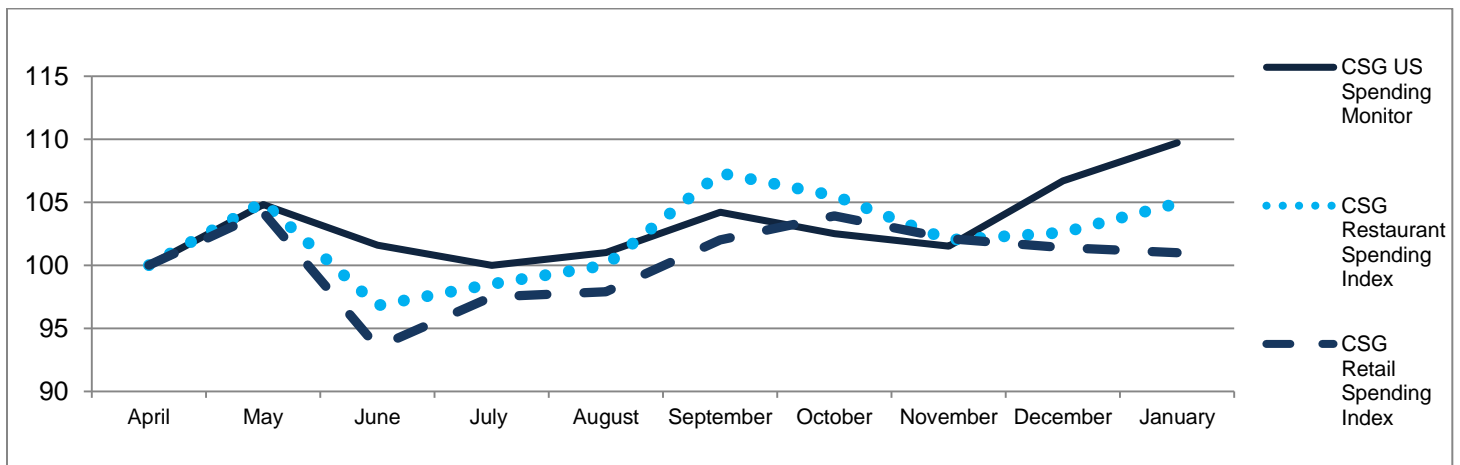


Consumer Spending Report (CSR)

February 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 Monitor** increased 2.8 points. Gas prices have gone down, unemployment rates are also down, and Americans are feeling optimistic about the current state of the country. When asked to rate the economy, a combined 36.4% stated that they believe the economy is excellent or fair; this is the highest percentage since beginning the monitor when 22.9% of adults answered the same. Overall, a combined 42.8% of American adults believe their personal finances are excellent or good, and 31.9% believe their finances are getting better. There have been many reports on the idea that America's middle class is shrinking and the divide between the upper and lower classes is growing larger than ever before. This divide is extremely evident when breaking down how they rate their personal finances and if they believe their finances are getting better or worse.

The **CSG Restaurant Spending Index** increased 2.3 points between December and January. This increase in consumer confidence could be caused by the annual influx of gift cards being redeemed around this time of year. In January, 80.2% of adults reported dining out once or less a week compared to those who were surveyed in December at 81.5%. There was also a slight increase in the percentage of adults who frequented restaurants 3 or more times a week at 4.0% in January compared to those who surveyed at 3.4% in December. Gift cards could also explain the 8.1% of adults who reported frequenting fine dining establishments a majority of the time.

