

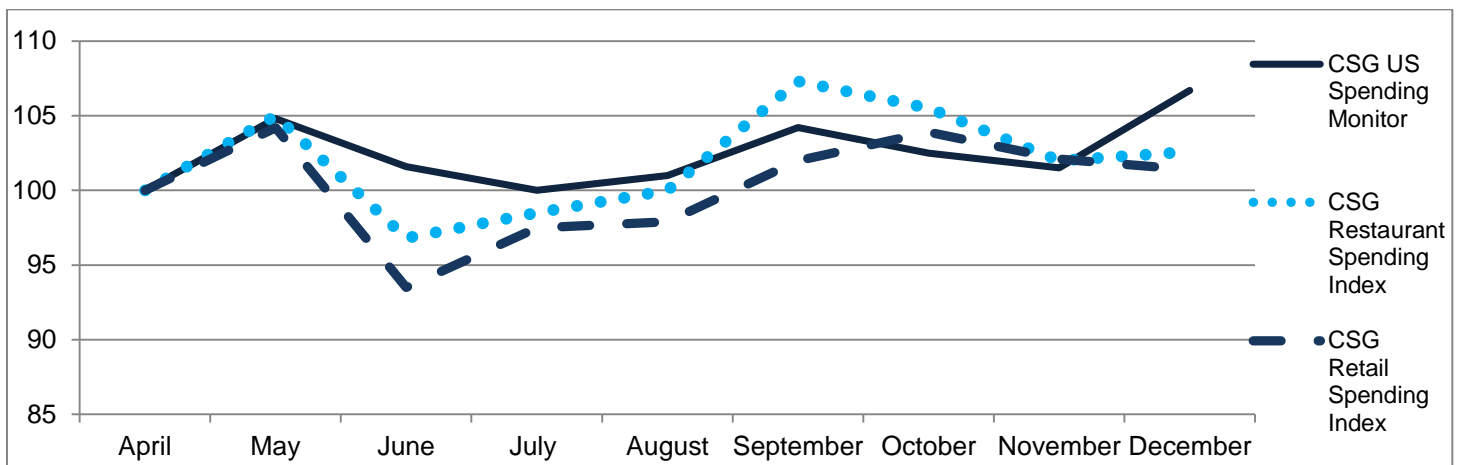


Consumer Spending Report (CSR)

January 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 5.2 points between November and December. This month had the highest increase in consumer spending and it is expected to keep increasing. This rise is seen when looking at the change in the percentage of adults that believe the economy is fair or poor. Last month a combined 73.2% answered that they believe the economy is fair or poor; this month 68.7% answered the same. More than one third of adults this month also believe the economy is getting better (33.5%). Adults between the ages of 18-39 had the most optimistic view of their personal finances with 38.8% stating their finances were getting better; 26.6% of 40-64 year olds, and 19.5% of those 65 and older said the same. More also had a positive outlook on their personal finances. One third (30.1%) stated that they believe their personal finances are getting better; last month only 26.4% stated the same.

The **CSG Restaurant Spending Index** increased 0.6 points between November and December. Nearly 81.5% of adults reported dining out for dinner once a week or less on average while 13.9% dined out 2-3 times a week and only 3.4% reported dining out more than three times a week. Subsequently, 75.3% of adults reported that they expected to spend less than \$20 per person while 15.7% expected to spend \$20-\$35, 4.8% expected to spend \$35-\$50, and only 2.3% expected to spend more than \$50 per person. Furthermore, the type of restaurant frequented a majority of the time was casual dining restaurants at 60.3%, fast food at 28.6%, and fine dining at 5.7%.

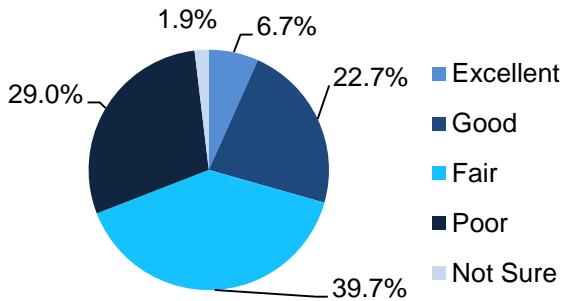
The **CSG Retail Spending Index** decreased 0.7 points between November and December. Spending remained relatively stagnant this month. The percentage of adults that said they would spend more next month decreased in each category of discretionary spending. A greater percentage of adults are predicting that they will spend less next month. Last month 37.7% said they would spend more this month compared to 28.6% who said the same. Fewer adults (34.1%) are also reporting that they expect to have added expenses or shortfall in income in the next 30 days.



