



September Consumer Spending and Saving

A research report prepared for:



September 16, 2011



Research Method



- **This research was completed online among a random sample of consumers aged 18+. A total of 2,009 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= 538: Affluents – defined as having a minimum annual household income of \$100,000**
 - **n= 517: 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 August 30 – September 3, 2011**
- **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.**

CONSUMER SPENDING, THEIR JOB STABILITY AND FINANCIAL OUTLOOK

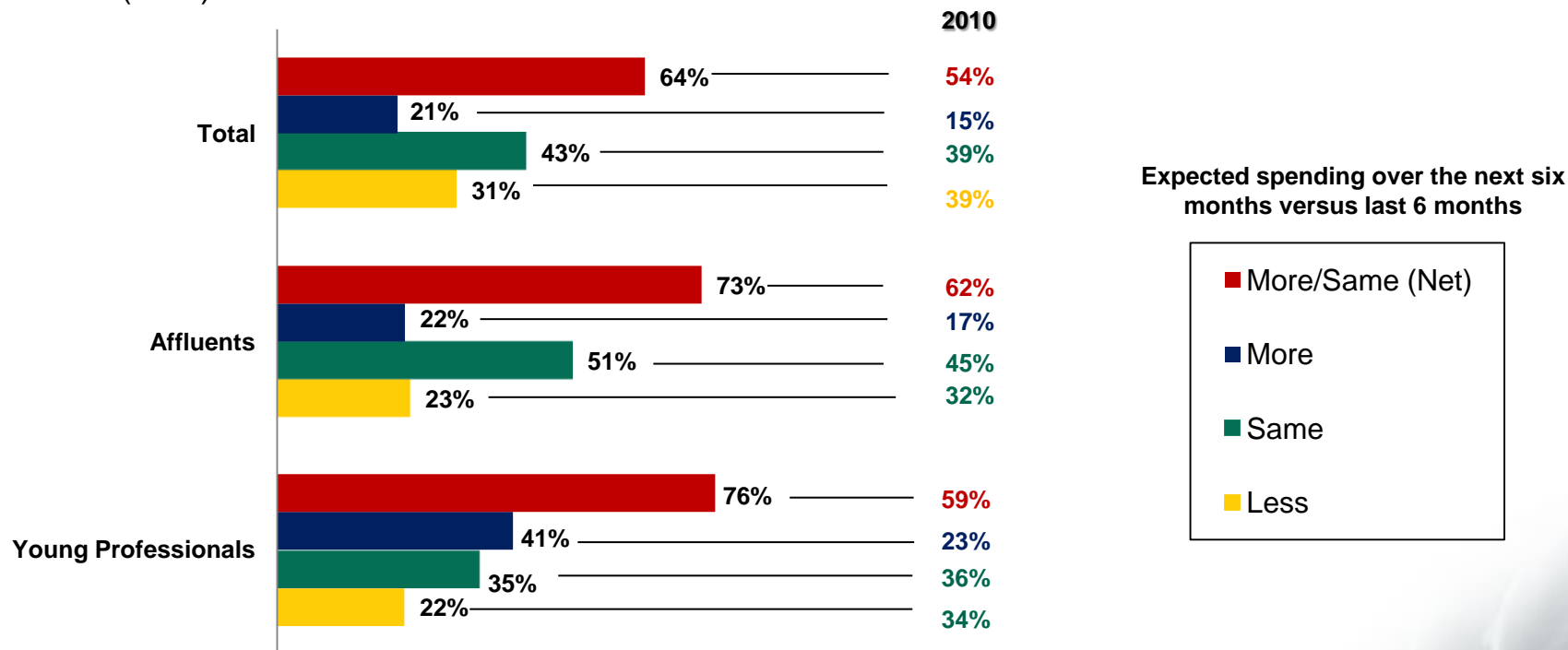
Consumer spending expectations over the next six months versus previous six months



The majority (64%) of consumers expect to spend *more* or the *same* over the next six months versus the last six months.

One in five (21% - up from 15% in 2010) consumers expect to spend *more* over the next six months than they did the previous six months, and 43% (up from 39% in 2010) expect to spend the same.

Greater consumer spending will be led by Young Professionals as indicated by the 41% expecting to spend *more* over the next six months than the previous – in contrast to half as many consumers among the general population (21%).



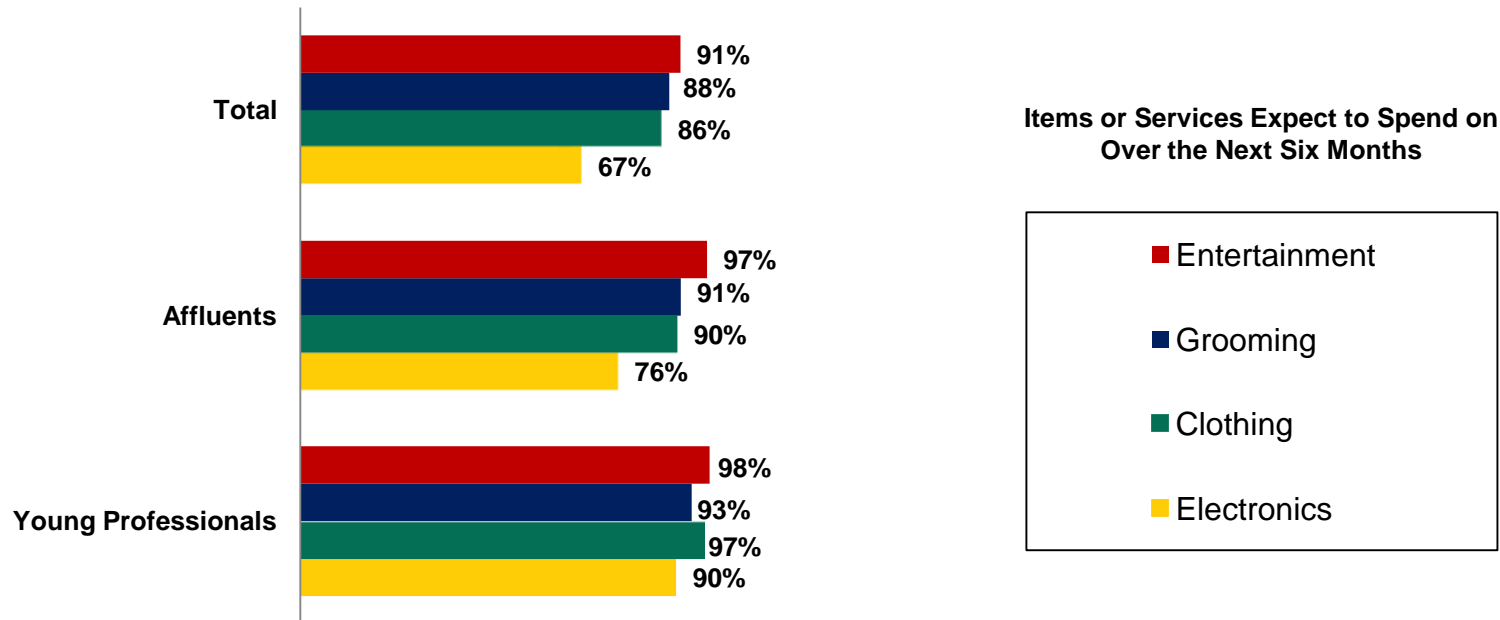
Not illustrated above: "not sure" (Total 6% 2011; 7% 2010 | 4% 2011; 6% 2010 | 2% 2011; 6% 2010)
 Q.1 Do you expect to spend more, less, or the same over the next 6 months versus the last 6 months?
 BASE: Total respondents



