

About the Consumer Spending Report

The Chain Store Guide 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 questions about their retail, restaurant and other discretionary spending, the survey also asks consumers their opinions on the US economy and their personal finances.

**BACK FROM THE BRINK!
BUT UNCERTAINTY IS THE NEW NORMAL FOR CONSUMERS**

As expected, the big dip in the US Spending Monitor we saw last month was largely the result of a post-holiday hangover fed by consumer unease in the midst of the government shut down, which ended (for now, at least) on January 25.

After our most recent round of consumer polling, the US Spending Monitor clawed back much of the ground it ceded in January, but a general sense of uncertainty on the part of consumers has caught up with the Monitor. The 12-month historical trend points down, and when we zoom in and draw a trend line that captures developments in the last 6 months, the negative slope gets noticeably steeper. Finally, although the Monitor is up significantly, this month's result of 120.1 is the 2nd lowest in the last 12 months.

Meanwhile, the Restaurant Spending Index, a component of the Spending monitor, fared much better in January, bouncing back to a 6-month high (113.9) this month. Inside, we take a look at some reasons why hot-and-cold views on the economy have begun to temper consumers' willingness to spend at retail but have had much less effect on the restaurant scene.

In this issue, we also leverage 5 years of consumer data to quantify the rise of ecommerce and identify a new tipping point for digital purchases.

CSG
US Spending Monitor
120.1

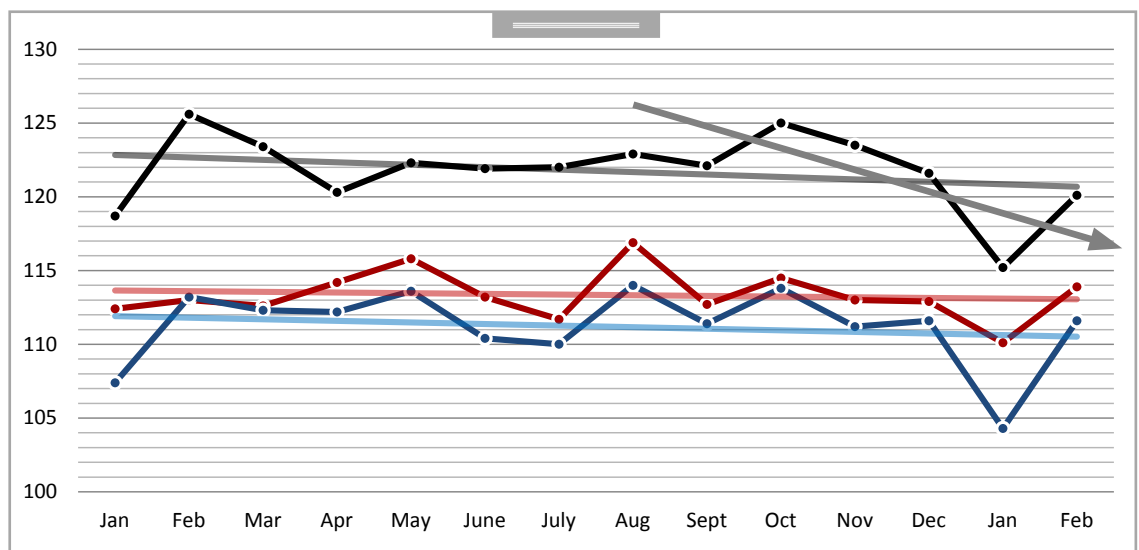
CSG
Restaurant Spending Index
113.9

CSG
Retail Spending Index
111.6

ABOUT CSG

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

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RESTAURANTS: MORE DINERS MORE OFTEN AND IT MAY TAKE A RECESSION TO SLOW THE TREND