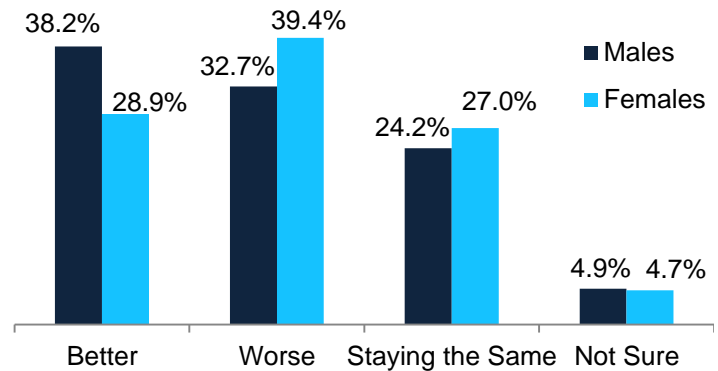
US Economy and Americans' Spending

The **CSG U.S. Spending Monitor** increased 5.2 points. This is the highest consumer confidence has been this year and it is expected to keep rising throughout 2015. This increase is apparent when looking at the decrease in the percentage of adults that believe the economy is fair or poor. Last month a combined 73.2% stated that they believe the economy is fair or poor; this month 68.7% answered the same. More than one third of adults this month also believe the economy is getting better (33.5%). There was a larger percentage of males than females that believe the economy is getting better; 38.2% vs. 28.9%. There was an increase in the percentage of both Democrats and Republicans that believe the economy is getting better. In November, 19.4% of Republicans and 42.8% of Democrats stated that they believe the economy is getting better; this month 22.3% of Republicans and 51.6% of Democrats said the same.

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

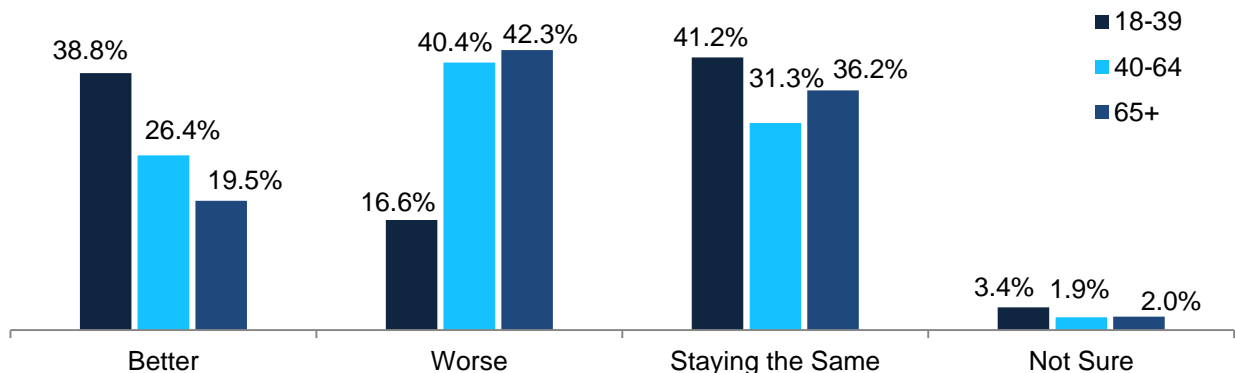


Are economic conditions in the country getting better or worse?



More adults this month also believe that their personal finances are getting better (30.1% vs. 26.4%). Overall, 10.5% believe their finances are excellent, 29.4% answered good, 37.9% answered fair, 20.8% answered poor, and 1.4% weren't sure. Adults between the ages of 18-39 had the most optimistic view of their personal finances with 38.8% stating their finances were getting better; 26.6% of 40-64 year olds, and 19.5% of those 65 and older said the same. A greater percentage of males also believed that their personal finances are getting better compared to females with 34.3% of males answering that they believe their finances are getting better compared to 26.2% of females.