Areas of discretionary spending intended over the next six months



The majority of discretionary spending over the next six months is expected to go to entertainment (91%), grooming (88%), clothing (86%), and electronics (67%).



Illustrated above is "any spending" for each category; BASE: Total respondents
What types of items or services, related to...do you expect to spend on over the next six months?
Q.9: 'entertainment'
Q.6 'Grooming/hygiene (cosmetics, hairstyling, manicure, pedicure, etc)'
Q.8 'clothing'
Q.7 'electronics'

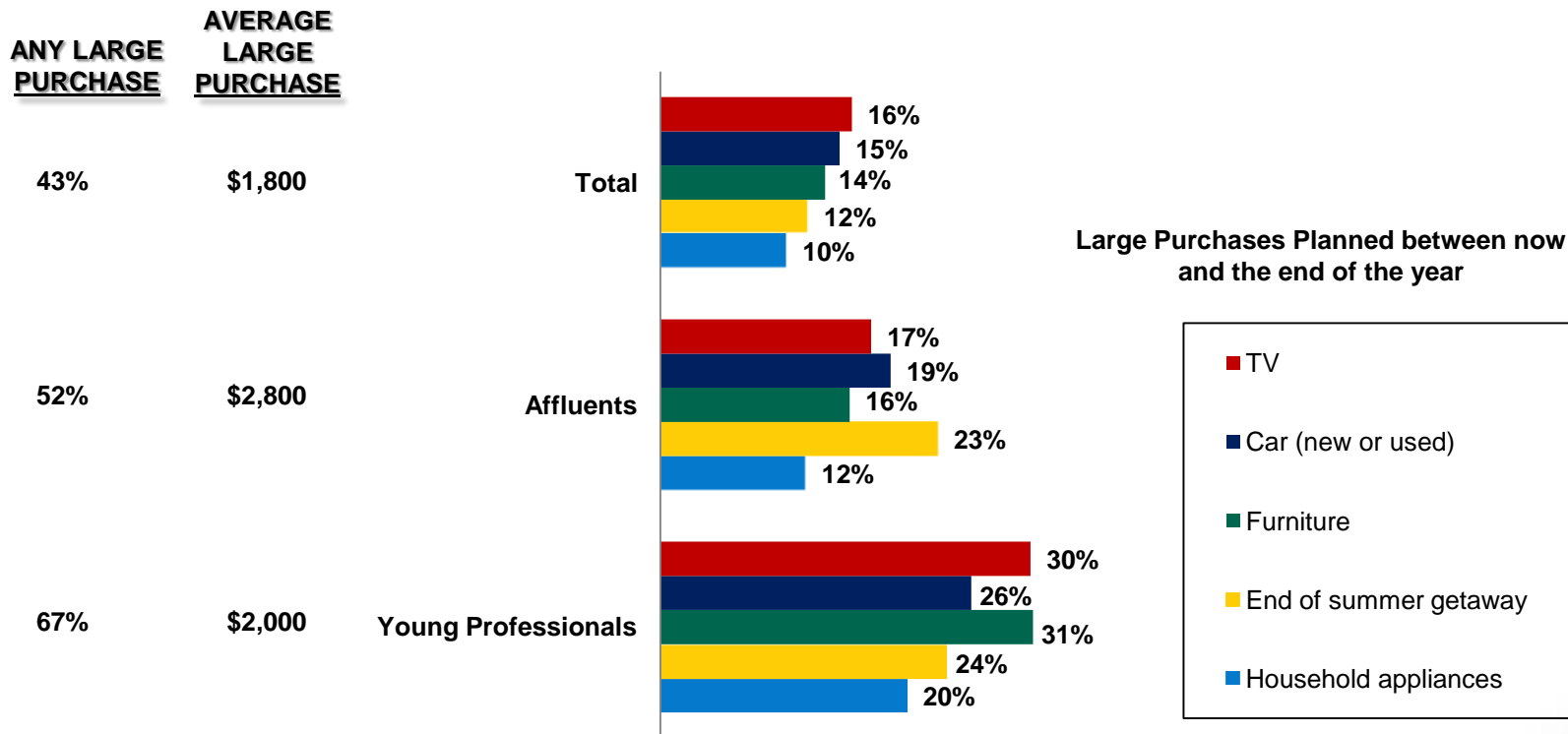


Spending on large purchases between now and the end of the year



More than two in five (43%) consumers plan to make a large purchase by the end of the year, such as a TV (16%), new or used car (15%), furniture (14%), or a household appliance (10%).

The general population expects to spend, on average, \$1,800 on their most expensive purchase, while Affluents expect to spend more (\$2,800).