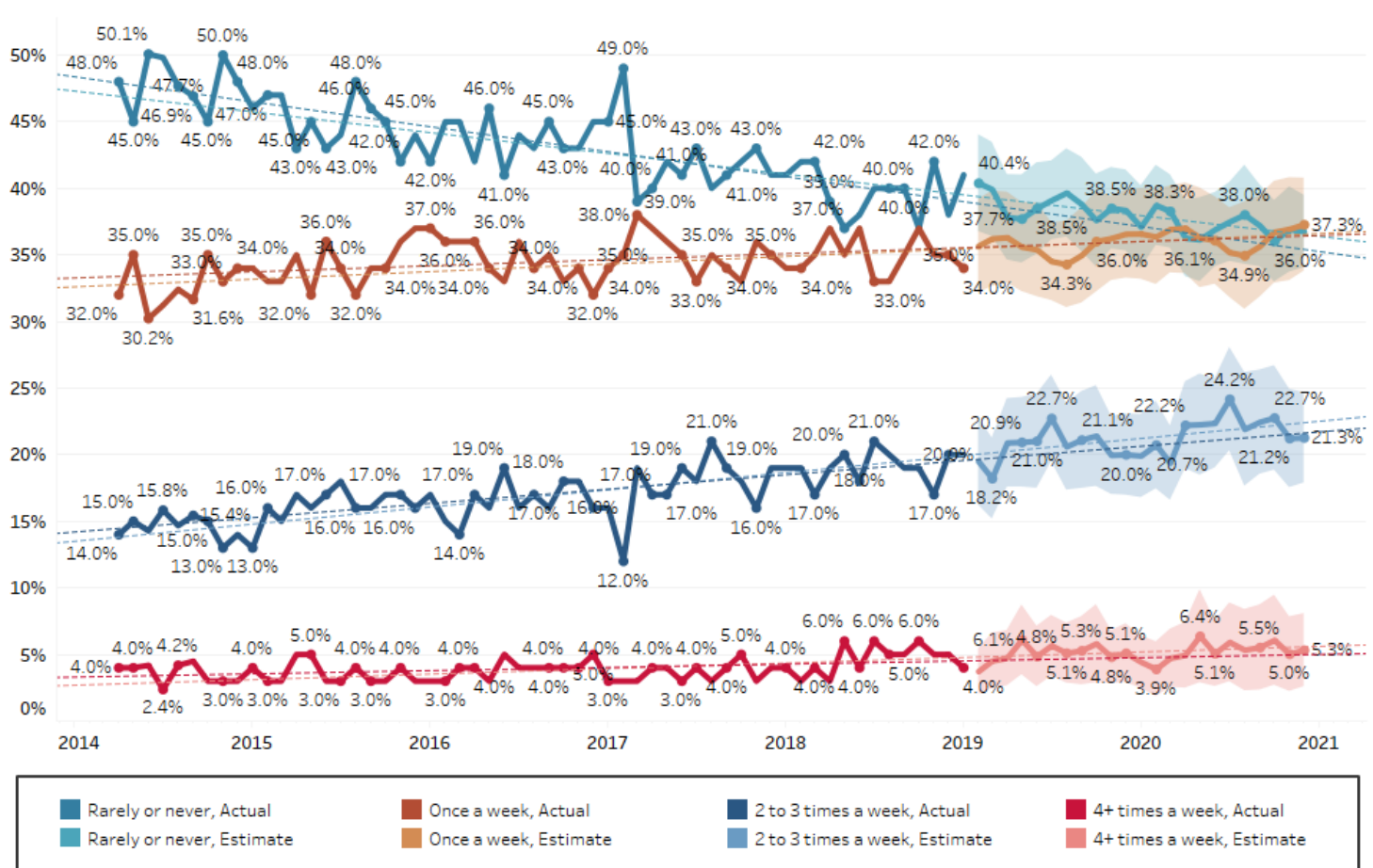
When the US Spending Monitor decreased sharply last month, the Retail Spending Index was a primary driver of the decline, meaning Americans planned to significantly curtail retail spending. Noticeably less dramatic was the decline in the Restaurant Spending Index, which bounced back to a 6-month high this month. So what gives?

The answer, may be simple. While the fact that more Americans dine out more often than ever before isn't exactly news, the chart below is dramatic. In the 5 years that CSG has tracked American's dining habits, the share of Americans who "rarely or never" go out to eat in a typical week has fallen by approximately 10%. And our forecast for the next 24 months (seen within the banded ranges) points to the continuation of that trend.

In fact, within the next 18 months, we project that the number of Americans eating out once a week will surpass those who don't eat out at all in a typical week. Likewise, the percent of diners who eat out 2 to 3 times per week will rise to approximately 22% by 2021, up from about 15% in 2014.

Those numbers reinforce the idea that Americans are in the midst of a structural change in where and how we eat our meals. With this sort of deep change underway, it appears that only a sharp downturn in the economy can slow the trend. While "uncertainty" may be enough to lead consumers to skip that next retail purchase, it's less likely to force them to skip the next restaurant meal.

Q. IN A TYPICAL WEEK, HOW OFTEN DO YOU GO OUT TO EAT?



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CSG's Restaurant Franchisee Premier Database

