



January Consumer Spending and Saving

A research report prepared for:



January 5, 2011



GLOBAL RESEARCH PROTECTING BRANDS AND REPUTATION



Research Method

- This research was completed online among a random sample of consumers aged 18+. A total of 2,025 interviews were completed.
- In addition to a general population sample, two sub-groups – Affluents, and Young Professionals were targeted and balanced by the general population.
 - n= 524: Affluents – defined as having a minimum annual household income of \$100,000
 - n= 529: Young Professionals – defined as less than 30 years of age, having a college degree, and a minimum annual household income of \$50,000
- Interviewing was conducted by Echo Research between December 10 - 15, 2010.
- Overall the results have a margin of error of +/- 2.2 (or 4.3 among Affluents and Young Professionals) percentage points at the 95% level of confidence.



January Spending and Saving

2011 INTENTIONS VERSUS LAST YEAR

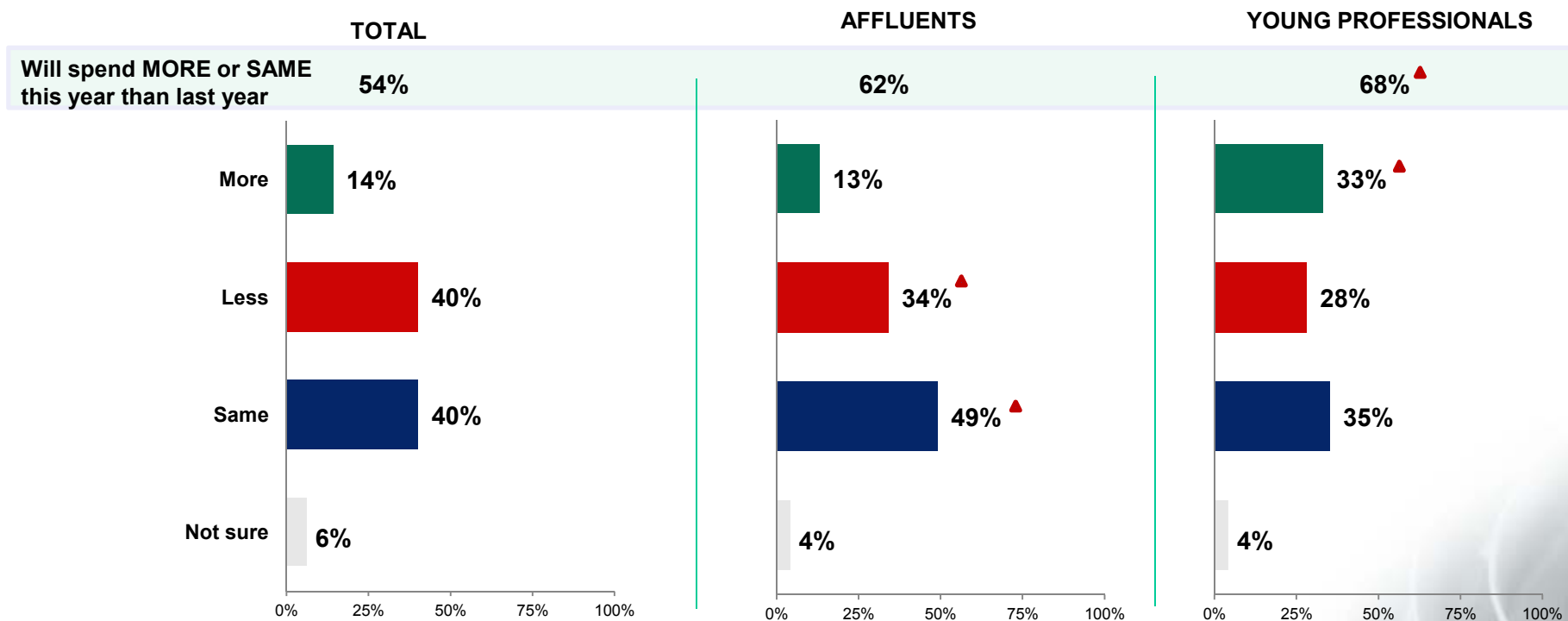
2011 Discretionary Spending – Will You Be Spending More, Less or Same than Last Year?



Most consumers expect to spend more or the same on their discretionary spending in 2011, compared to 2010.

In thinking about all of their discretionary spending in 2011 – more than one half (54%) of the general population expect to spend more (14%) or the same (40%), compared to 2010. To that end...

- One third (33%) of Young Professionals expect to spend **more** in 2011 on non-essentials.
- More than one third (34%) of Affluents expect to spend **less** in 2011 on non-essentials.



Q.1 Thinking about all of your discretionary (non-essential items) spending in 2011 - Do you expect to spend more, less, or the same in 2011, compared to 2010? BASE: Total respondents

▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level



2011 Discretionary Spending –Areas Consumers Plan to Spend More or the Same among the **General Population**



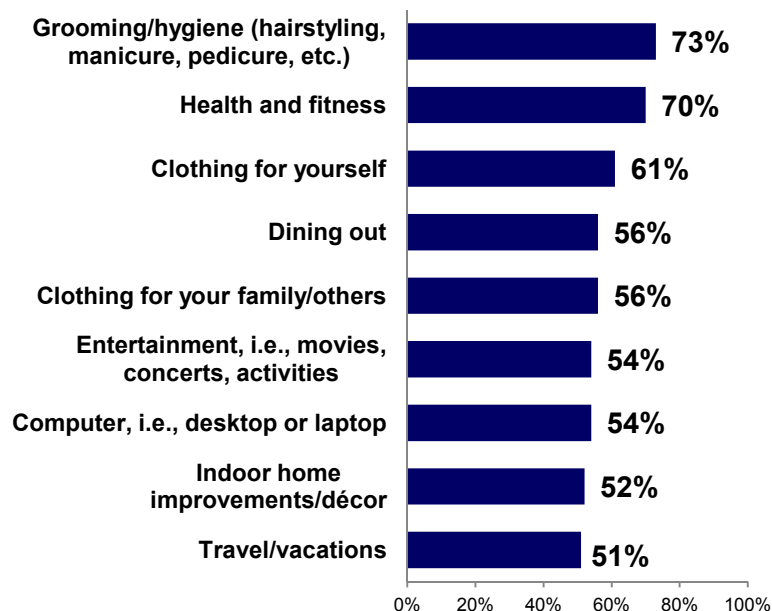
In thinking about spending in 2011, compared to 2010 – self-maintenance emerges to the top for areas where consumers expect to spend more or the same.

Seven in ten consumers among the general population expect to spend **more or the same** on grooming (73%), and health/fitness (70%) in 2011, compared to 2010.

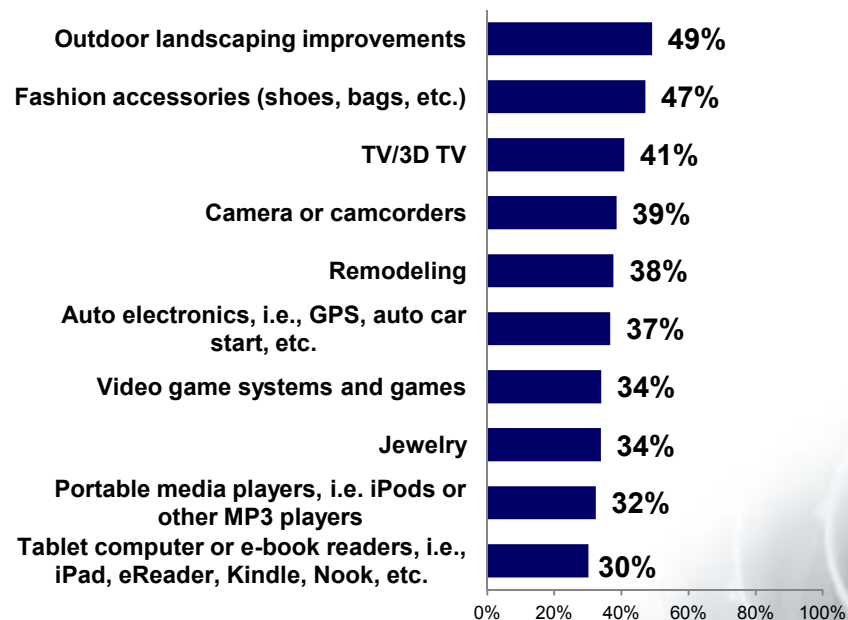
Also among the top areas consumers plan to spend **more or the same** – clothing for themselves (61%), clothing for family/others or dining out (56% each), entertainment or computers (54% each), indoor home improvements (52%), and travel/ vacations (51%).

