

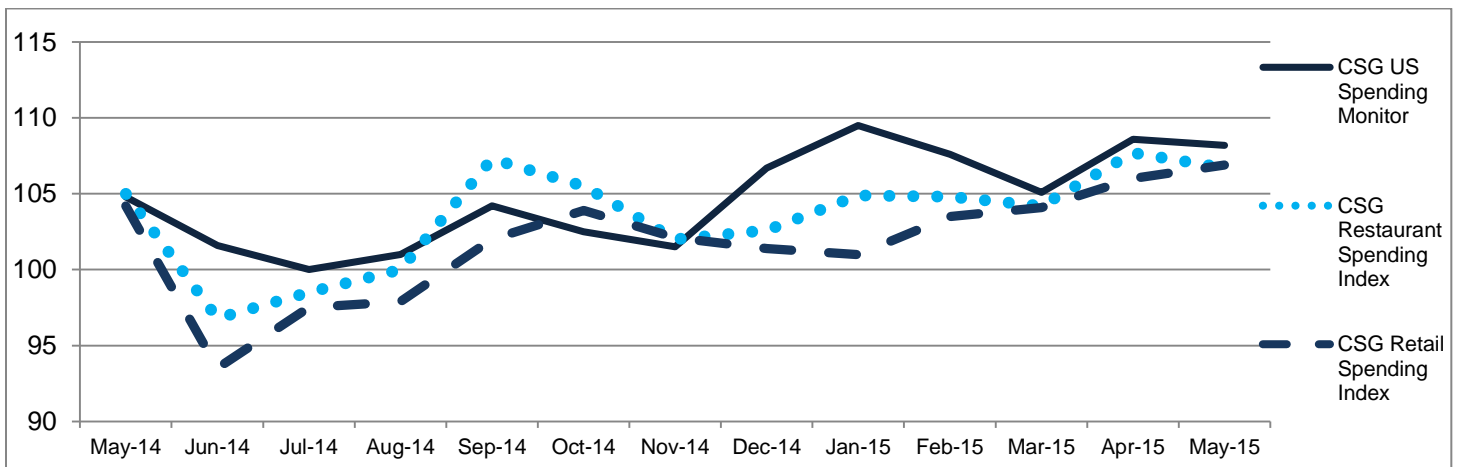


Consumer Spending Report (CSR)

June 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 0.4 points. Economic confidence remained stagnant this month with 33.5% of respondents still viewing the economy as excellent or good, and 65.2% viewing it as fair or poor. Interestingly, almost five times as many males as females reported viewing the economy as excellent: 10.6% vs. 2.9%. While adults were evenly split on their opinions on whether the economy is getting better or worse, more Republicans this month report believing the economy is getting better compared to last month: 22.7% vs. 18.9%. Another example of the stagnant monitor is the breakup of the percentage of adults when asking to rate their personal finances; 42.2% rated them as excellent or good and 56.4% rated them as fair or poor. While those that identified themselves as white had a much larger percentage that rated their personal finances as excellent or good (46.8%) to those that listed themselves as black (28.1%); those identified as black had a much higher percentage than those identified as white that believe their personal finances are getting better: 37.5% vs. 30.2%.

The **CSG Restaurant Spending Index** decreased 1 point. More than half of 40-64 year old consumers reported that they rarely or never go out to restaurants. Consumers aged 18-39 led the dining scene in the categories of dining out 2-3 times a week (18.8%) and 3+ times a week (8.1%) compared to adults aged 40-64 (13.3%, 3%) and 65+ (16.1%, 3%), respectively. A majority of adults who went out to restaurants for dinner chose to frequent casual dining locations the most with 65+ year olds leading the group at 74.5%, 40-64 year olds at 68.5%, and 18-39 year olds at 47.5%.