Q.20 Which of the following large purchases are you planning on making between now and the end of the year? BASE: Total respondents

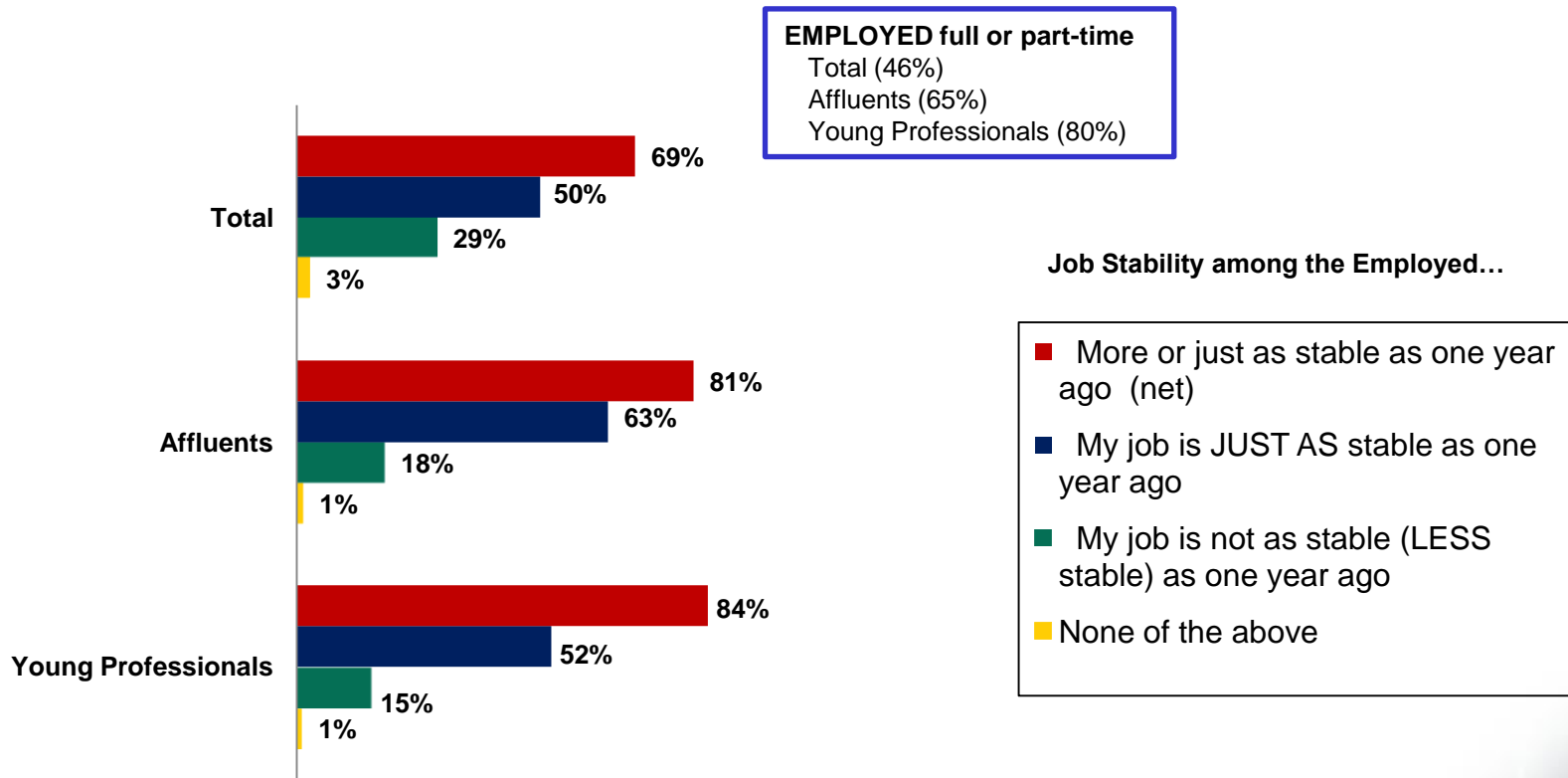
Q.21 How much do you plan on spending on your most expensive big ticket item? BASE: Respondents planning on making a large purchase between now and the end of the year



Job stability outlook relative to one year ago



More than two thirds of employed consumers feel more or equal job stability (69%) this year compared to 2010.



Q.Z3 Currently, are you yourself employed full-time, part-time, or not at all?
 Q.10 How does your job stability differ or not from one year ago? Total EMPLOYED



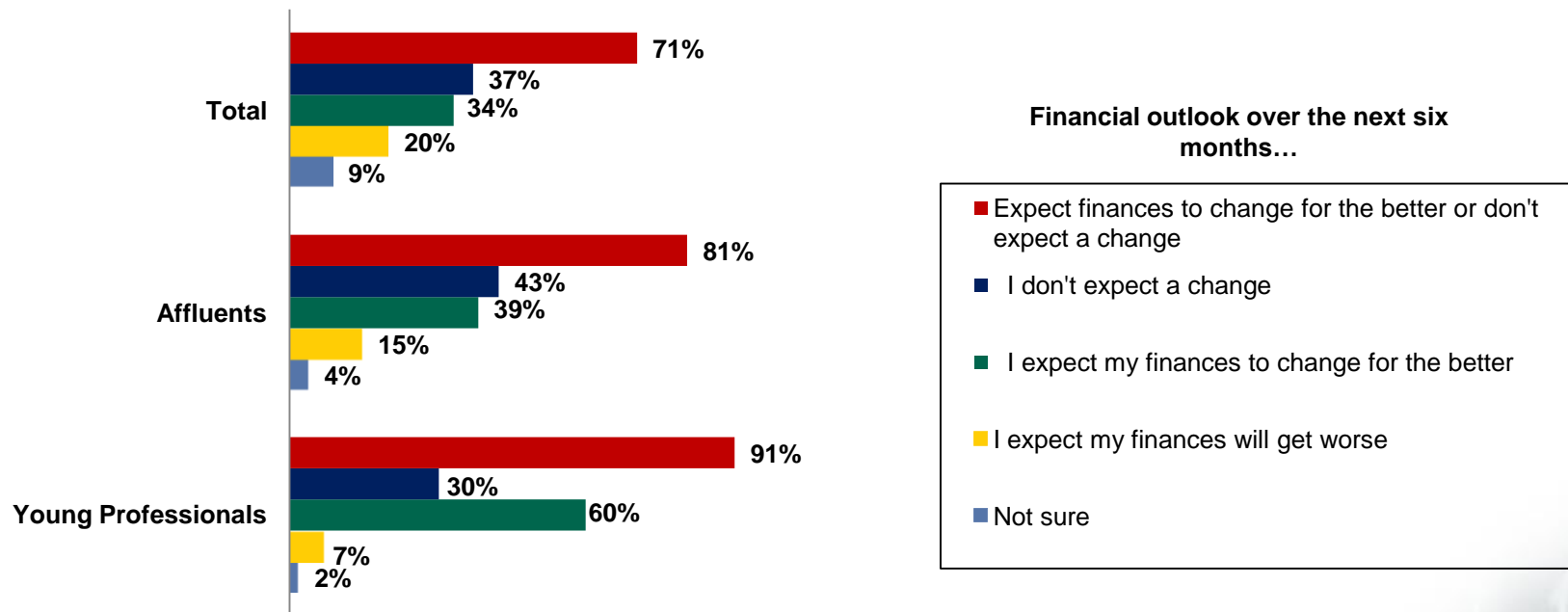
Financial outlook over the next six months



The financial outlook over the next six months is perceived to be more or just as stable as the previous six months, according to most consumers

More than seven in ten (71%) expect their finances to change for the better or don't expect a change at all over the next six months.