About one half or fewer will spend more or the same in all other non-essential areas in 2011.

Top Areas Consumers Intend to Spend MORE OR SAME in 2011



All Other Areas Consumers Intend to Spend MORE OR SAME in 2011



Q.2 Thinking about your spending in 2011, compared to 2010 - will you be spending more, less, or the same on [INSERT] in 2011? BASE: Total respondents

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▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level

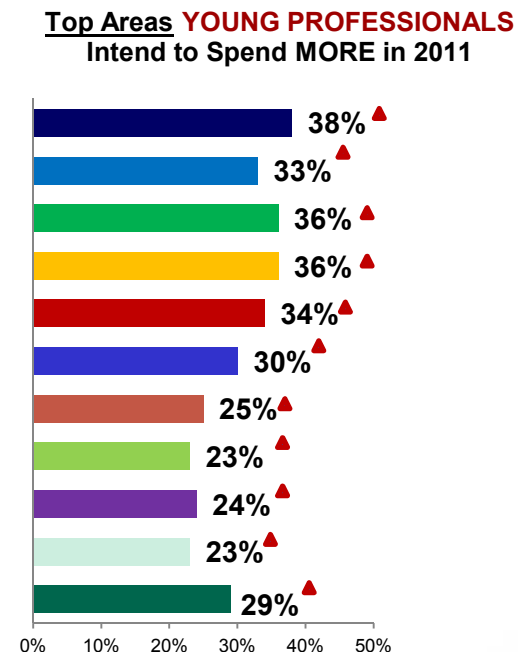
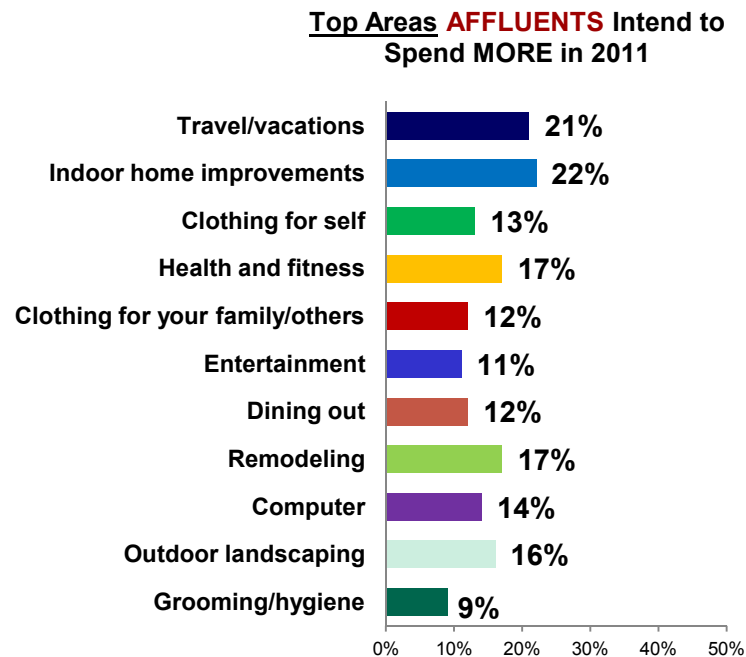


2011 Discretionary Spending – Areas Consumers Plan to Spend More – **Affluents versus Young Professionals**



Young Professionals have greater plans to spend more than Affluents in all areas, but especially will spend more on travel, clothing, health and fitness, and home indoor improvements.

In 2011, compared to 2010 – nearly four in ten Young Professionals have plans to spend **more** on travel/vacations (38%), clothing for self and health/ fitness (36% each). About one third will spend **more** on clothing for their family/others (34%) and indoor home improvements (33%).



Top 11 out of 19 areas illustrated
 Q.2 Thinking about your spending in 2011, compared to 2010 - will you be spending more, less, or the same on [INSERT] in 2011? BASE: Total respondents

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▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level



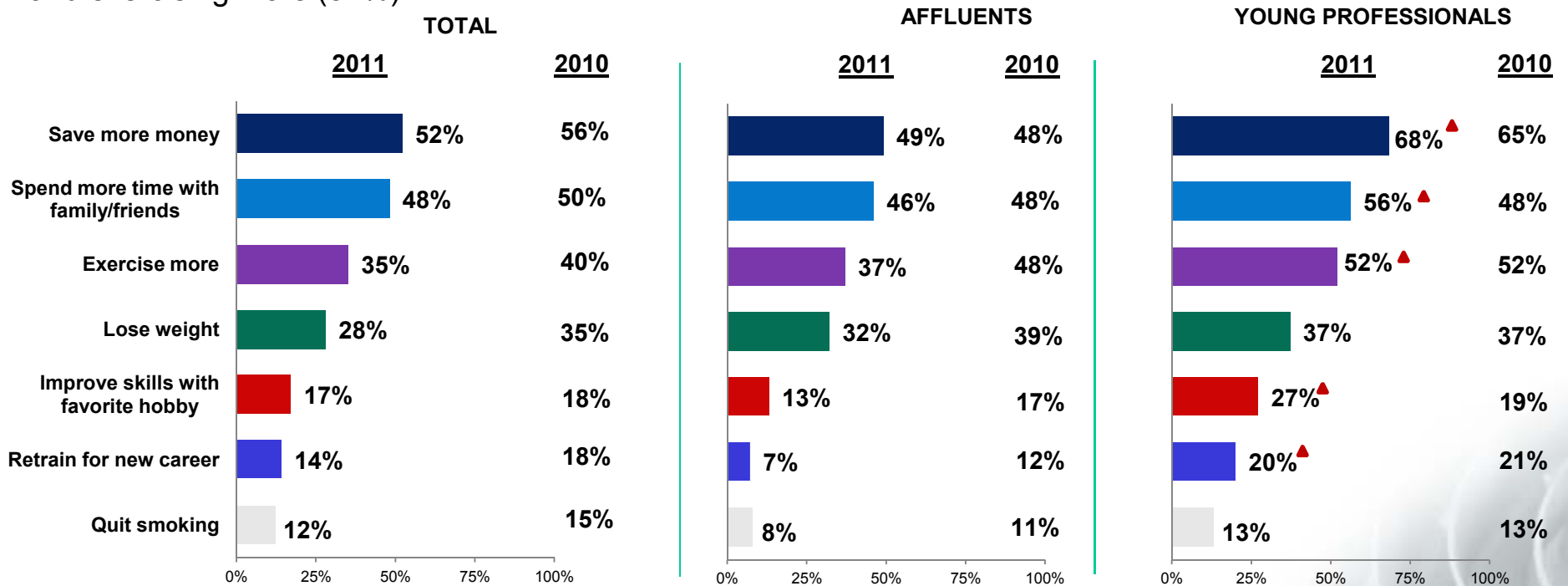


2011 Intentions versus Last Year

Saving more money and spending more time with family / friends are the top intentions for 2011 –as they were in 2010.

More than one half (52%) of the general population feel that saving more money is very important to their 2011 intentions – however significantly down from their 2010 intentions cited last year (56%). Also down from 2010 in terms of importance – exercising more (35% vs. 40%), losing weight (28% vs. 35%).

The top priority among Young Professionals in 2011 will be to save more money (68%). Also among the top priorities for these consumers will be to spend more time with family/ friends (56% - up from 48% in 2010), and exercising more (52%).



Q.3-1 Next, rate the following issues on how important they are to your 2011 intentions.