The **CSG Retail Spending Index** increased 0.9 points. Spending on household expenses had the largest increase in the percentage of adults that said they would spend more. There were also nominal increases in the percentages of adults that said they would spend more on clothing, footwear, or accessories, and on discretionary spending. It is expected that spending will remain about the same next month as 52.7% of adults said they would spend the same and 25.7% said they would spend more. While spending has slightly gone up and economic consumer confidence is higher now than a year ago, more than one third of those survey reported having no money left over after paying debts, and 18.1% say they couldn't continue their lifestyle if they lost their income. This number is down slightly from a year ago when 22.2% answered the same.

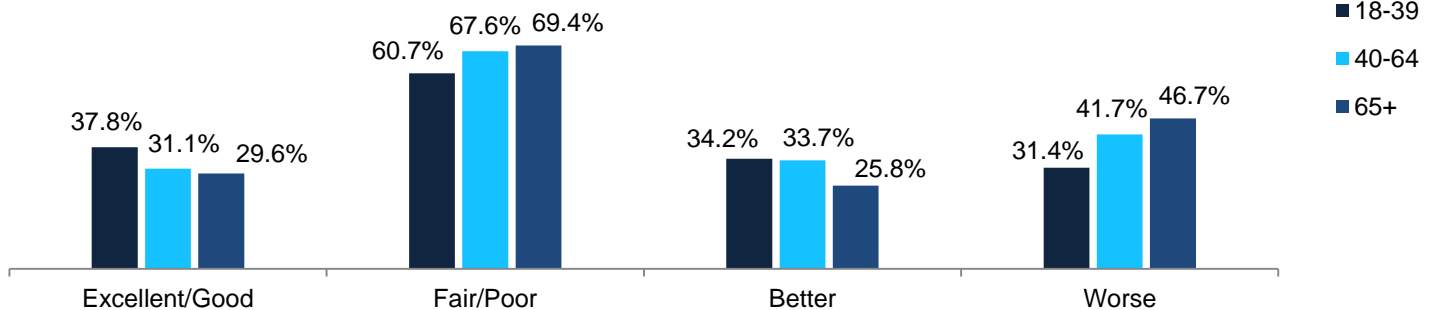


US Economy and Americans' Spending

The **CSG U.S. Spending Monitor** decreased 0.4 points. Economic confidence remained stagnant this month with 33.5% of respondents still viewing the economy as excellent or good, and 65.2% viewing it as fair or poor. Interestingly, almost five times as many males as females reported viewing the economy as excellent: 10.6% vs. 2.9%. A greater percentage of males also believe that the economy is getting better compared to females: 38.4% vs. 26.8%. Almost three times as many adults with children versus those without that rated the economy as excellent: 11.5% vs. 4.6%. Based upon ongoing trends over the past year, it is unsurprising that those over the age of 65 had the most negative views of the economy with almost 70% rating the economy as fair or poor and almost 50% saying it is getting worse. Those aged between 18 and 39 continued to have the most positive view of the economy with 37.8% rating it as excellent or good and only 31.4% saying it is getting worse.

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

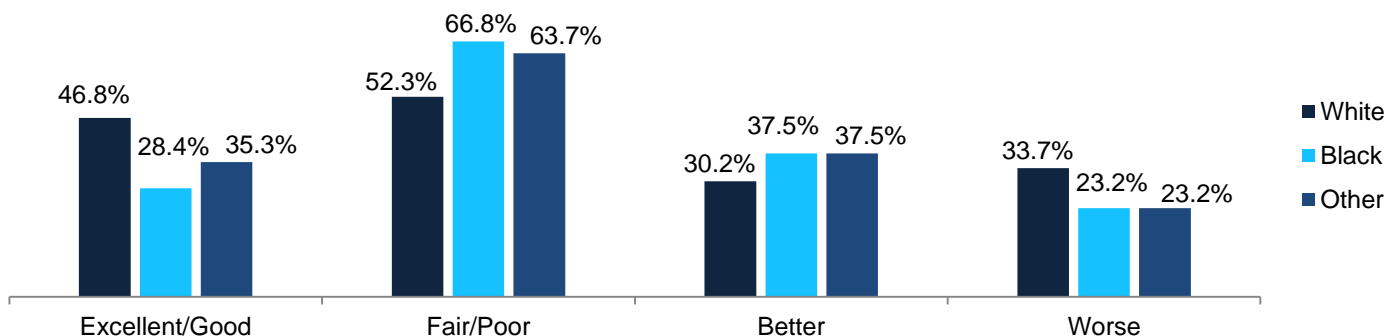
How would you rate your own personal finances these days?