Significantly more Young Professionals than Affluents and the general population expect their finances to change for the better over the next six months (60% vs. 43% and 34%, respectively).



Q.11 Which of the following best describes your financial outlook over the next six months (versus last six months)? BASE: Total respondents



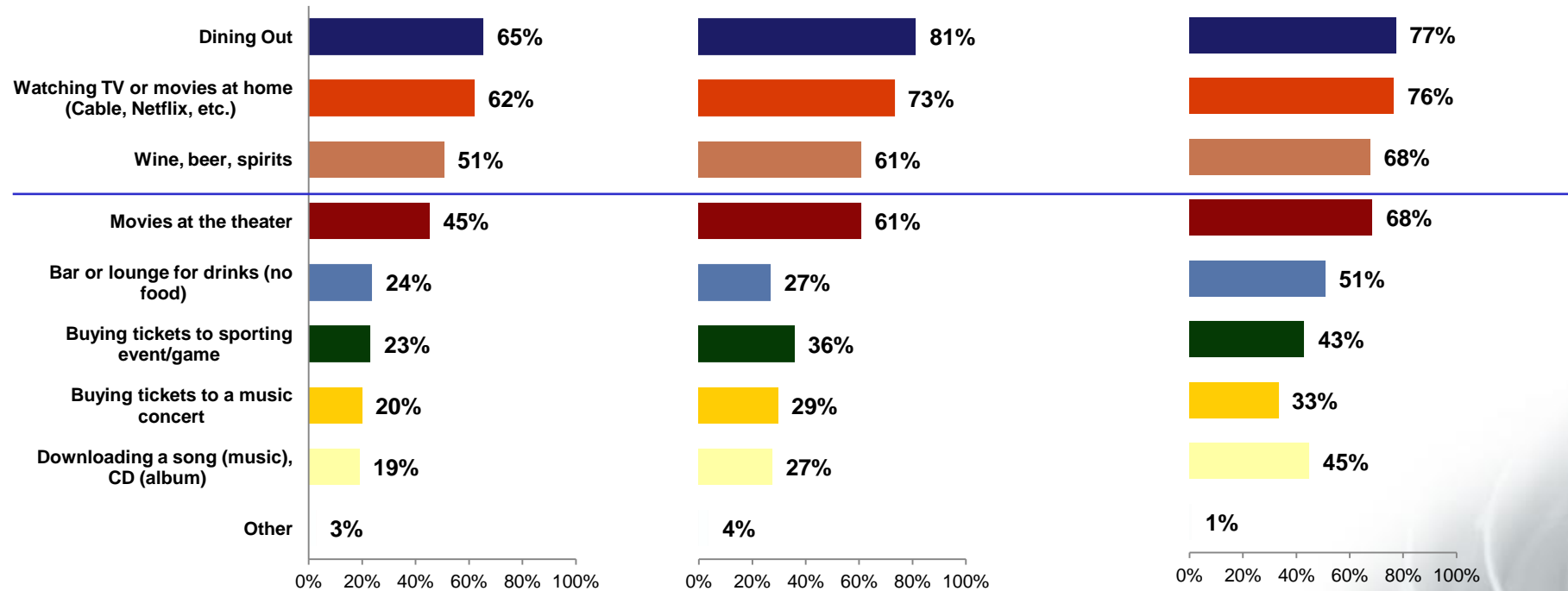
DISCRETIONARY SPENDING

Discretionary spending on entertainment over the next six months



Nine in ten (91%) consumers cite entertainment spending plans over the next six months, with dining out (65%) ranked at the top.

Other entertainment expenses expected are home movies, such as Netflix (62%), purchasing wine, beer or spirits (51%) and going to the movie theatre (45%).



Q.9 What types of items or services, related to 'entertainment' do you expect to spend on over the next six months? BASE: Total respondents