*** TOP BOX SUMMARY (VERY IMPORTANT) ***

BASE: Total respondents

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▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level





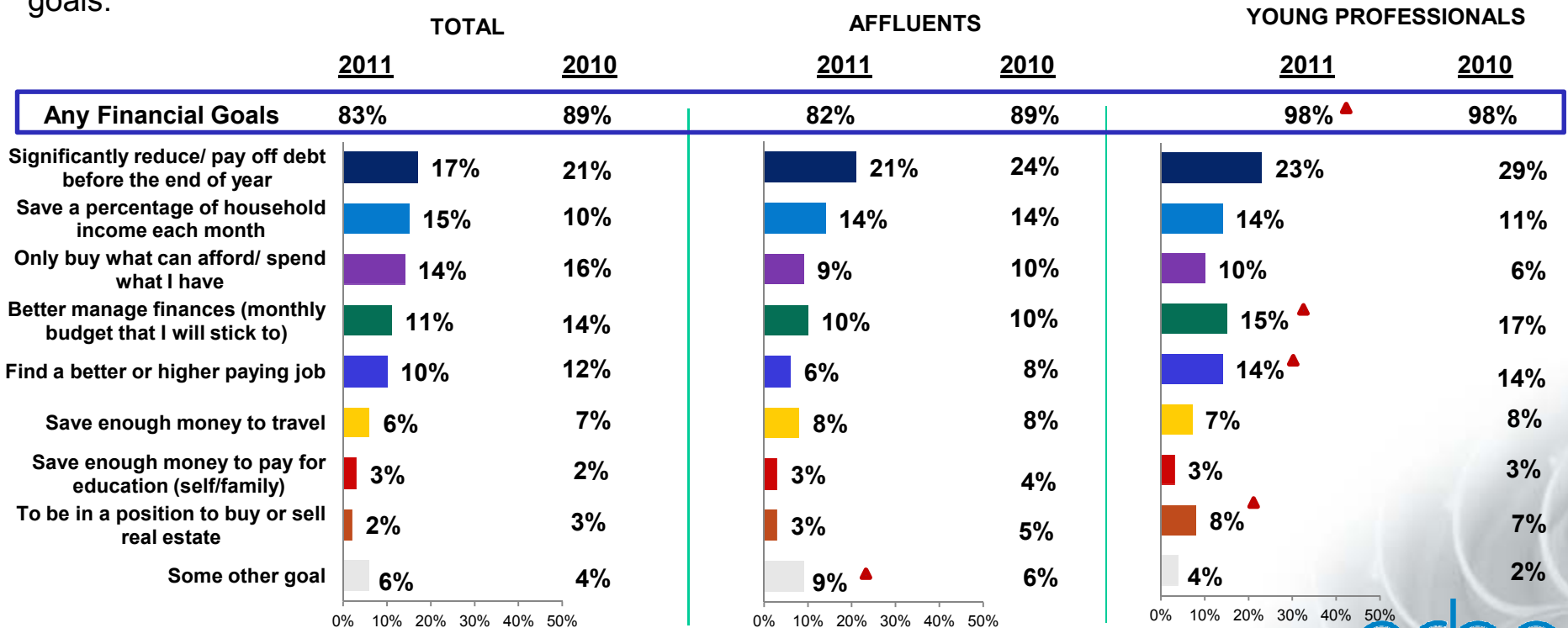
2011 Financial Goals versus Last Year

In 2011, compared to 2010 consumers among the general population are less likely to set a financial goal for themselves.

Fewer consumers are prioritizing paying off their debt, but more of these consumers will put saving a percentage of their monthly income at the top of the list.

In 2011, fewer Young Professionals put paying off debt at the top of their financial goal list, in contrast to 2010 (23% vs. 29%), but more say their top financial goal is to only buy what they can afford (10% vs. 6%).

Virtually all (98%) Young Professionals will set financial goals (on par with 2010), unlike their Affluent counterparts (82% vs. 89%) and the general population (83% vs. 89%) who indicate a decrease in financial goals.



Q.4 Next, please complete the following sentence: In 2011, my top financial goal is... BASE: Total respondents

8 ▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level



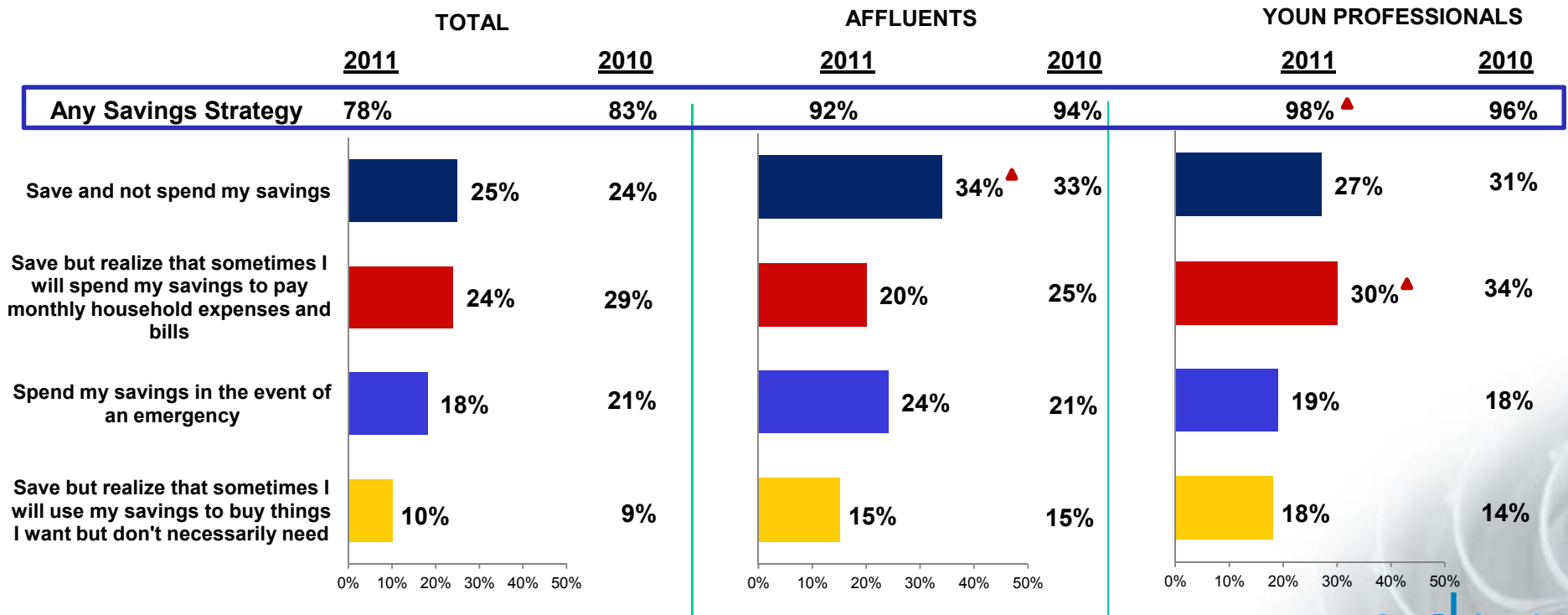


2011 Savings Strategy versus Last Year

Consumers among the general population are less likely to set a savings strategy in 2011 than this past year (78% vs. 83%).

The top savings strategy among Affluents is to not spend their savings, but among Young Professionals more indicate there will be stipulations on their savings strategy due to monthly bills.

More Affluents than Young Professionals say they plan to save and not spend their savings (34% vs. 27%); conversely, more Young Professionals than Affluents intend to save but realize that sometimes they will need to pay monthly household expenses and bills with their savings (30% vs. 20%).