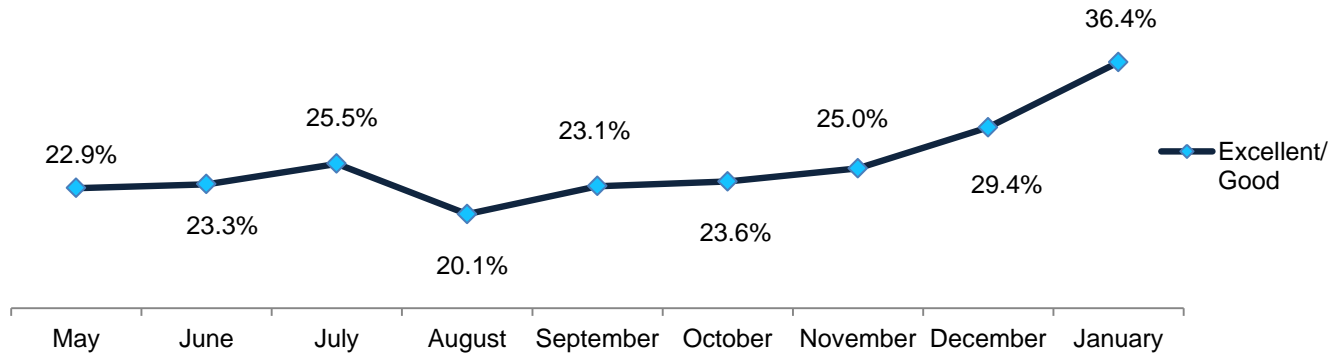
The **CSG Retail Spending Index** decreased 0.4 points. While consumer confidence is up, shoppers are still being money conscious and reports of spending are down. More adults are reporting that they will spend less or about the same in every area of discretionary spending. One reason for the slight decrease is that there are no major holidays approaching and consumers are using this down time, the cheaper gas prices, and potential tax returns to put more money into savings. As evident from the stagnant index, 45.7% of adults reported spending about the same as last month. Over half of those surveyed also reported that they will spend about the same next month as well; therefore, is expected that spending will remain about the same next month.



US Economy and Americans' Spending

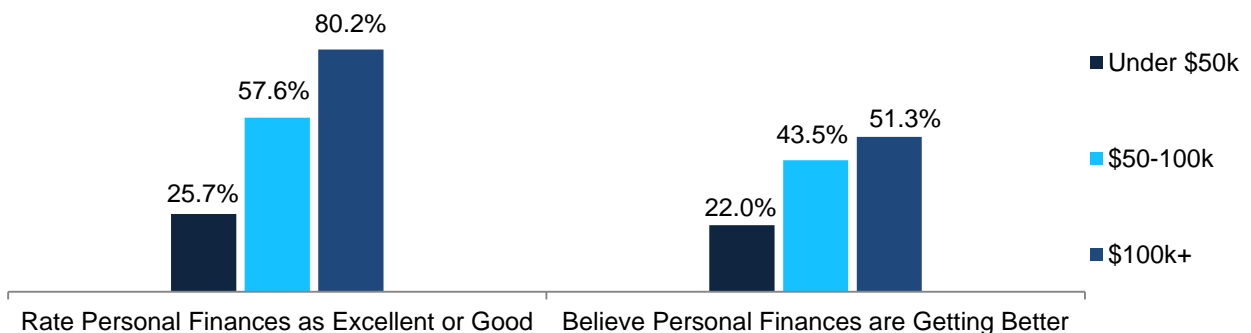
The **CSG U.S. Spending Monitor** increased 2.8 points. When asked to rate the economy, a combined 36.4% stated that they believe the economy is excellent or fair. This is the highest percentage since the beginning of the monitor, May 2014, when 22.9% of adults answered the same. Almost 40% of adults surveyed also believe the economy is getting better. Those that make more than \$100k and those that make between \$50-100k had the same percentage that believe the economy is getting better, 47.4%; only 31.6% of those that make less than \$50k answered the same. There have been many reports on the idea that America's middle class is shrinking and the divide between the upper and lower classes is growing larger than ever before. Gentrification in many of American cities is also making many of those in lower income levels uneasy about the state of the country. Over the next months it is expected that consumer confidence amongst all income levels will grow, but the divide between income levels will also become even more apparent.

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



The divide between income levels and their perceptions of the economy and their personal finances is extremely evident when breaking down how they rate their personal finances and if they believe their finances are getting better or worse. Overall, a combined 42.8% of American adults believe their personal finances are excellent or good, and 31.9% believe their finances are getting better. A combined 25.7% of those that make less than \$50k believe their finances are excellent or good, and 22.0% believe it is getting better. This is compared to 57.6% of those that make between \$50-100k that answered excellent and good, and 43.5% that said their finances are getting better. Of those that more than \$100k, more than 80% rated their personal finances as excellent and good, and 51.3% believe their finances are getting better.

