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February Same-Store Sales Improve, Kantar Retail Reports

COLUMBUS, March 4, 2010—Despite bad weather, retail same-store sales excluding Walmart improved in February as households continue to drop some recession shopping behaviors, according to Retail Forward, a Kantar Retail company.

The 3.9% sales-weighted composite for the 30 retailers reporting—most of them apparel retailers—was up from the 3.3% gain last month and the 4.1% decline in February 2009. Including Walmart, same-store sales were up 0.4% in February 2009.

“Shoppers remain deal-focused and inclined to trade down among products and brands, but they are clearly ready to shop more and make some of the purchases they avoided during the recession,” said Frank Badillo, Senior Economist.

The results were again led by stronger-than-average results at Apparel and Accessory Stores followed by Department Stores. Lagging slightly were Food, Drug and Mass retailers. (For a list of the retailers reporting and their results, please follow this link:

http://www.retailforward.com/retailintel/samestr_sales.pdf.)

The same-store sale results reflect improvement in shopper spending intentions, evidenced by the February ShopperScape™ survey by Kantar Retail (*Figure 1*):

- In February, the percentage of shoppers planning to spend less in the coming month compared with the same period last year declined to 40% (in terms of a three-month moving average), the lowest percentage since early 2008.
- Also for the first time since early 2008, the percentage of shoppers planning to spend about the same in the coming month compared with the same year-ago period topped 50% (in terms of a three-month moving average).
- The percentage of shoppers planning to spend more held roughly steady in February at 9%, which is about where the percentage has leveled off for the past eight months.

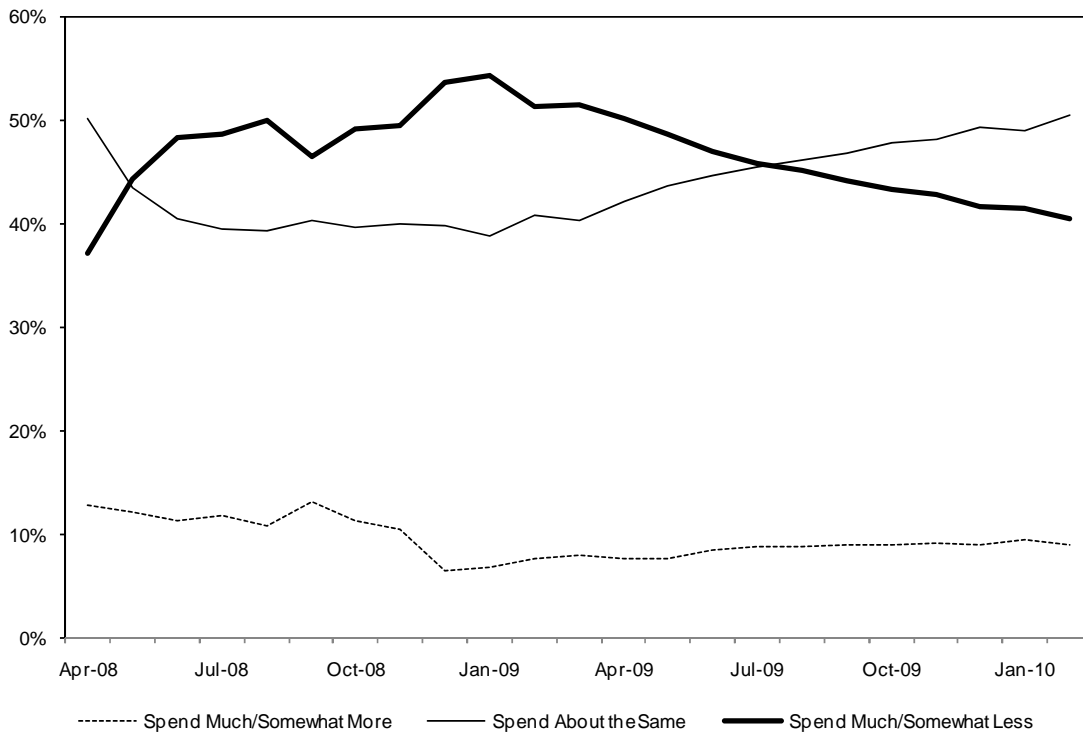
The results also reflect a letup in recession-related shopping behavior shifts (*Figure 2*).

