

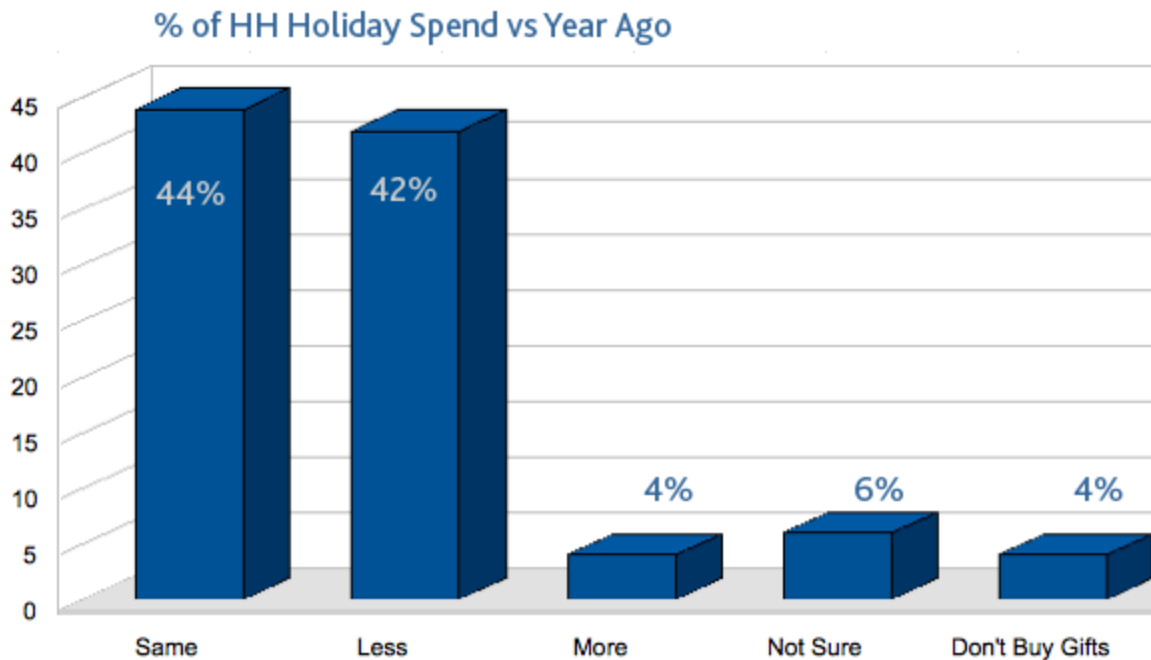
2009 Holiday Season Sales Expected To Be Flat

Source: The Nielsen Company – 9/30/2009

42 percent of U.S. consumers expected to spend less this holiday season

With the nation seemingly emerging from recession, American consumers remain skittish about spending their money during this upcoming holiday season according to new research from The Nielsen Company. Households continue to focus on “essential gift giving” such as staple consumables, candy, beverage/alcohol and entertaining at home, and 86 percent said that they expect to spend the same or less this year than last — with a 7 percent increase in those indicating they would spend less. Overall, Nielsen is projecting that holiday sales will rise 0.03 percent this year, accounting for \$90 billion in dollar sales.

“Given everything the consumer has absorbed over the past 12 to 18 months, the fact that we expect this coming holiday season to be flat in dollars can be viewed as a modest positive,” said James Russo, Vice President, Global Consumer Insights at The Nielsen Company. “Americans have undergone a fundamental change in how they spend their money, and the days of stretching finances to make purchases not deemed as necessary are over, at least for the time being. That said, our research has shown that consumers are looking forward to loosening their purse strings a bit, but only once they feel more confident about the state of the economy and their personal financial situation.”



Source: The Nielsen Company

Other key findings from the research include:

- Traditional items such as apparel, toys and technology will be most popular categories, albeit at restrained levels and primarily sold in “value” channels.
- Products aligned with at-home entertainment such as cookware, kitchen items, bed and bath accessories and alcoholic beverages will do well.
- Gift cards are one category where consumers plan to spend more this holiday season, followed by toys and apparel.
- Value retailers such as dollar stores, online, discounters and club stores will attract the lion’s share of holiday spending as consumers minimize trips and search for the best values, while office supply, pet stores, home improvement and drug retailers are likely to feel the brunt of the economic slowdown.
- Some 20 percent of households said that they had no plans whatsoever to entertain at home or away from home during the holidays.
- Spending cut-backs are being driven by all income groups.

So how can retailers make the most of this season? They need to recognize that U.S. consumers are, first and foremost, seeking value and will start their holiday shopping well before Thanksgiving. They should also reach out to their best customers and make them feel special and give them a reason to shop at their outlet during the season and into 2010. Successful retailing has always been about delivering the right product at the right price and in the right place. The difference now is effectively mining and communicating to the right consumer as an active participant in driving growth.