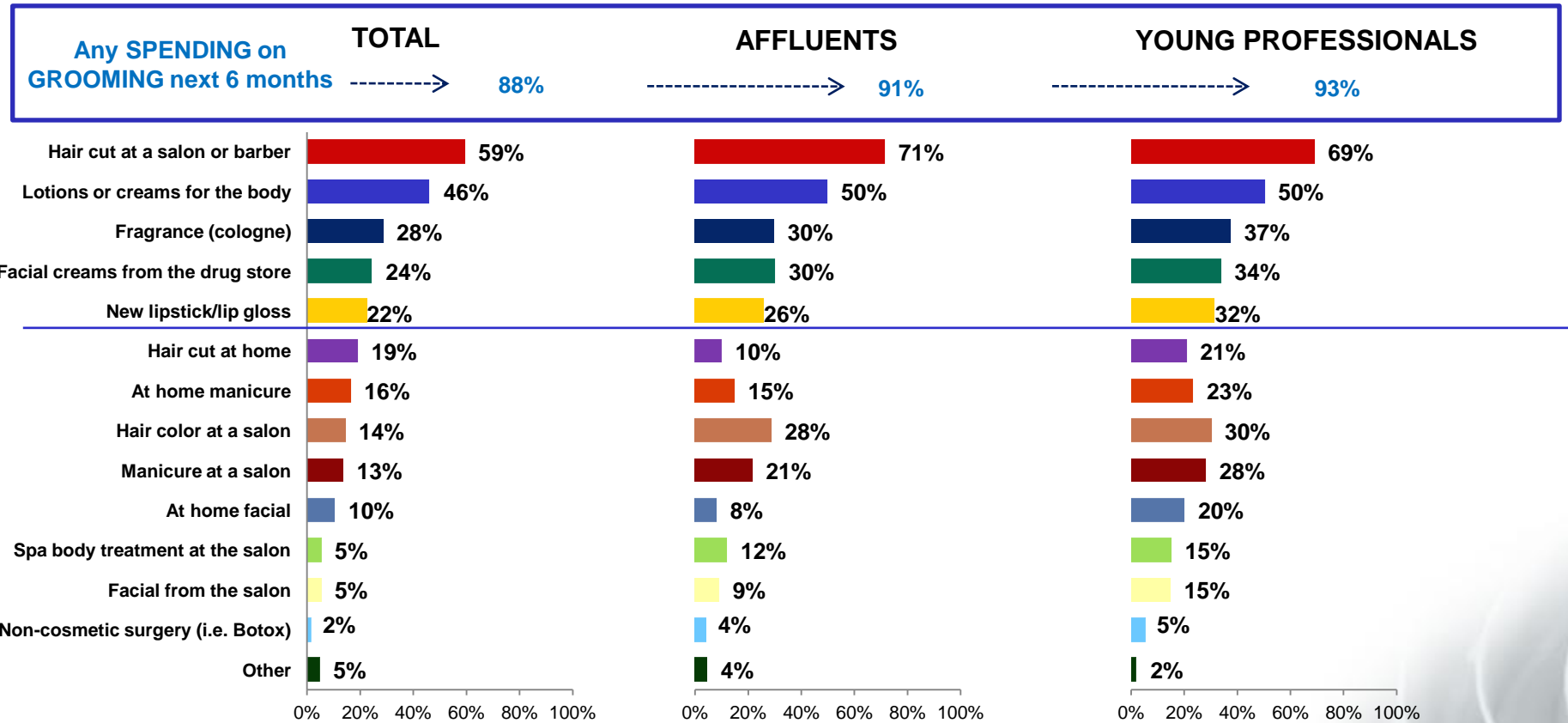


Discretionary spending on grooming over the next six months



More than eight in ten (88%) consumers cite plans to spend on grooming items and services over the next six months, such as a hair cut at a salon or barber (59%), and purchasing lotions or creams (46%).

Other leading grooming purchases expected are fragrance items (28%), facial creams (24%), and a new lipstick (22%).



Q.6 What types of items or services, related to 'Grooming/hygiene (cosmetics, hairstyling, manicure, pedicure, etc)' do you expect to spend on over the next six months?

BASE: Total respondents

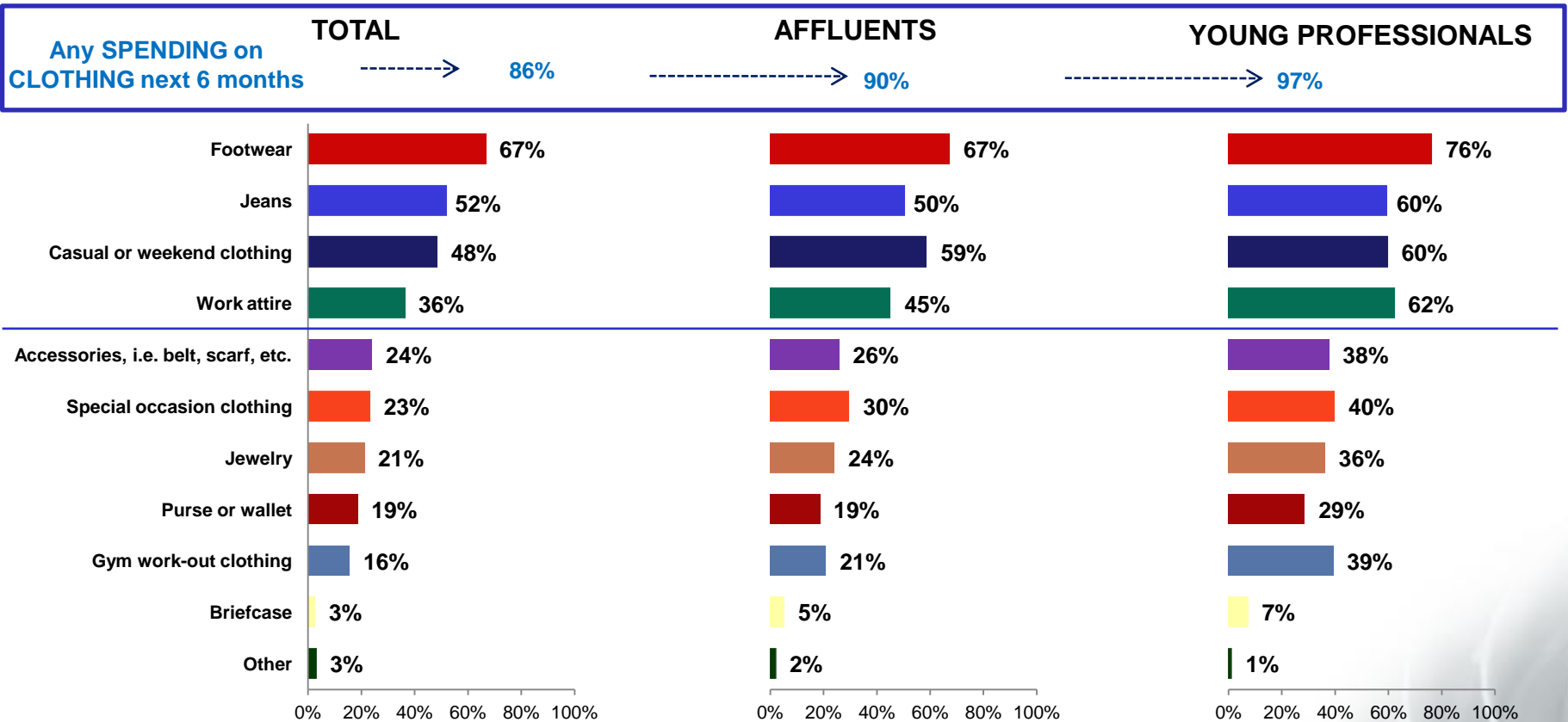


Discretionary spending on clothing over the next six months



More than eight in ten (86%) consumers cite plans to spend on clothing items and services over the next six months, with more than two thirds expected to purchase footwear (67%).