- In February, about two-thirds of shoppers said that the economic downturn had changed their shopping behavior somewhat or significantly. That was down from about three-quarters of shoppers in August 2008.
- Conversely, about one-third said the downturn had not changed their shopping behavior very much or at all. That was up from about one-quarter of shoppers in August 2008.
- The effect of the downturn on shopping behavior, however, has lessened unevenly since the question was first posed to shoppers in August 2008. Responses improved in May 2009 and then deteriorated in October 2009 before ultimately improving last month.

The recession's diminishing impact on shopper behavior is most evident in terms of shoppers' efforts to limit what they buy. Behaviors related to seeking deals and trading down among brands and retailers are a bit more entrenched. (Figure 3).

- **Limiting behaviors:** Significantly fewer shoppers say they are shopping less often, buying fewer things or buying only things they truly need compared with August 2008. Many of these limiting behaviors also have diminished compared with October 2009.
- **Deal-seeking behaviors:** There has been little change in deal-seeking behaviors since October 2009—although compared with August 2008 fewer shoppers say they are taking advantage of sales/deals or doing more price comparison shopping.
- **Trading-down behaviors:** Shoppers are somewhat more likely to be trading down among products and brands compared with October 2009—although compared with August 2008 shoppers are somewhat less likely to be trading down among products, brands and retailers.

Figure 1. Intentions to Spend More, the Same or Less at Retail Stores in the Coming Month Compared with This Time Last Year (3-month moving average)



Source: Retail Forward ShopperScope™, February 2008 to February 2010

Figure 2. How Much the Economic Downturn Changed Shopping Behavior

	<u>Aug-08</u>	<u>May-09</u>	<u>Oct-09</u>	<u>Feb-10</u>
Significantly	34%	27%	34%	25%
Somewhat	41%	42%	38%	42%
Not very much	20%	25%	21%	27%
Not at all	5%	6%	7%	6%

Source: Retail Forward ShopperScape™, August 2008, May and October 2009 and February 2010

Figure 3. Participation in Shopping Behavior During Recession

	<u>August 2008</u>	<u>May 2009</u>	<u>October 2009</u>	<u>February 2010</u>
Limiting Behaviors				
Buying only things I truly need	49%	42%	43%	40%
Buying fewer luxury items	38%	29%	24%	35%
Buying fewer things	42%	37%	40%	33%
Shopping less often	41%	33%	38%	31%
Postponing purchases	35%	29%	33%	28%
Buying only items needed in the near term	30%	21%	23%	23%
Using/keeping items longer before buying replacements	26%	20%	23%	19%
Deal-Seeking Behaviors				
Taking advantage of good sales/deals	49%	39%	41%	41%
Using more coupons	35%	31%	34%	34%
Doing more price comparison shopping before making a purchase	39%	29%	31%	33%
Buying in bulk quantities	18%	14%	14%	15%
Stocking up on items expected to rise in price	16%	12%	11%	13%
Trading Down Behaviors				
Buying less expensive versions of products	34%	23%	22%	27%
Buying more store brands instead of national or high-end brands	33%	21%	24%	26%
Doing more shopping at discount and value retailers	28%	19%	25%	22%
Trading down to less-expensive brands	25%	16%	17%	20%

Source: Retail Forward ShopperScape™, August 2008 and May and October 2009 and February 2010

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About Kantar Retail

Retail Forward has joined Cannondale Associates, Glendinning Management Consultants and MVI to create Kantar Retail, the world's leading retail insights and consulting business. Kantar Retail (www.kantarretail.com) is a global retail insights and consulting business that works with leading retailers and branded manufacturers to transform the purchase behavior of consumers, shoppers and retailers. Kantar Retail has nearly 400 employees and offices in 15 markets around the globe. The company is headquartered in London and is part of the Kantar Group of WPP.

About Retail Forward ShopperScape™

The Retail Forward ShopperScape™ survey is conducted each month with a sample of 4,000 U.S. primary household shoppers. The monthly survey is conducted online among a nationally representative sample of households. This month's survey was conducted during the last week of February 2010. Results from the survey are available to members of the Retail Forward Intelligence System™ as well as through individual reports available for purchase. For more information on ShopperScape™ or the Retail Forward Intelligence System™, contact Katherine Clarke (katherine.clarke@kantarretail.com) or visit the company's web site at www.retailforward.com.