While adults were evenly split on their opinions on whether the economy is getting better or worse, more Republicans this month report believing the economy is getting better compared to last month: 22.7% vs. 18.9%. Adults that work in the government sector had the largest percentage that believe the economy is getting better with 47.7%, this is followed by entrepreneurs and those that work in the private sector, each having around 37%, those that are retired with 26.5%, and those that listed other with 21.3%. Another example of the stagnant monitor is the breakup of the percentage of adults when asking to rate their personal finances; 42.2% rated them as excellent or good and 56.4% rated them as fair or poor. While those that identified themselves as white had a much larger percentage that rated their personal finances as excellent or good (46.8%) to those that listed themselves as black (28.1%); those identified as black had a much higher percentage than those identified as white that believe their personal finances are getting better: 37.5% vs. 30.2%.

How would you rate your own personal finances these days?

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

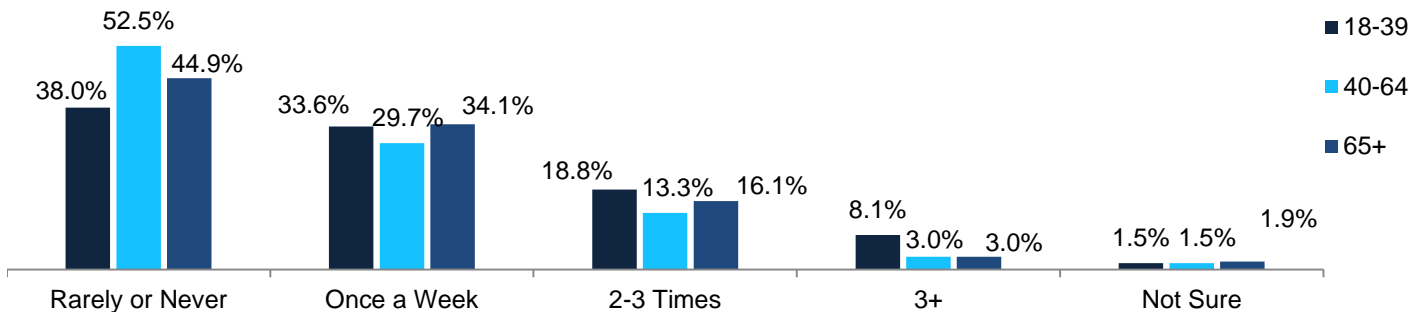




Restaurant Consumer Insights

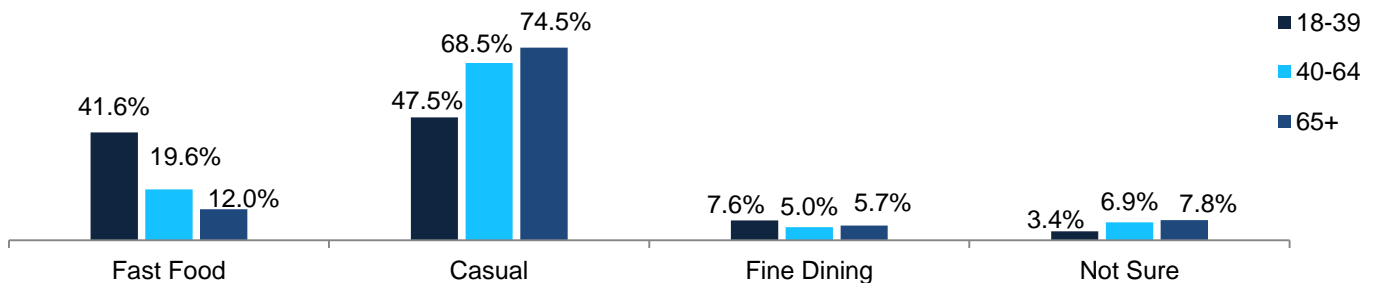
The **CSG Restaurant Spending Index** decreased 1 point. Even though the restaurant spending index endured a slight decrease, consumers of all ages continued to go out to dinner. Consumers aged 18-39 led the dining scene in the categories of dining out 2-3 times a week (18.8%) and 3+ times a week (8.1%) compared to adults aged 40-64 (13.3%, 3%) and 65+ (16.1%, 3%), respectively. Adults aged 65+ dined out once a week at 34.7% compared to the 33.6% of 18-39 year olds and the 29.7% of 40-64 year olds. On the flipside, adults aged 40-64 surveyed at 52.5% who rarely or never go out for dinner.