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

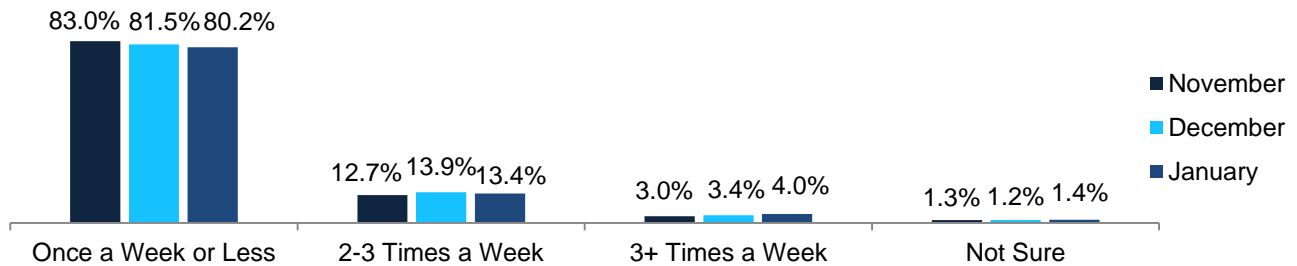




Restaurant Consumer Insights

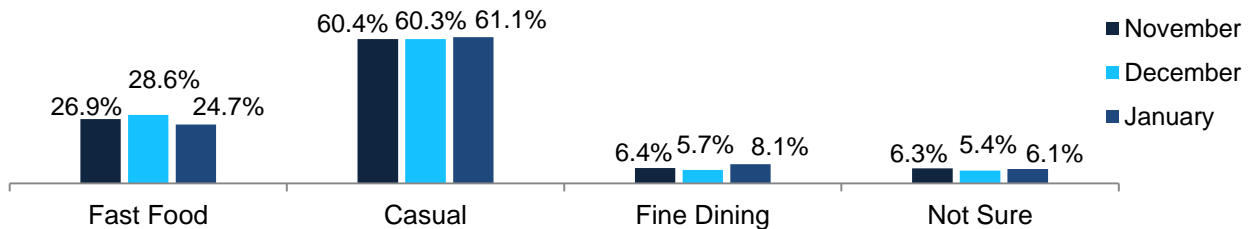
The **CSG Restaurant Spending Index** increased 2.3 points. This significant increase can be explained not by the boost in the consumer's confidence, but more so an amplified confidence in their gift cards for which they received as presents during the holiday season. In January, 80.2% of adults reported dining out once or less a week compared to those who were surveyed in December at 81.5% and November at 83.0%. Over the past three months, dining out 3 or more times a week is on the increase at 4.0% compared to those adults who reported at 3.4% in December and 3.0% in November.

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



There are also noteworthy differences when it comes to dining preferences this time of year. Coupling a gift card with the consumer's already tight dining budget, allows the consumer to temporarily leave behind fast food locations and venture into uncharted dining establishments they'd usually turn away from. The casual dining sector continues to be the frontrunner choice for the adults surveyed (61.1% in January) with fast food establishments lagging behind at 24.7% in January, but the fine dining segment sparked more interest in the adults surveyed at 8.1% in January compared to adults surveyed at 5.7% in December.

What type of restaurant do you usually go to for dinner the majority of the time?



Ba-da-da-da...We're Not Lovin' It

"As one of the numerous Millennials McDonald's Corporation is trying to reach, I feel the only advice that I can give the company is to consider taking what W.C. Fields said into serious consideration. Over the past six months I have documented the abundance of missed steps McDonald's has made, and it's evident that the company is struggling more than ever with losing profits from international scandals, losing its main consumer base, losing its focus, and simply losing its own identity.

With McDonald's U.S. President Mike Andres, Chief Marketing Officer Deborah Wahl, VP of Digital Julia Vander Ploeg, and all of McDonald's Corporation's marketing members in tow, the company started on its journey towards becoming a "more trusted and respected brand... [that] customers will feel good about." At least that's what CEO Thompson and the company planned on doing.

Needless to say, McDonald's Corporation is struggling with a financial crisis as well as an identity one. It will take time and a lot more effort for the company to earn its consumers' trust and respect again. Until then, my mathematical equation remains questionable. Me = Lovin' ? Hatin'"