Other popular purchases over the next months include jeans (52%), casual or weekend wear (48%), and work attire (36%),



Q.8 What types of items or services, related to 'clothing' do you expect to spend on over the next six months? BASE: Total respondents



Fall fashion shopping plans this year

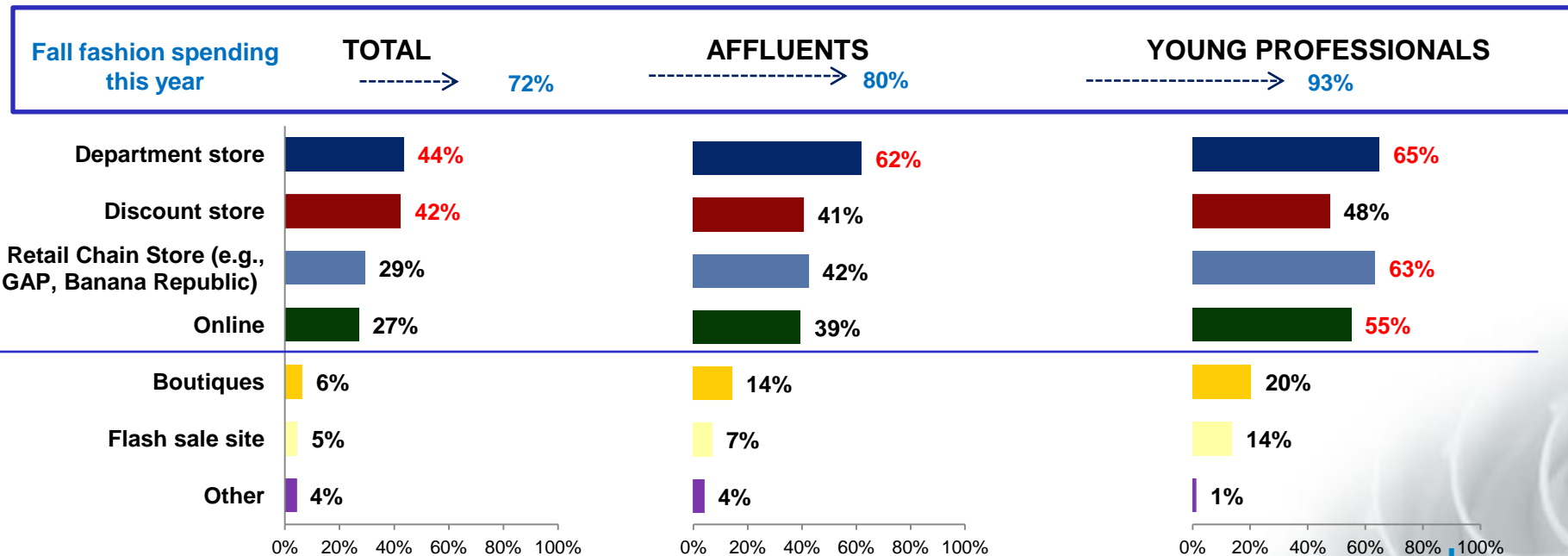


The survey reveals that most consumers expect to shop for fall fashions (72%), especially Young Professionals (93%), followed by Affluents (80%).

Among the general population, fall fashion purchases are more likely to take place at a department store or discount store (44% and 42%, respectively) than online or at a retail chain store (27% and 29%, respectively).

Unlike the general population, most Young Professionals indicate they will purchase fall fashions online (55%), in addition to at a department store or retail store (65% and 63%, respectively).

Most Affluents will shop for fall fashion at a department store (62%).



Q.12 Where do you plan on shopping for fall fashion? BASE: Total respondents

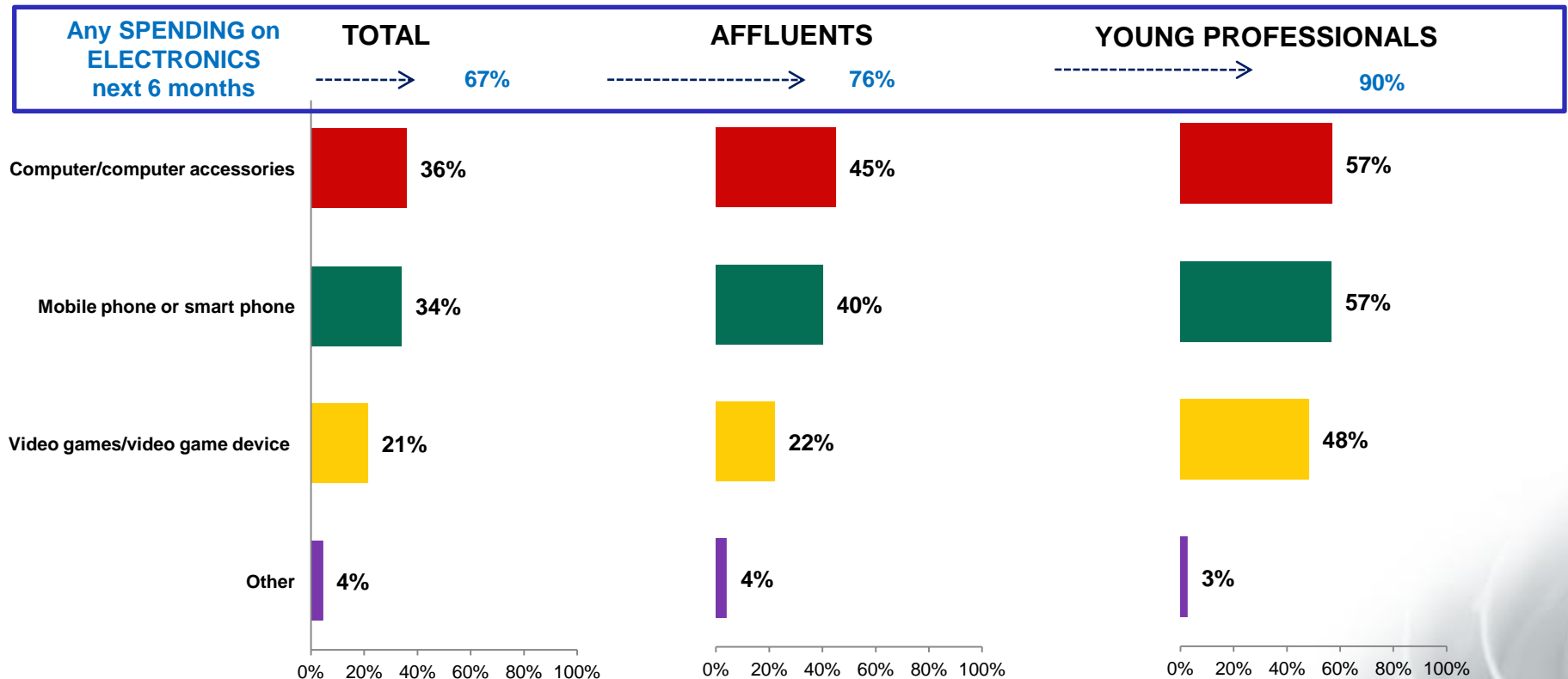


Discretionary spending on electronics over the next six months



More than two thirds (67%) of consumers plan to make a technology purchase in the next six months.