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



A majority of adults who went out to restaurants for dinner chose to frequent casual dining locations the most with 65+ year olds leading the group at 74.5%, 40-64 year olds at 68.5%, and 18-39 year olds at 47.5%. Fast food and fine dining locations were frequented the most by the 18-39 aged adults at 41.6% and 7.6%, respectively. The adults visiting fine dining establishments aged 40-64 surveyed at only 5% while the 65+ adults surveyed slightly higher at 5.7%. Fast food locations were frequented by 19.6% of the surveyed 40-64 year old consumers and 12% of 65+ year old consumers.

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



Sysco-US Foods Merger in Jeopardy

"In December 2013, Sysco Corporation and US Foods Inc. agreed to merge creating the largest foodservice company in the nation. The transaction valued at \$8.2 billion was set to conclude "in 3Q14 or some time in 4Q14" and then again with an expected completion date in October 2014. About seven months after the most recent expected completion date, the two foodservice conglomerates are nowhere near where they expected to be.

This week representatives from Sysco, US Foods, and the Federal Trade Commission (FTC) are meeting in court to discuss whether the merger should continue or be terminated. The biggest concern regarding the merger would be that it would be bad for competition since the closest competitor, Performance Food Group (PFG), is behind US Foods by nearly \$9.3 billion in total restaurant industry sales (Chain Store Guide).

No longer is it months or weeks to determine the fate of the Sysco-US Foods merger, but rather a decision will be made in a matter of days. Even if the merger doesn't occur, it will take a lot to knock Sysco off the #1 spot."

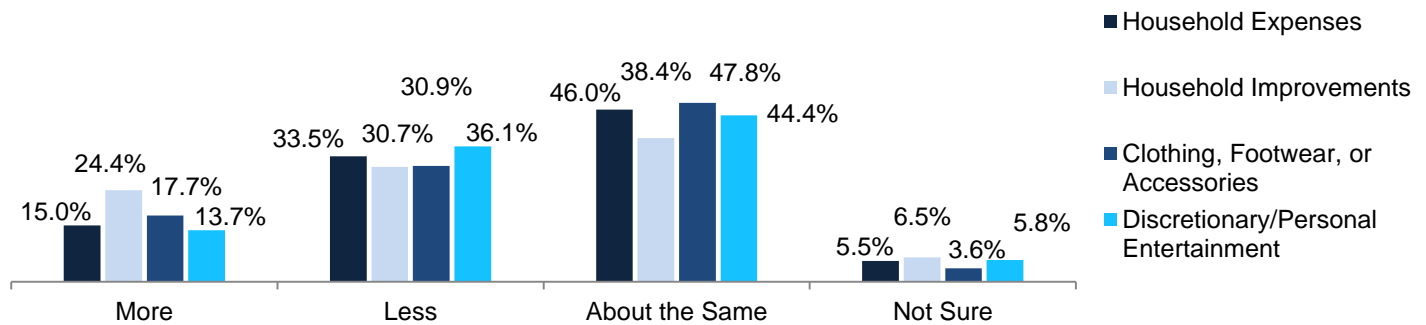
- Loren McCollom (lmccol@chainstoreguide.com)



