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# News Release

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**FOR IMMEDIATE RELEASE**

## NIELSEN: U.S. CONSUMERS MAKING FEWER SHOPPING TRIPS

### Consumers Combine Errands to Compensate for High Gas Prices, Other Economic Pressures

### Supercenters Show Growth While Shopping Frequency at Other Retail Outlets Flat or on Decline

March 17, 2008, Schaumburg, IL: U.S. consumers are making fewer shopping trips across most retail outlets as they look for ways to combine errands and save money in an effort to battle rising gas prices and other economic pressures, according to The Nielsen Company.

Nielsen's consumer packaged goods (CPG) research shows that while shopping frequency across most retail channels is flat or on decline, supercenters[1], which enable consumers to combine shopping trips with more items in one store, continue to show growth.

| | Annual Shopping Trips Per Household | | | Household Penetration (%) | | |
|---|---|---|---|---|---|---|
| **Retail Channel** | **2001** | **2006** | **2007** | **2001** | **2006** | **2007** |
| **All Outlets** | 181 | 170 | 164 | 100 | 100 | 100 |
| **Grocery** | 72 | 61 | 59 | 100 | 99 | 99 |
| **Mass Merchandise** | 24 | 16 | 15 | 93 | 84 | 82 |
| **Supercenter** | 20 | 26 | 27 | 53 | 62 | 65 |
| **Drug** | 15 | 14 | 14 | 86 | 82 | 81 |
| **Convenience/Gas** | 15 | 14 | 14 | 45 | 41 | 41 |
| **Dollar** | 11 | 13 | 12 | 59 | 65 | 64 |
| **Warehouse** | 10 | 11 | 11 | 50 | 52 | 51 |

Source: Nielsen Consumer Panel Services

[1] Large food/drug combination store and mass merchandiser under a single roof.

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"Value and convenience are more important than ever as rising gas prices impact where and how often consumers shop," said Todd Hale, senior vice president of Consumer & Shopper Insights, Nielsen Consumer Panel Services. "Long-term trends show us that all value retailers - - supercenters, warehouse clubs[2] and dollar stores[3] - - are gaining in their quest to grab shoppers. Keep in mind, however, that some U.S. grocers reported stronger same-store-sales growth than supercenters or dollar stores in 2007. Proximity to shoppers and a healthy focus on convenience and value helped many of these grocers deliver solid results."

**More Stores**

Nielsen's research shows that retailers are responding to consumers' desire for value and convenience with increased store openings. Store count is on the rise in many retail channels, particularly in warehouse clubs, supercenters, dollar stores and convenience stores. Store closings and conversions of mass merchandise stores to supercenter formats has resulted in a decline in overall mass merchandise count, and while supermarket count is up, the growth is not at the rate of other retail channels.

| | U.S. Store Count | |
|---|---|---|
| **Retail Channel** | **2001** | **2007** |
| Grocery | 30,682 | 31,929 |
| Mass Merchandise | 6,421 | 6,720 |
| Drug | 39,660 | 37,537 |
| Supercenter | 1,583 | 3,038 |
| Dollar | 13,151 | 19,624 |
| Warehouse | 907 | 1,152 |
| Convenience/Gas | 124,516 | 146,294 |

Source: Trade Dimensions® and TDLinx®, services of The Nielsen Company

"Increased store counts tell us that value and convenience are winning in the marketplace," said Hale. "Convenience retailers have expanded aggressively, but this channel is facing competitive pressure as 'big-box' retailers offer lower-priced gasoline, attracting consumers."

Hale notes that certain grocery segments, such as deep discount retailers and high-end or specialty grocers showed strong store count increases from 2001 – 2007.

"New and remodeled mainstream grocery formats also helped to pave the winning ways for some grocers," Hale said.

[2] Giant store selling merchandise in larger packages at low prices and in which customers must buy a membership in order to shop.
[3] Smaller store selling inexpensive items, many at one dollar or less.

**Variety in Alternative Shopping Channels**

Alternative channels, including hardware/home improvement stores, office supply stores and automobile supply stores and bookstores are increasing the level of competition for traditional retailers – and increasing the distribution opportunities for manufacturers.

"CPG manufacturers have taken notice of alternative retail channels," said Hale. "For example, batteries and light bulbs have always had a strong presence in the hardware and home improvement channel, but the product assortment in this channel is expanding to include products from non-grocery and even food and beverage. This trend only increases competition for traditional CPG retailers."

**Who Are Your Shoppers?**

Nielsen reports that it is critical for retailers and manufacturers to understand which consumers are shopping in the different retail channels.

"Know your shoppers," said Hale. "Understanding the demographics of your loyal shoppers is absolutely essential for growth. With this knowledge, retailers and manufacturers can determine the products and brands that are the best fit for the consumers shopping in their stores."

Nielsen's research shows diversity in the types of consumers that are the biggest spenders in different retail channels. For example, younger and older bustling families [4] are important to mass merchandisers, supercenters, grocery and warehouse clubs while older couples and older singles show a preference for drug stores.

"Competition for shopper attention is fierce," said Hale. "Success will come to retailers who define themselves by who they sell to and how they sell them, not by what they sell, while success will come to manufacturers who define themselves by who they sell to and the issues they solve for their consumers and retail partners."

[4] Spectra, a service of The Nielsen Company, defines younger bustling families as large households with older children (6 and up), and the head of the household is less than 40 years old. Spectra defines older bustling families as large households with older children (6 and up) and the head of the household is more than 40 years old. Older bustling families are typically dual income families and have 3 or more vehicles.

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