Topping these consumer's shopping lists are computer/accessories (36%), mobile phone or smart phone (34%), and video games/devices (21%).



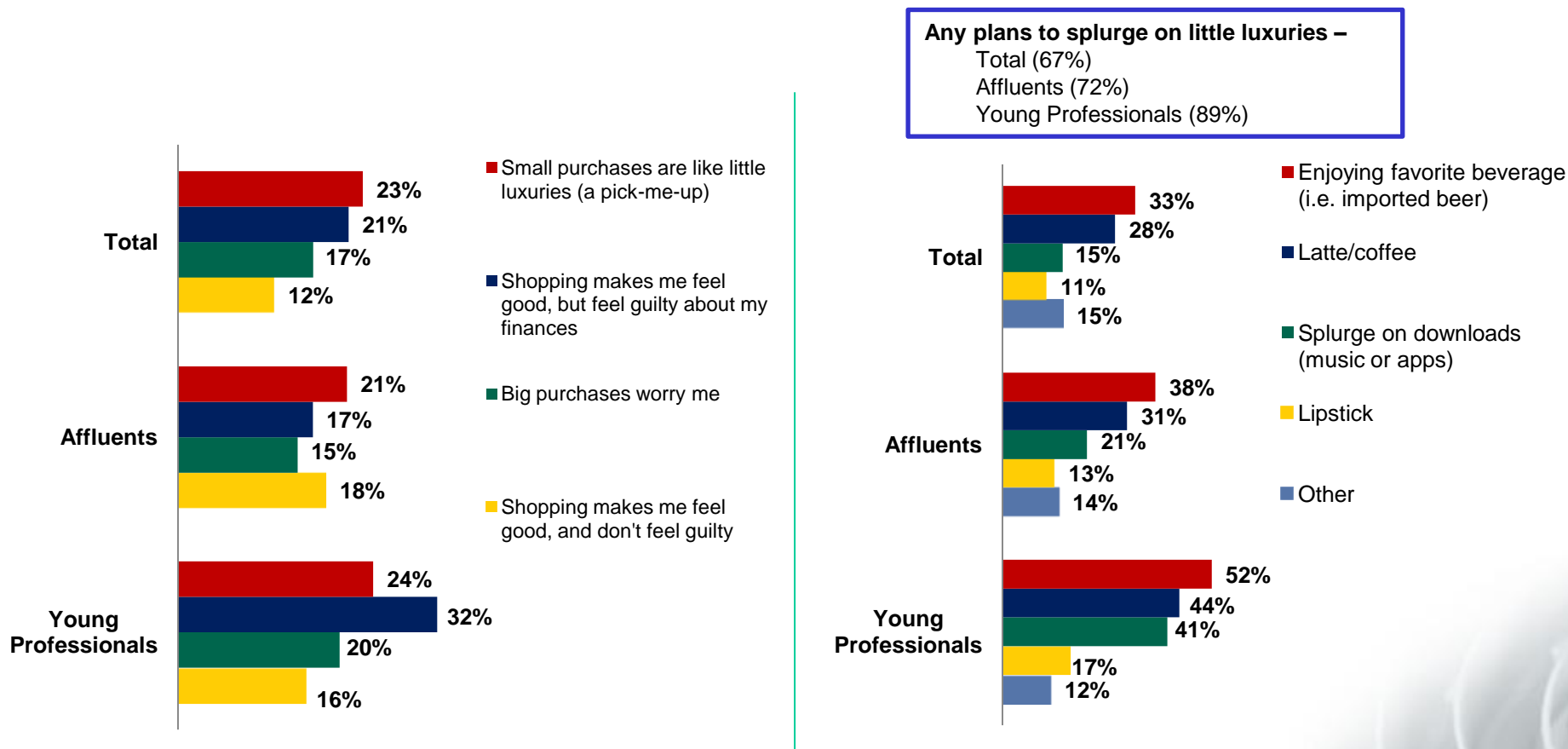
Q.7 What types of items or services, related to 'electronics' do you expect to spend on over the next six months? BASE: Total respondents



Shopping for purchases that are not a necessity



Nearly one in four consumers feel small expenditures, like lattes and lipsticks, act as a “pick-me-up” (23%) and more than two thirds (67%) plan to splurge on these affordable luxuries, especially Young Professionals (89%).



Q.18 Which of the following describes how you feel most often when you go shopping and make a purchase that is not a necessity?

Q.19 What little luxuries do you splurge on, even in a bad economy?