Q.5 Which of the following best describes your savings strategy for 2011? BASE: Total respondents





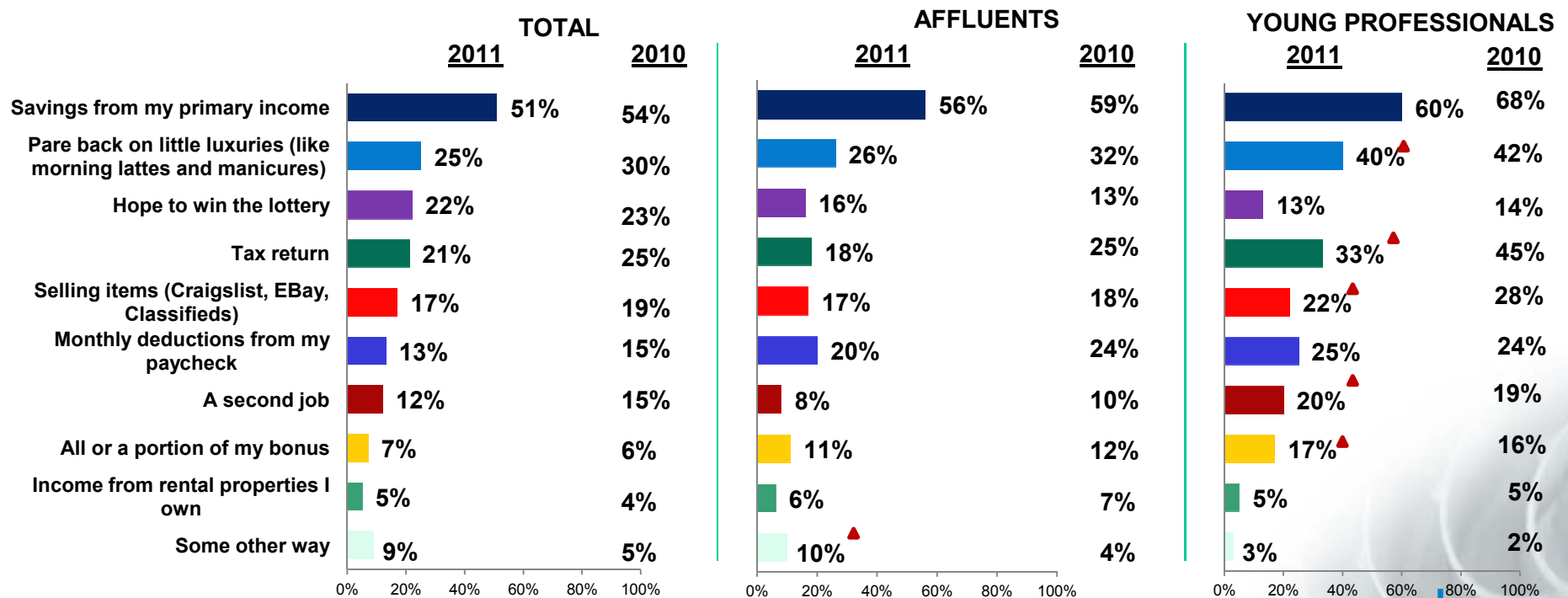
Plans to Reach 2011 Savings Strategy versus Last Year

Reaching their savings goal in 2011 will be achieved through savings from their primary income – consistent with 2010.

Among the general population with a savings strategy, more than one half cite they will reach their 2011 savings goal by utilizing savings from their primary income, and following second is paring back on little luxuries (51% and 25%).

Compared to last year...

- Fewer Affluents with a savings strategy will achieve their savings goal by paring back on little luxuries (26% vs. 32%) or by way of their tax return (18% vs. 25%).
- Young Professionals with a savings strategy are less likely to reach their savings goal by using their primary income (60% vs. 68%), their tax return (33% vs. 45%), and selling off possessions (22% vs. 28%).



Q.6 Which of the following describes how you plan to reach your savings goal in 2011? BASE: Total have a saving strategy





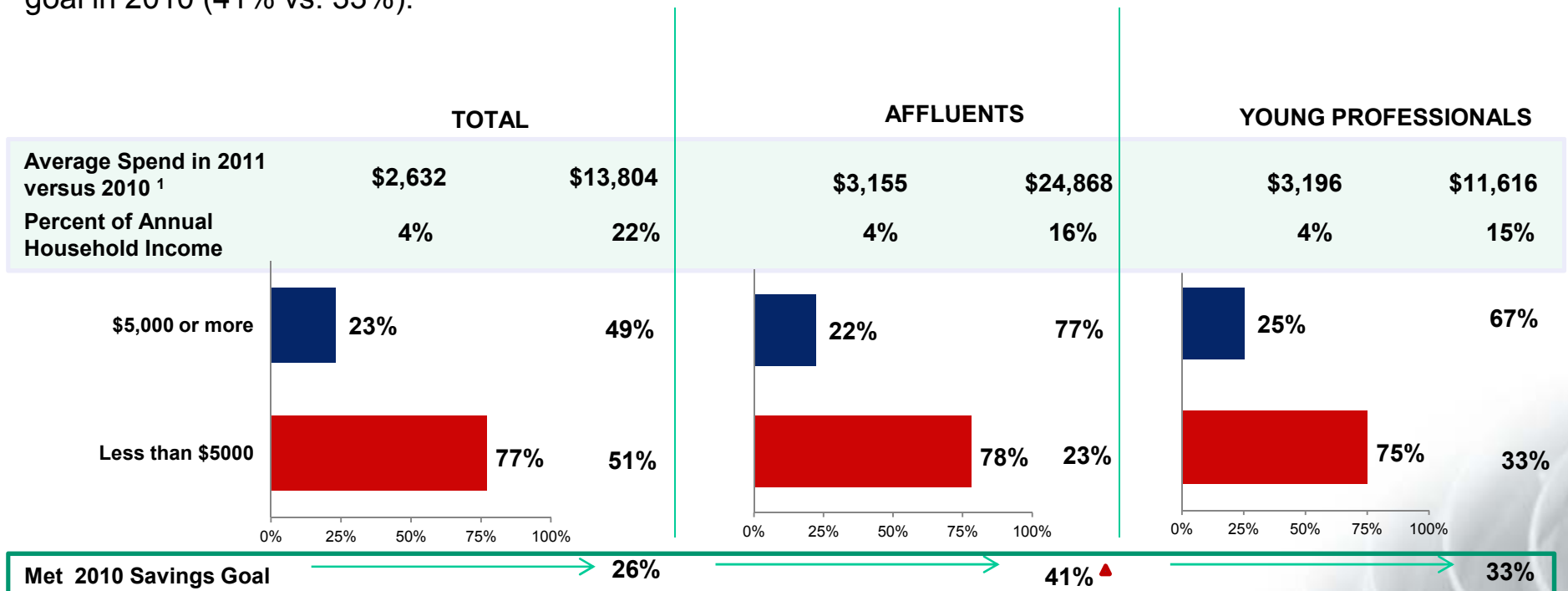
Average Savings Goal For 2011 versus Last Year

In 2010 consumers had bigger savings intentions than they plan for in 2011.

More than three in four (77%) consumers who have a savings strategy plan to save less than \$5,000 in 2011, in contrast to one half (51%) who had plans to save less than \$5,000 in 2010.

On average, the general population with a savings strategy would like to save 4% of their annual household income or about \$2,600, in 2011 – significantly less than 2010 (\$14,000 or 22% of their annual household income).

Overall, more than one in four (26%) consumers with a savings plan say they achieved their savings goal in 2010. Significantly more Affluents with a savings strategy than their Young Professional counterparts met their goal in 2010 (41% vs. 33%).



Q.7 Thinking about your savings goal for 2011 - what is the total amount of money you would like to save in 2011? BASE: Total have a saving strategy
 Q.8 Did you meet your 2010 savings goal?