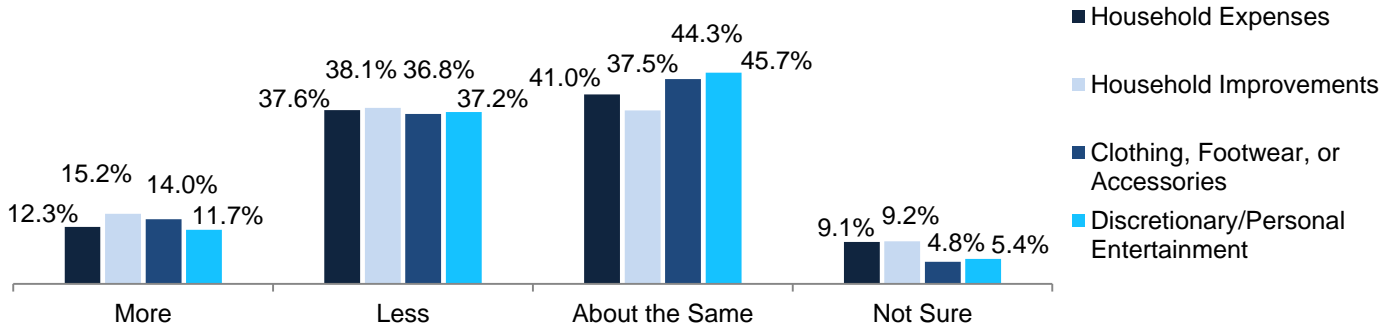
- Loren McCollom (Imccol@chainstoreguide.com)



Retail Consumer Insights

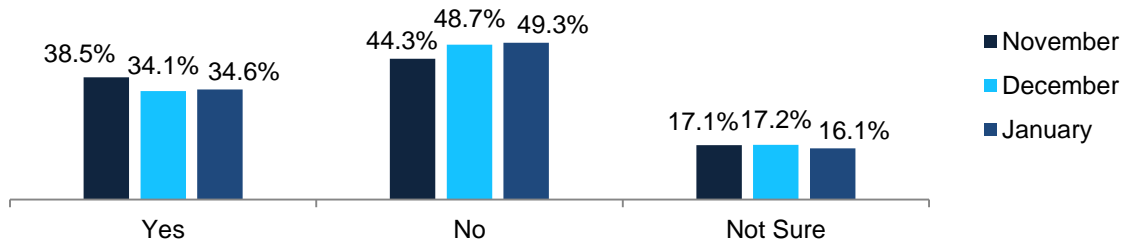
The **CSG Retail Spending Index** decreased 0.4 points. Overall, spending in all areas remained relatively the same from last month. While consumer confidence has increased, consumers are still spending less or about the same. Also, besides Valentine's Day, there are no major holidays approaching and consumers are using this down time, the cheaper gas prices, and potential tax returns to put more money into savings. Another explanation for the stable index is that because of the storms in the North East, consumers have been forced to stay inside more and haven't had a chance to get out and shop.

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



As evident from the stagnant index, 45.7% of adults reported spending about the same as last month. Over half those surveyed reported that they will spend about the same next month as well; therefore, is expected that spending will remain about the same next month. Almost half of adults also report that they don't expect to have added expenses or a shortfall in income next month.

Over the next 30 days, do you anticipate any added expenses or a shortfall in income?



BFC Partners Is Giving NYC Its First Outlet Mall

"Because there aren't enough places to shop in New York City, Staten Island is getting the Big Apple's first ever outlet mall. Brought to us by BFC Partners, EWB Development, and Casandra Properties, Empire Outlets was proposed in August 2012, approved in October 2013, and is set to open in 2016. Along with 350,000 sq.-ft. of retail space, there will be a 120,000 sq.-ft., 200-room hotel, with 1,250 parking spaces, and the world's largest Ferris wheel. While a 34,000 sq.-ft. Nordstrom Rack is the only confirmed tenant, over 100 other tenants are expected to fill up the spaces.

No one can argue that Americans love their shopping, and realistically this outlet mall will probably become a popular destination for Staten Island residents and tourists, but what analysts are arguing is that the death of malls is becoming a regular trend. Business of Fashion reports, "Real estate research firm Green Street Advisors predicts that 15 percent of malls in the US will close or be converted into non-retail space within the next decade. Meanwhile, retail analyst Howard Davidowitz expects half of America's shopping malls to fail over the next 15 to 20 years."

So why build a \$230 million shopping mall and hotel when analyst's predictions are anything but optimistic? Not only will this give the 8.3 million residents of NYC another shopping destination, but it will also give the 52 million visitors of the city a reason to visit Staten Island. It is hoped that the 65,000 passengers of the Staten Island Ferry each day will want to stop by Empire Outlets to have a quick drink or dinner after work or meet friends to shop. Along with abundant shops, restaurants, and a unique hotel, the area will also have the world's largest Ferris/Observation Wheel at 625 feet, which will undoubtedly attract many tourists."

-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.