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

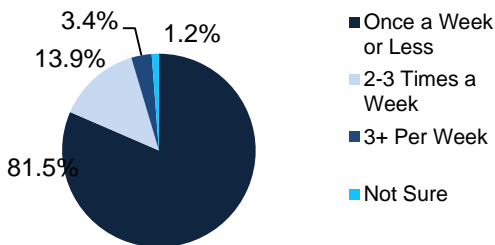




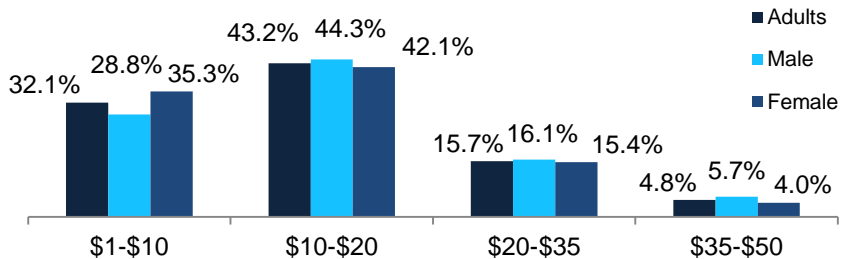
Restaurant Consumer Insights

The **CSG Restaurant Spending Index** increased 0.6 points. This month 81.5% of adults reported dining out for dinner once a week or less on average while 13.9% dined out 2-3 times a week and only 3.4% reported dining out more than three times a week. The results from the majority may come as no surprise simply because we were in thickest part of the holiday season which suggests that consumers are not going out to eat as much as usual in order to save money for gifts or holiday travel. Complementing the majority of consumers who frequented a restaurant one time or less a week, 75.3% of adults reported that they expected to spend less than \$20 per person while 15.7% expected to spend \$20-\$35, 4.8% expected to spend \$35-\$50, and only 2.3% expected to spend more than \$50 per person. When comparing reports from both male and female consumers, females reported spending less per person at dinner in all the categories except \$1-\$10 compared to male consumers.

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

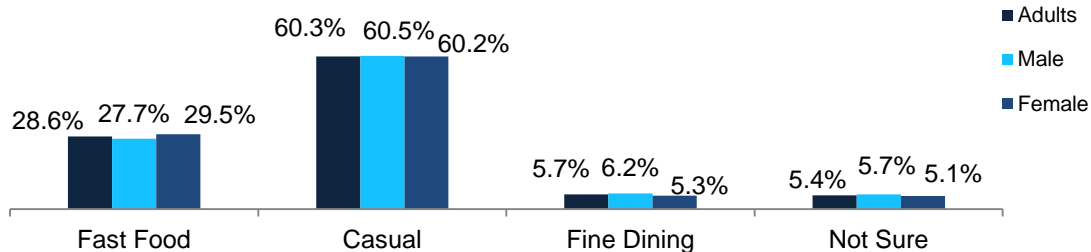


What do you expect your average cost per person will be when you go out for dinner?



Furthermore, since a greater portion of those surveyed are spending less per person, this suggests that the type of restaurant frequented a majority of the time will also be impacted. As the graph shows below, the casual dining sector is frequented significantly more, 60.3%, than the 5.7% of those who chose fine dining and 28.6% who reported frequenting fast food a majority of the time.

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



CSG Recession Buster

Gigi's Cupcakes opened on February 21, 2008, at the start of the recession. It was a family affair when Gigi's Cupcakes began to prosper: Gigi's landlord, Alan Thompson (now Gigi's Cupcakes' President), and her father helped develop future franchised locations; her mom assisted in creating cupcake recipe; and her brother, Randall, directed business operations. By May 2008, Gigi's Cupcakes was a fully-operational franchising company. Since opening day, lines began to form around the block proving that Gigi's Cupcakes was not only going to easily break into the specialty dessert market and succeed, but the company was actually going to dominate it. As a result of franchising and (of course) the cupcakes, the company's locations grew nearly 3,033.3% from 3 locations in 2009 to 94 locations in 2014.

Each Gigi's Cupcakes location is built as a full-service bakery equipped with a fully operational kitchen. There's no doubt that the wide variety of specialty desserts contributes to each location's success; 51 units open more than a year reported average unit volumes of \$419,955. Spanning across 20 states, Gigi's Cupcakes has plans to open an additional 25 franchised-locations in 2015. Last month, the company crossed international waters and announced a 100-unit franchise agreement in South Korea over the next few years.