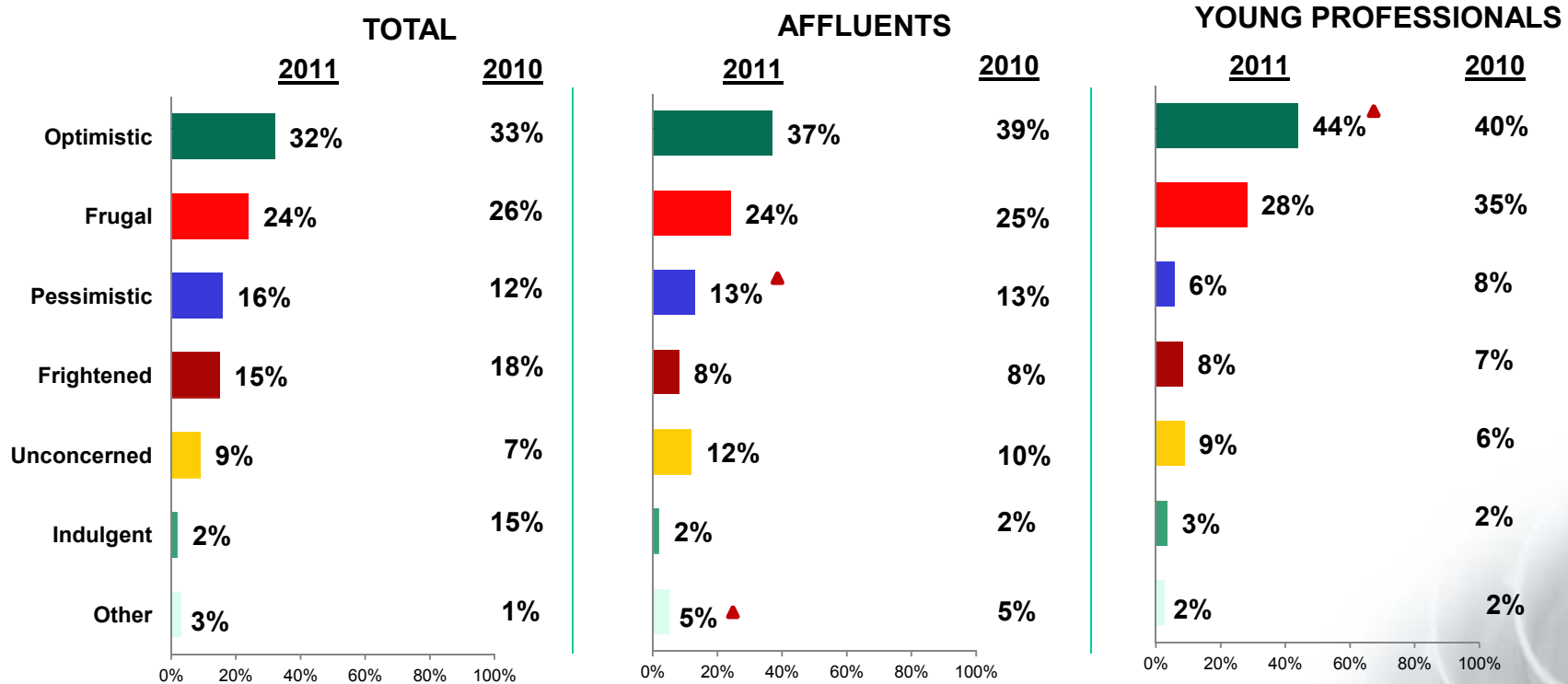
▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level





2011 Financial State of Mind versus Last Year

More consumers among the general population indicate they are optimistic and frugal than who are frightened and pessimistic when describing their financial state of mind for 2011 (on par with 2010). In thinking about their financial state of mind in 2011 – roughly one third (32%) are optimistic and about one in four (24%) are frugal. This is consistent with their financial state of mind in 2010 (33% and 26%, respectively). Significantly more Young Professionals than Affluents describe their 2011 financial state as optimistic (44% vs. 37%); and more than twice as many Affluents than Young Professionals are pessimistic (13% vs. 6%).



Q.9 If you had to choose one word to describe your financial state of mind for 2011, which of the following would it be? BASE: Total respondents

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January Spending and Saving

HEALTH & WELLNESS



Health & Wellness Spending in 2011



Consumers among the **general population** are planning to spend an average of \$131 per month in 2011 for a gym membership or \$1,600 annually. This is 3% of their annual household income. Most say this is the same as they spent in 2010.

More than one half (58%) of consumers who will spend an average of \$131 per month on a gym membership in 2011 say they will be spending the same as they did in 2010. Significantly fewer (36%) say this membership will be more than they spent in 2010.

	Any Health & Wellness Spending	Per month Spend in 2011	Annual spend in 2011 ¹	Percent of annual household income
Gym membership	17%	\$131	\$1,600	3%
Equipment	8%	\$127	\$1,500	2%
Personal trainer	3%	\$127	\$1,500	2%
Fitness vacation (i.e. yoga retreat, fitness cruise)	3%	\$94	\$1,100	2%
Eating programs	5%	\$75	\$900	1%
Specialty fitness programs (i.e. yoga, pilates, bootcamps)	5%	\$64	\$800	1%
Fitness related video games	7%	\$60	\$700	1%
Fitness DVDs	6%	\$29	\$300	< 1%
Fitness magazines	6%	\$20	\$200	< 1%

	MORE in 2011 than 2010	The SAME in 2011 than 2010	LESS in 2011 than 2010
Gym membership	36%	58%	6%
Equipment	51%	29%	20%
Fitness related video games (i.e. Wii Fit)	53%	32%	15%
Fitness DVDs	43%	35%	22%
Fitness magazines	23%	57%	20%
Specialty fitness programs (i.e. yoga, pilates, bootcamps)	41%	30%	30%
Eating programs	36%	47%	17%
Personal trainer	50%	23%	27%
Fitness vacation (i.e. yoga retreat, fitness cruise)	44%	29%	27%

Health & Wellness Spending in 2011



More than one in four (27%) **Affluents** plan to spend an average of \$147 on a gym membership (or \$1,800 for the year in 2011). Two third (66%) say this is the same as they spent in 2010.

	Any Health & Wellness Spending	Per month Spend in 2011	Annual spend in 2011 ¹	Percent of annual household income
Personal trainer	5%	\$260	\$3,100	2%
Equipment	11%	\$204	\$2,400	2%
Fitness vacation (i.e. yoga retreat, fitness cruise)	3%	\$165	\$2,000	1%
Gym membership	27%	\$147	\$1,800	1%
Specialty fitness programs (i.e. yoga, pilates, bootcamps)	7%	\$90	\$1,100	<1%
Eating programs (i.e. Weight Watchers, Jenny Craig, etc.)	6%	\$79	\$900	<1%
Fitness related video games (i.e. Wii Fit)	9%	\$62	\$700	<1%
Fitness DVDs	8%	\$31	\$400	<1%
Fitness magazines	8%	\$27	\$300	<1%

	MORE in 2011 than 2010	The SAME in 2011 than 2010	LESS in 2011 than 2010
Gym membership	28%	66%	6%
Equipment	55%	31%	14%
Fitness related video games (i.e. Wii Fit)	48%	37%	15%
Fitness DVDs	38%	42%	20%
Fitness magazines	15%	69%	16%
Specialty fitness programs (i.e. yoga, pilates, bootcamps)	33%	52%	15%
Eating programs (i.e. Weight Watchers, Jenny Craig, etc.)	37%	50%	13%
Personal trainer	67%	29%	4%
Fitness vacation (i.e. yoga retreat, fitness cruise)	36%	40%	24%

Health & Wellness Spending in 2011



More than four in ten (44%) **Young Professionals** plan to spend an average of \$85 on a gym membership (or \$1,000 for the year in 2011). Most say this is the same as what they spent in 2010 (52%).