Retail Consumer Insights

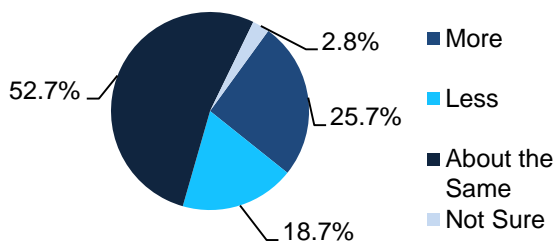
The **CSG Retail Spending Index** increased 0.9 points. Spending on household expenses had the largest increase in the percentage of adults that said they would spend more. There were also nominal increases in the percentages of adults that said they would spend more on clothing, footwear, or accessories, and on discretionary spending. Of the 15% of adults that reported spending more on household expenses, those aged 18-39 had the greatest percentage that said they would spend more with 21.8%, this is followed with 12.0% of 40-64 year olds, and 6.7% of those 65 and older. The 18-39 age group also had the greatest percentage that said they would spend more on clothing, footwear, and accessories with 30.4%, followed by 11.2% of 40-64 year olds, and 4.7% of those 65 and older.

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

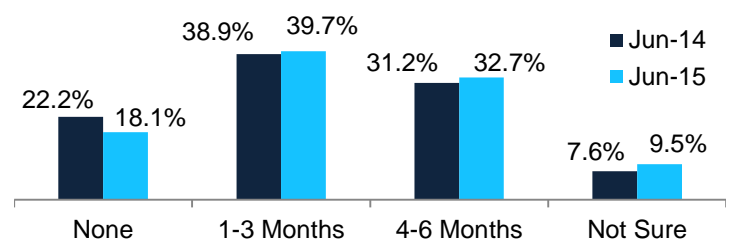


The stagnant monitor is apparent when looking at adult's spending last month compared to this month. Each category had roughly the same percentage that reported how they would spend: 30.2% answered more, 17.6% answered less, 50.9% answered about the same, and 1.2% weren't sure. It is expected that spending will remain about the same next month as 52.7% of adults said they would spend the same and 25.7% said they would spend more. While spending has slightly gone up and economic consumer confidence is higher now than a year ago, more than one third of those survey reported having no money left over after paying debts, and 18.1% say they couldn't continue their lifestyle if they lost their income. This number is down slightly from a year ago when 22.2% answered the same.

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



How many months would you be able to continue living your current lifestyle before replacing your income?



Dick's Sporting Goods Collaborates with Carrie Underwood

More and more athletic women are wearing workout gear as everyday fashion. The same is true for some women who never go near a gym. This phenomenon has opened the doors to a new fashion trend and Dick's Sporting Goods is taking advantage of it. Since women's activewear is booming, the top sporting goods retailer recently released a new activewear line, called CALIA, in collaboration with singer Carrie Underwood. According to People magazine, the American Idol winner "wanted to create workout clothes that women would feel comfortable wearing to the gym and then running errands afterwards." The line will include print leggings, tanks, and fitted t-shirts. features direct links to the brand's site. Sephora has always aimed to make its offerings more innovative and unique.

Dick's Sporting Goods has built success on carrying well-known brands such as Nike and Under Armour. Nike Inc. reported that sales from its women's sector grew faster than men's last year and represented about 18 percent of the activewear brand's total revenue. Under Armour uses ad campaigns starring famous, fit women including ballerina Misty Copeland and supermodel Gisele Bundchen to market its newest women's activewear products.

-Natasha Perry (nperry@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.

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