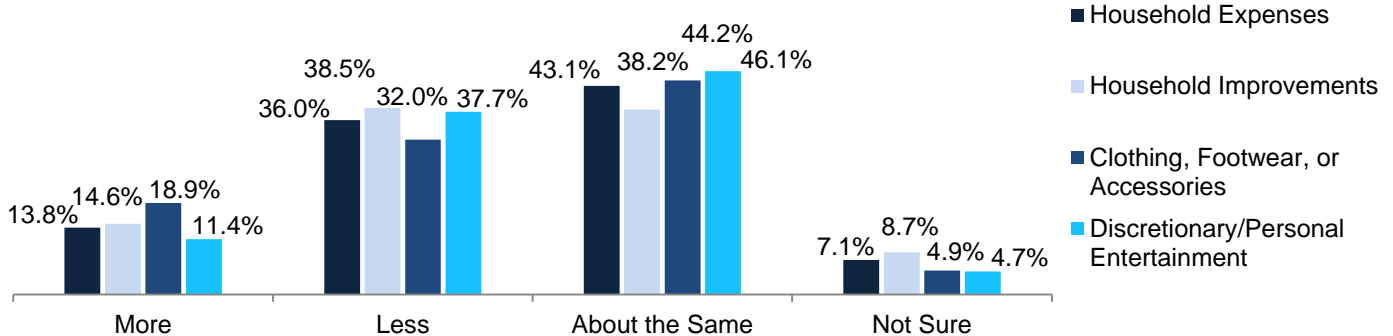
—Loren McCollom (lmccol@chainstoreguide.com)



Retail Consumer Insights

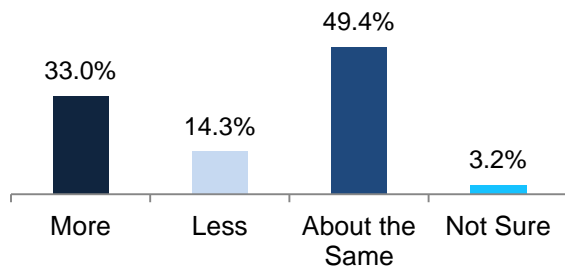
The **CSG Retail Spending Index** decreased 0.7 points. Spending remained relatively stagnant this month compared to last. The percentage of adults that said they would spend more next month decreased in each category of discretionary spending. The category that had the highest percentage of adults that reported they would spend more next month was on clothing, footwear, and accessories (18.9%).

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

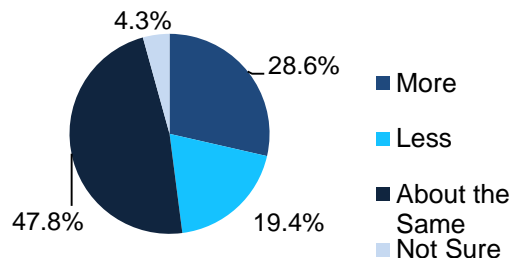


A greater percentage of adults are predicting that they will spend less next month. Last month 37.7% said they would spend more this month compared to 28.6% who said the same this month. Fewer adults (34.1%) are also reporting that they expect to have added expenses or shortfall in income in the next 30 days. While consumer confidence is quickly improving, with the holidays over, spending has slightly slowed down, but is still higher than it has been in previous

Are you spending more, less or about the same as you spent last month?



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



Expected Holiday Hiring Highest in Over a Decade

Top retailers have announced holiday hiring plans that will bring the number of seasonal positions to a total that hasn't been seen in over a decade. In the month of November, apparel retailers and department stores accounted for more than half of retail job gains adding 120,000 and 115,000 jobs, respectively. Industry experts predict retailers will hire more than 800,000 people this holiday season resulting in the largest number of seasonal hires in 14 years.

Macy's announced, in late September, that it would hire seasonal associates for about 86,000 positions, up about 3.6% from 2013. The majority of new employees will work at its Macy's and Bloomingdale's stores with 10,000 of the jobs based in fulfillment centers that support online ordering. Target plans to stay on track with last year and will hire 70,000 for the season. Wal-Mart plans to hire 60,000 seasonal workers. JCPenney plans to hire 35,000. Kohl's Corp. said it would hire more than 67,000 seasonal workers nationwide for the holiday shopping season, about a third more than last year's 50,000. Some retailers bring in as much as 40% of their total annual sales during the holiday season. This of course constitutes more employees working more hours. Retail payrolls typically rise 3% to 4% between October and December. In 2013, retailers hired 786,000 holiday season employees. That's a 4% gain over the earlier year. Last year, nearly a third of the retail-job surge over the holidays occurred in apparel and accessories stores with 200,000 jobs added from October through December. Department stores followed with 180,000 new jobs. Other big holiday hirers are general merchandise stores and sporting goods retailers.

-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.