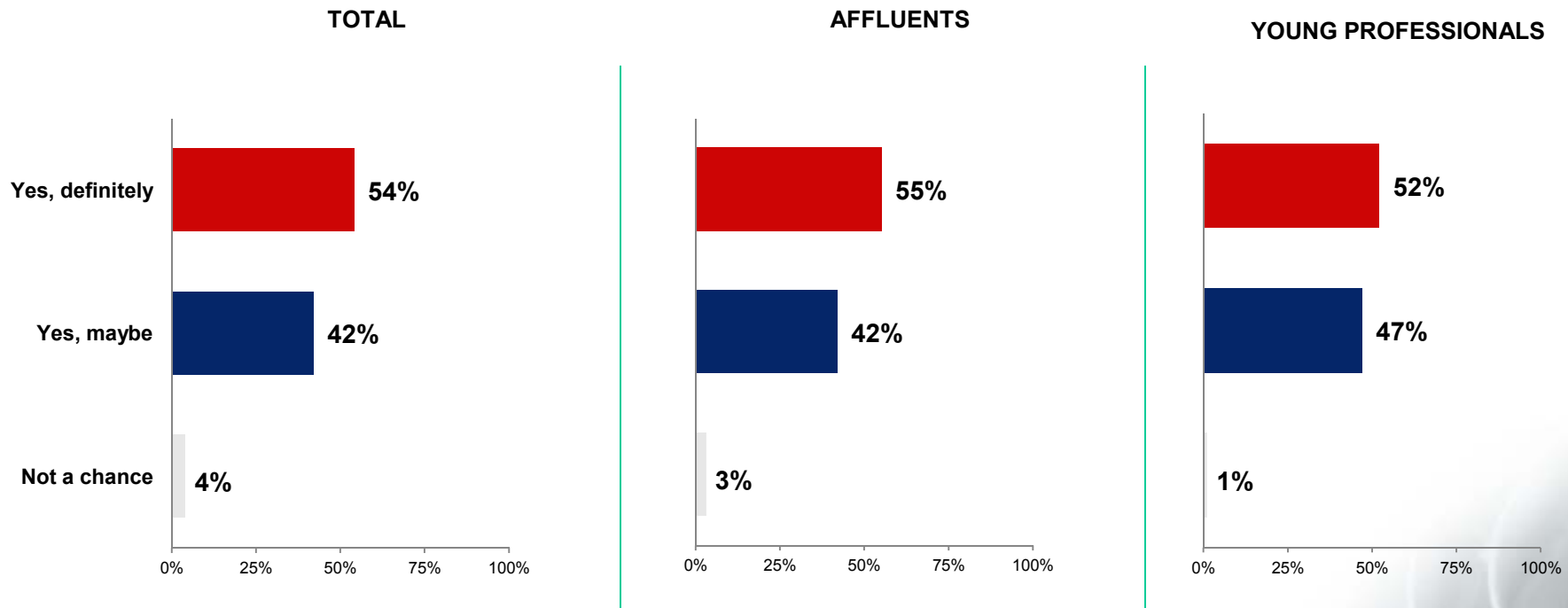
	Any Health & Wellness Spending	Per month Spend in 2011	Annual spend in 2011 ¹	Percent of annual household income
Fitness vacation (i.e. yoga retreat, fitness cruise)	13%	\$92	\$1,100	1%
Personal trainer	12%	\$84	\$1,000	1%
Gym membership	44%	\$85	\$1,000	1%
Equipment	26%	\$86	\$1,000	1%
Eating programs (i.e. Weight Watchers, Jenny Craig, etc.)	15%	\$57	\$700	<1%
Specialty fitness programs (i.e. yoga, pilates, bootcamps)	19%	\$50	\$600	<1%
Fitness related video games (i.e. Wii Fit)	25%	\$44	\$500	<1%
Fitness DVDs	23%	\$27	\$300	<1%
Fitness magazines	22%	\$19	\$200	<1%

	MORE in 2011 than 2010	The SAME in 2011 than 2010	LESS in 2011 than 2010
Gym membership	41%	52%	7%
Equipment	48%	35%	17%
Fitness related video games (i.e. Wii Fit)	51%	34%	15%
Fitness DVDs	42%	42%	16%
Fitness magazines	36%	53%	11%
Specialty fitness programs (i.e. yoga, pilates, bootcamps)	44%	38%	18%
Eating programs (i.e. Weight Watchers, Jenny Craig, etc.)	51%	32%	17%
Personal trainer	55%	28%	17%
Fitness vacation (i.e. yoga retreat, fitness cruise)	46%	30%	24%

Overall Investment in Health and Fitness



Most consumers expect to achieve their intended ROI for better health, lose weight, etc. (54%).



Q.19 Thinking about your overall investment in health and fitness - do you think you will achieve your intended return on investment, i.e., better health, lose weight, etc.?

BASE: Total with any health and wellness spending plans

▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level

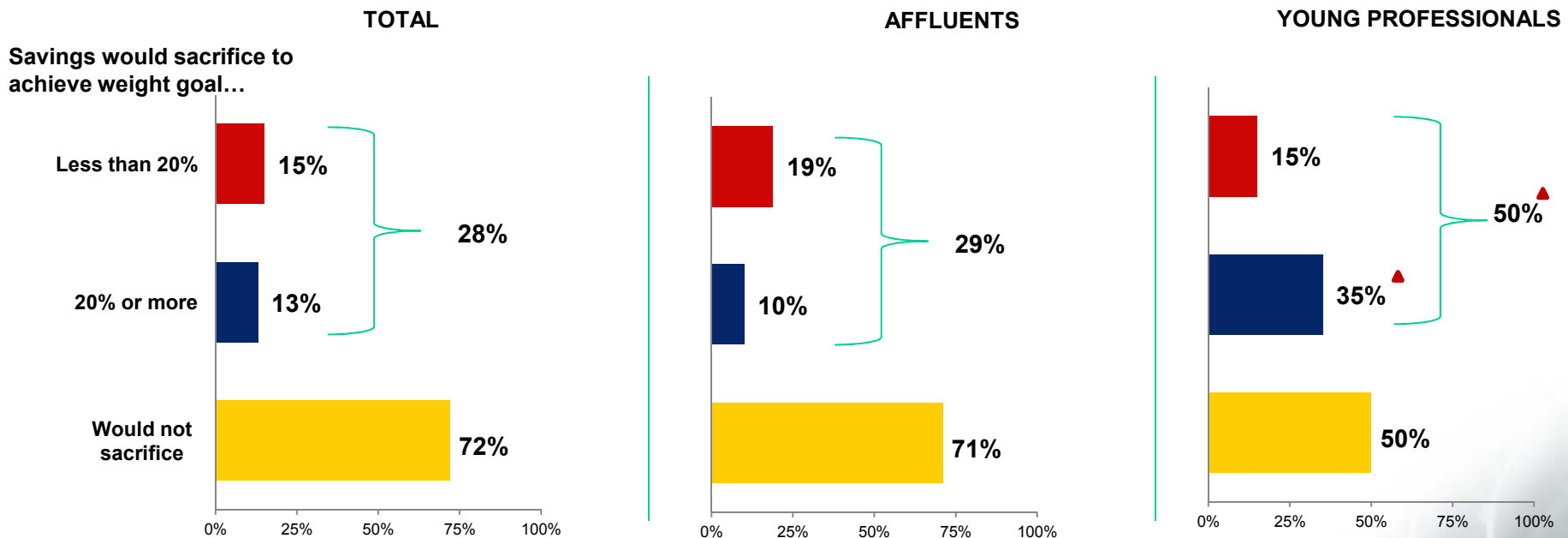


Would You Sacrifice Savings Goal To Lose Any Weight?



More than one in four (28%) consumers with a savings strategy would even sacrifice a portion of that savings in order to reach their goal weight.

Significantly more Young Professionals than Affluents and the general population would sacrifice their savings to achieve their weight goal (50% vs. 29% and 28%, respectively).



Q.20 What percent of your 2011 savings goal would you sacrifice in order to reach your goal weight?
 BASE: Total have a saving strategy