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FOCUS ON RETAIL

DIGITAL GROWTH AND THE MOBILE-PC TIPPING POINT

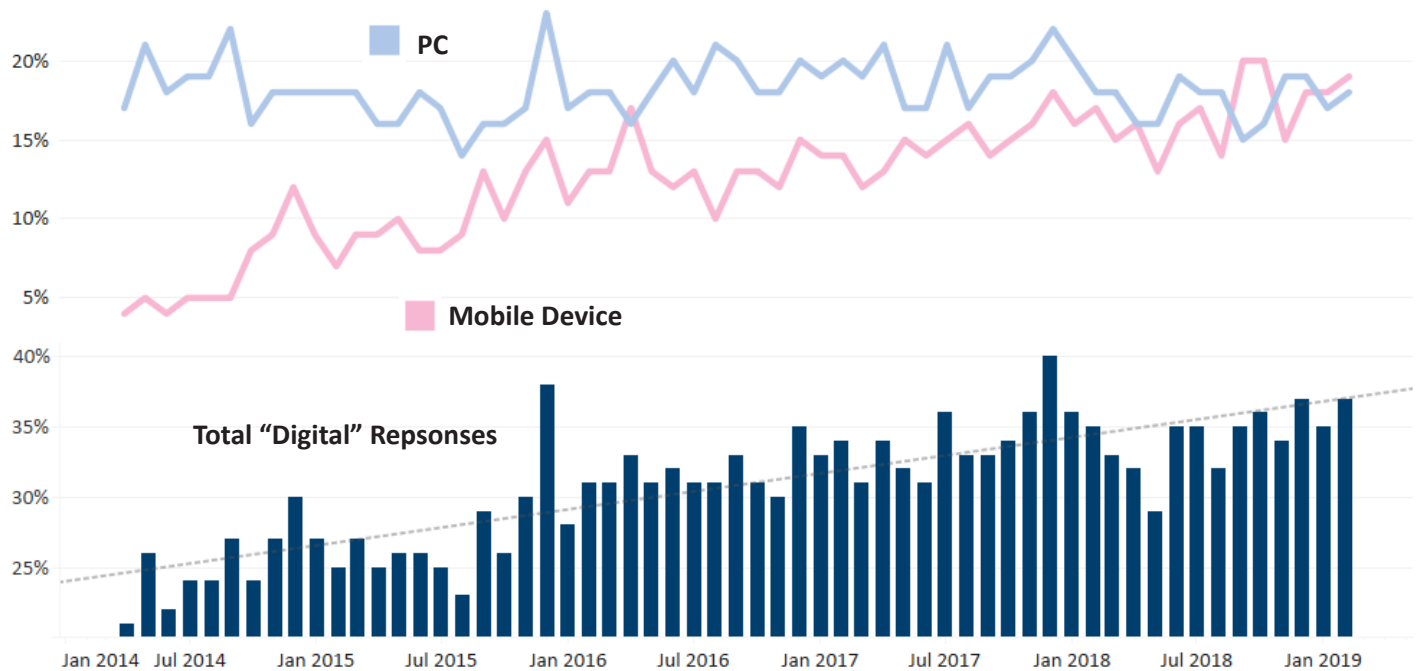
From giants like **Amazon, Walmart** and **Kroger** to niche retailers like **Chubbies, Casper** and **UNTUCKit**, ecommerce has left few retail verticals or brands untouched. Chain Store Guide has tracked shopper movement away from physical stores to online destinations for the last 5 years - “way back when” mobile devices were the primary path to purchase for only 4% of consumers.

Last June, the CSR took a look at the data, and in the 8 months since, on average, 35% of Americans planned to make the majority of their retail purchases digitally, up

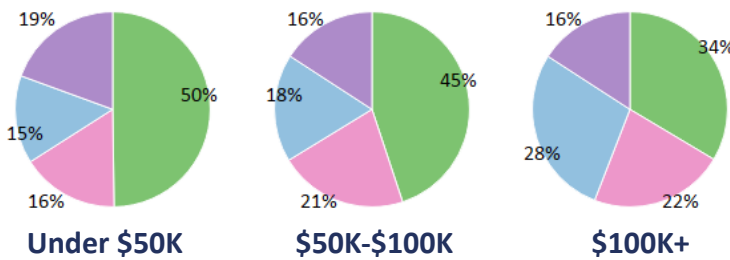
another percentage point from the preceding 8 months. For historical context, in February 2019, 37% of consumers plan to shop online for a majority of their purchases, compared to 25% in February 2015.

The majority of that growth has come from mobile devices, which grew from 4% in early 2014 to 19% this month, and we’re now at a tipping point for *how* consumers make their digital purchases. As shown below, in 4 of the last 6 months, more shoppers planned to use a mobile device than a PC or laptop to make the majority of their purchase.

Q. IN THE NEXT MONTH, HOW WILL YOU MAKE THE MAJORITY OF YOUR RETAIL PURCHASES?



FEBRUARY RESULTS BY INCOME



Looking at February’s responses by income level, as income levels rise, more respondents plan to shop online. However, once income levels rise above \$50K a year, there’s little difference in the percentage of respondents who favor a mobile device.

■ Retail Store ■ PC
■ Mobile ■ Not Sure

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CSG’s Discount, Dollar & Specialty Stores Database

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MORE ABOUT CHAIN STORE GUIDE

For more than 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 data is the definitive source that 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.

Our data includes all major retailers, restaurants, distributors and wholesalers in the United States and Canada with contact information on over 66,900 chains.

CHAIN STORE GUIDE DATA IS USED FOR

- Competitive Analysis
- Proximity Analysis
- Market Share Reporting
- Industry Profiling
- Market + Trend Analysis
- Forecasting
- Site Planning
- Industry Profiling
- Data Appending/Cleansing
- Lead Generation

MORE ABOUT THE CONSUMER SPENDING REPORT

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.

The Monitor began in January 2014 with a base index of 100. CSG 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.



ABOUT THE EDITOR

Mike Baker joined Chain Store Guide in 2016, bringing with him the extensive publishing, brand management and new-product development experience that he gained over the course of a decade with John Wiley & Sons publishers in North America and the U.K. He fills the role of writer, editor and analyst for a host of retail and foodservice industries with CSG.