BASE: Total respondents



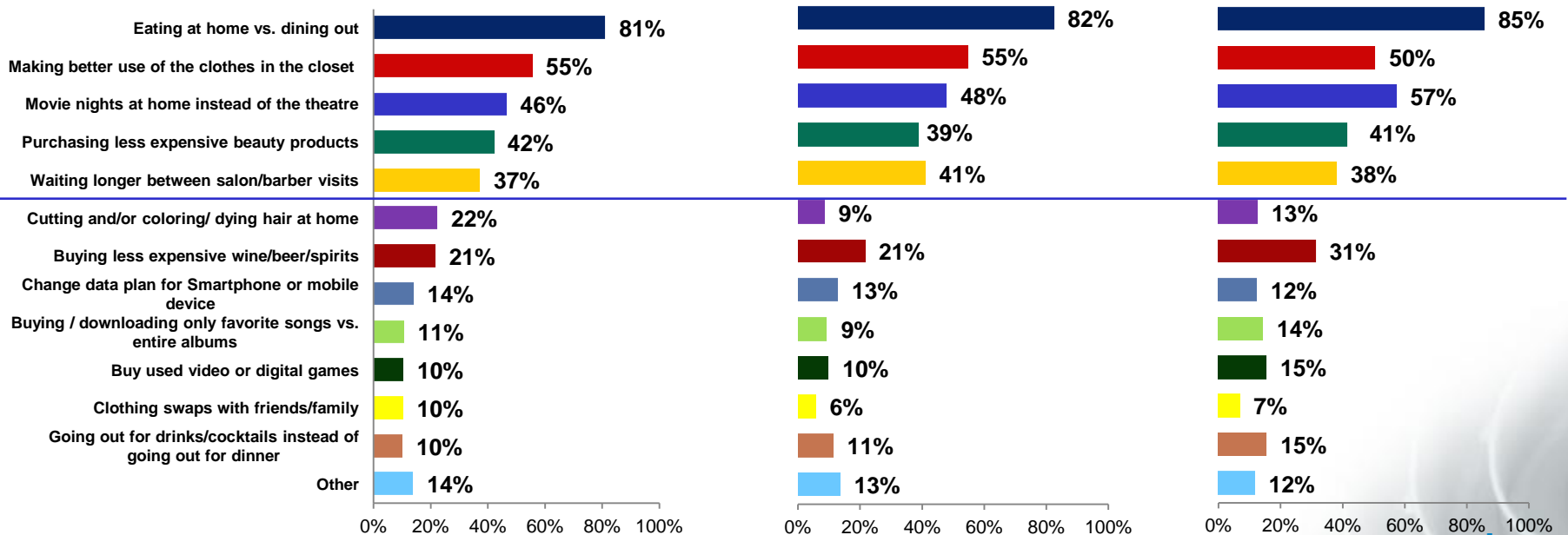
CUTTING BACK AND MAKING COMPROMISES

Consumers are cutting-back and making compromises in spending over next six months



While the majority of consumers are planning to spend more or the same over the next six months versus the last six months, those that plan to spend *less* (31%) are finding ways to cut back and compromise.

Their top saving strategies include: eating at home vs. dining out (81%), making better use of their clothes in the closet (55%), movie nights at home instead of the theatre (46%), purchasing less expensive beauty products (42%), and waiting longer between salon/ barber visits (37%).



Q.3 You mentioned you will be spending less over the next six months than the previous six months - what are you doing to cut-back on spending?

BASE: Respondents who expect to spend less over the next 6 months versus last 6 months



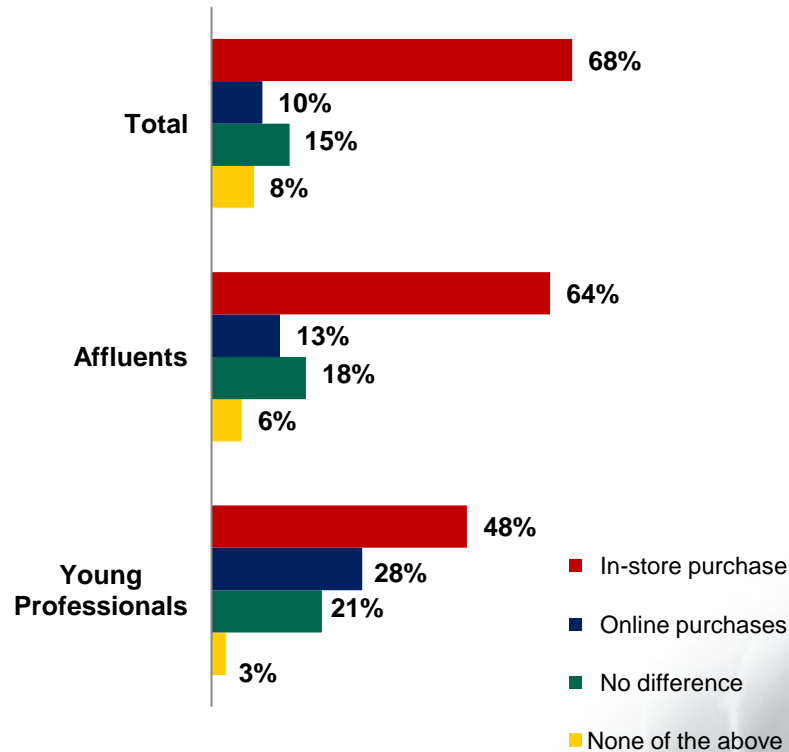
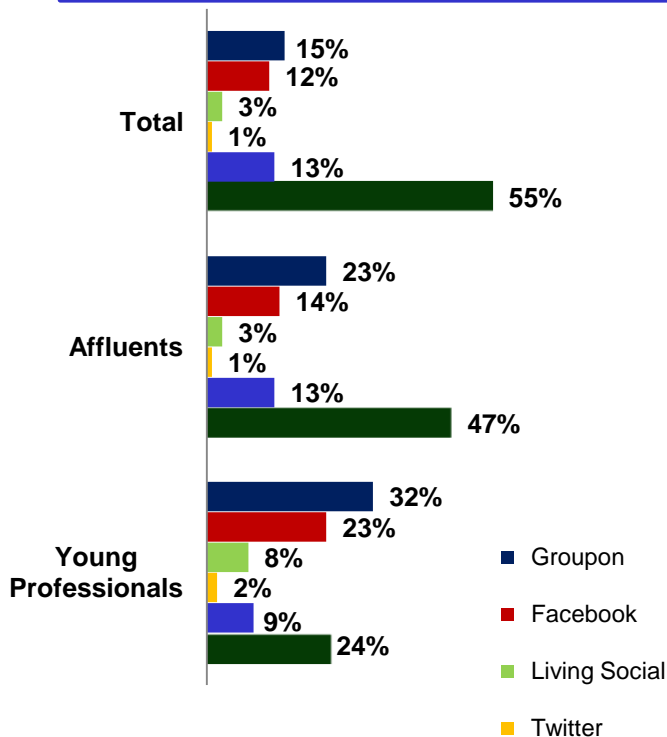
Shopping for purchases that are not a necessity



Most consumers prefer to redeem coupons/discounts in store (68%), and one in ten (10%) prefer to go online for discounts and coupons for their favorite brands.

Look for discounts and coupons at preferred place—

Total (72%)
 Affluents (80%)
 Young Professionals (93%)



1% of Young Professionals mentioned Foursquare
 Q.13 What is your preferred place to go to look for discounts and coupons for your favorite brands/stores?
 Q.16 Where do you use the most coupons?
 BASE: Total respondents