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January Spending and Saving

MOBILE DEVICES AND DOWNLOADS



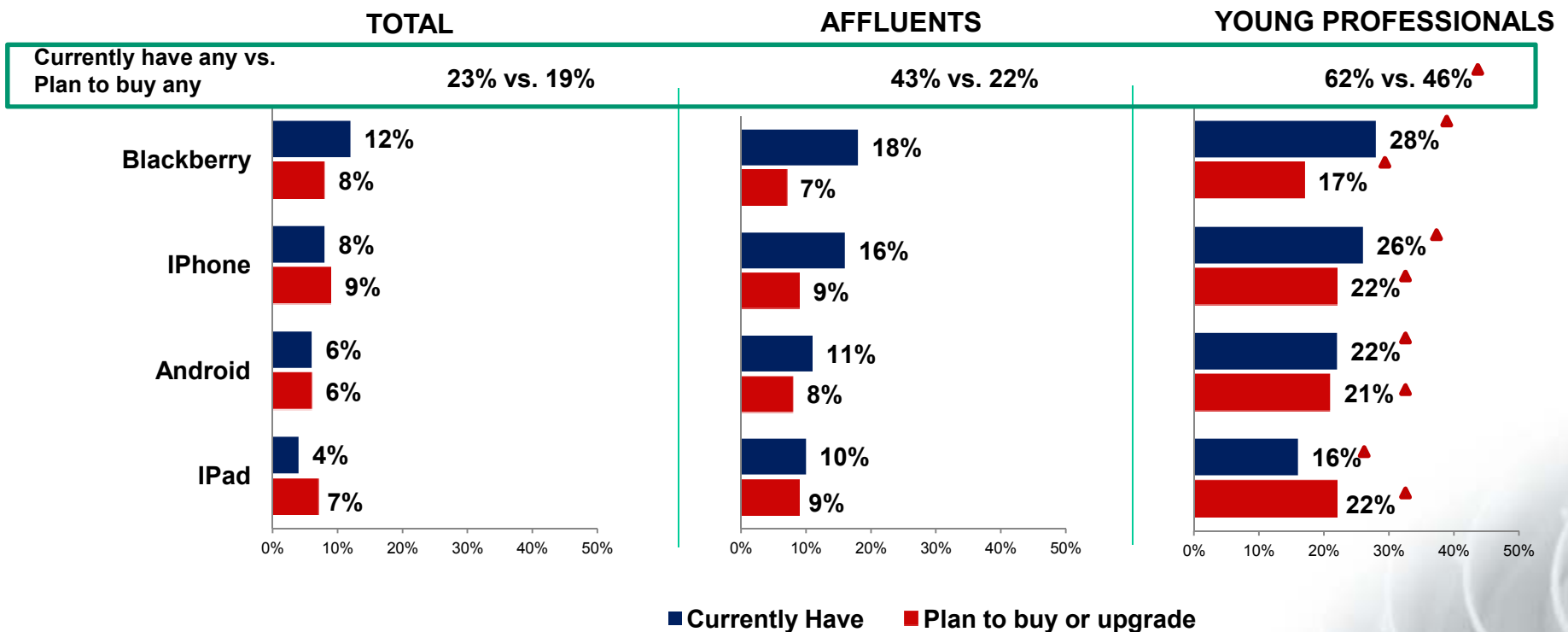
Currently Have Mobile Devices versus Plan to Buy or Upgrade to in the Next 3 Months



Most Young Professionals currently have a smart phone but fewer plan to buy or upgrade such devices in the next 3 months (62% vs. 46%).

Among the general population more than one in five (23%) consumers currently have some type of smart phone and slightly fewer (19%) plans to buy or upgrade to one in the next 3 months.

The Blackberry is among the top smart phones Young Professionals currently have (28%) – but Young Professional’s plans to buy or upgrade in the next 3 months indicate a slight preference for the iPhone or iPad (22% each) versus the Blackberry (17%).



Q.10 Which of the following mobile devices you do currently have?
 Q.11-3 Which of the following do you plan to buy or upgrade in the next 3 months?
 BASE: Total respondents

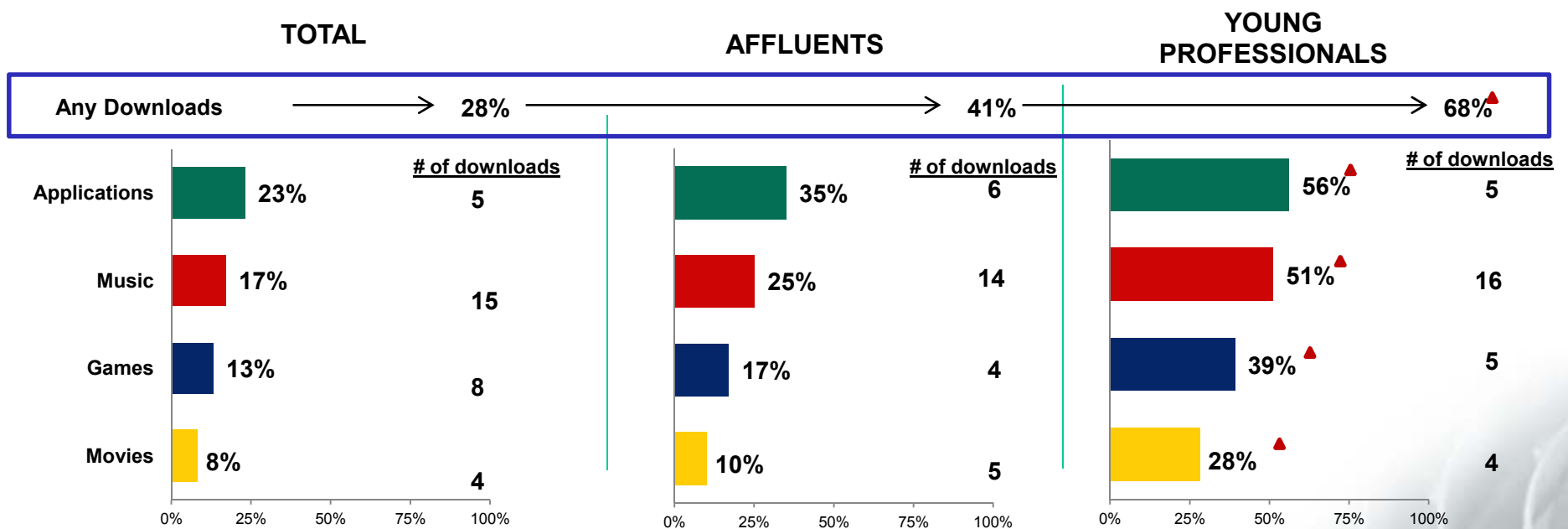
Downloads to Mobile Devices or Desktop Computer in a typical Month



Downloading (applications, music, movies, and games) to mobile devices and desktops is less popular among the general population and Affluents than among Young Professionals.

More than one in four (28%) of the general population download applications, music, movies, or gaming to their mobile device or desktop in a typical month. Significantly more Young Professionals than Affluents execute these downloads (68% vs. 41%).

15 musical selections are downloaded, on average, in a typical month – among those who download any applications, music, movies, or games.



Q.12-1, 12-2 Thinking about your mobile devices and desktop you use - how many of the following do you download in a typical MONTH?

Average excludes 0

BASE: Total respondents

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▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level



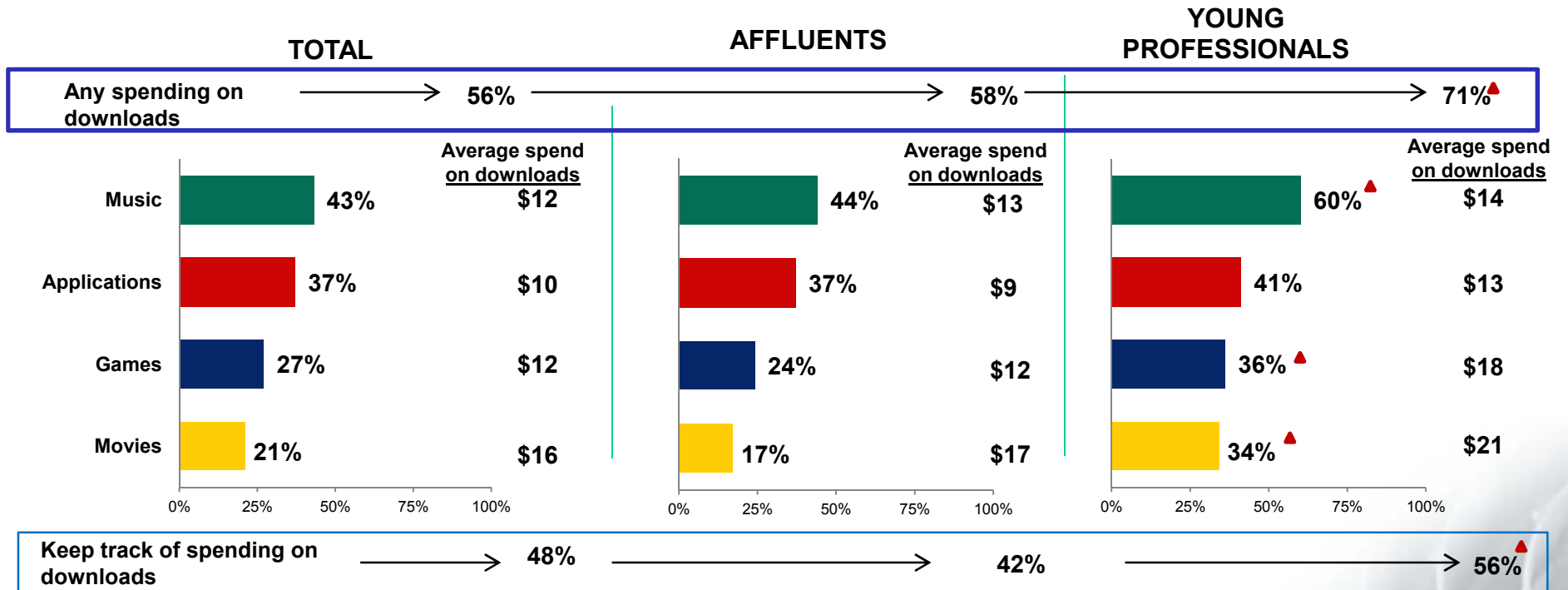


Spending on Downloads in a typical Month

More than one half (56%) of consumers who download, in a typical month, spend between \$10 and \$16, on average.

More than seven in ten (71%) Young Professionals who download, in a typical month spend between \$13 and \$21, on average.

Most Young Professionals who spend on downloads say they keep track of their spending (56%) – fewer, of the general population and Affluents who spend on downloads 48% and 42%, respectively) don't keep track.



Q.13-1 . 13-2 How much do you estimate that you spend on each of these downloads in a typical MONTH? BASE: Total who download any applications, music, movies, games
Average excludes 0

Q.14 Do you keep track of how much you are spending on apps, music, movies, and gaming downloads on your mobile devices?

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▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level



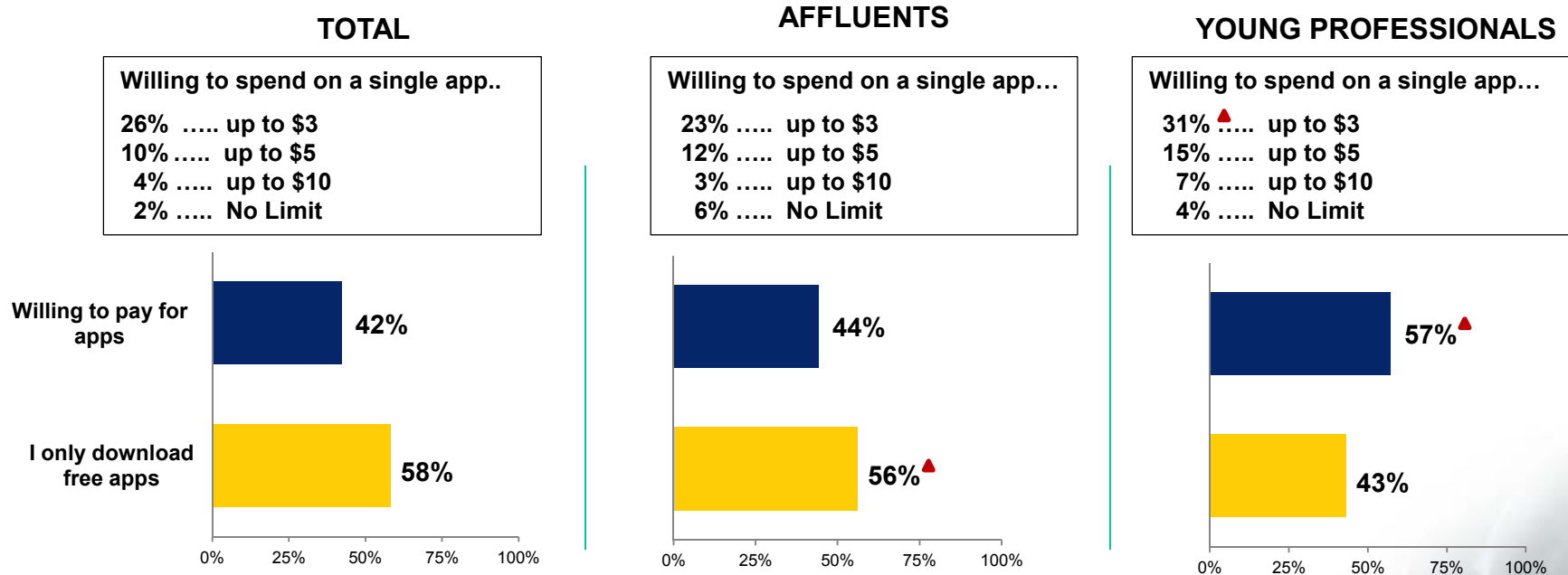


Willingness to Pay for Apps

Most consumers among the general population and Affluents are only willing to download free apps.

More than one half of the general population and Affluents (58% and 56%, respectively) only download free apps.

Most Young Professionals are willing to pay for their apps (57%), and more are willing to spend up to \$3 (31%).



Q.15 How much are you willing to pay for a single app?
BASE: Total respondents

▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level

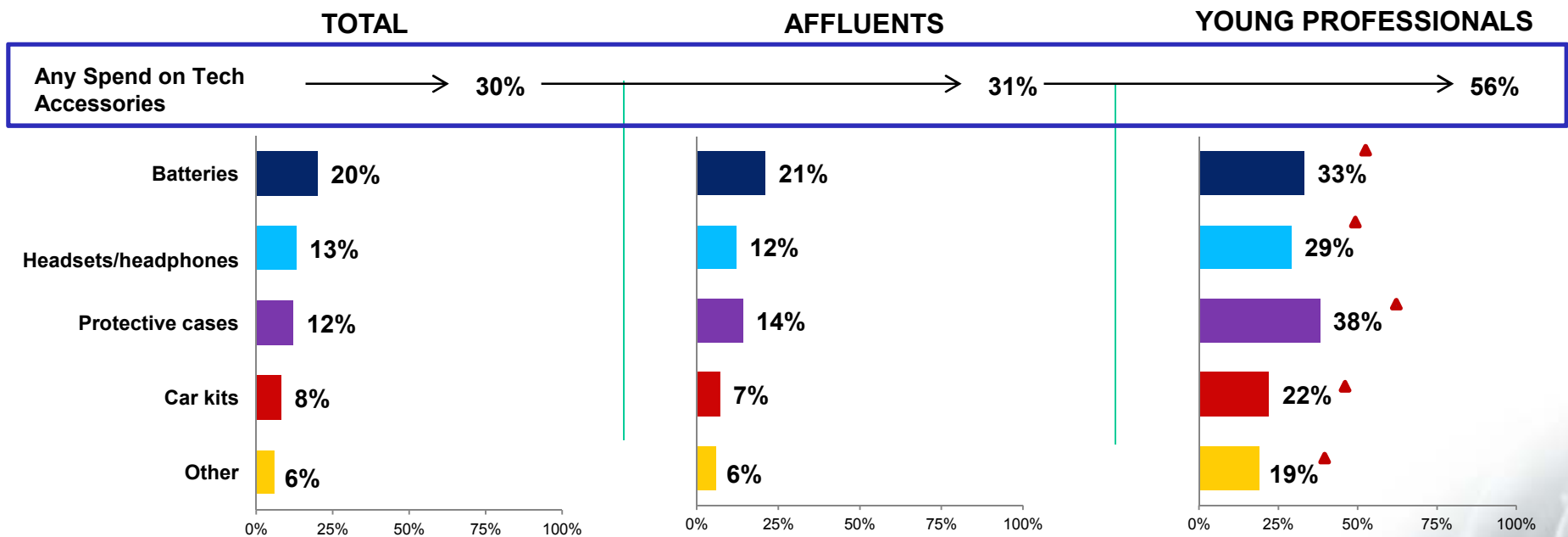




Spending on Tech Accessories

Most Young Professionals expect to make a tech accessory purchase in 2011.

Significantly fewer Affluents and the general population than Young Professionals plan to purchase tech accessories in 2011 (31% and 30%, respectively, versus 56%).



Q.16-1 Thinking about your mobile device(s) - how much do you expect to spend on tech accessories in 2011 OVERALL?
BASE: Total respondents
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▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level

