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FOR IMMEDIATE RELEASE

Cavallino LLC Launches 2009 Consumer Shopping Intentions Study At the National Retail Federation 96th Annual Convention and Expo

Survey base of over 800 disclose where they'll spend in 2009, and how much

NEW YORK – January 13, 2009 – Cavallino LLC, the private equity and consulting firm, released the **2009 Consumer Shopping Intentions Study** to a receptive audience at “The Big Show,” during the National Retail Federation’s annual convention at the Javits Center.

Survey participants indicated that even though pundits paint a bleak 2009 picture for the U.S. economy, there will be significant dollars spent at mass merchants such as Walmart and Target, with Walmart leading the way by a large margin. Overall, while the consumer purchasing mindset has changed, shoppers are reasonably optimistic about this year’s economy. Nearly 63 percent expect it to improve by 4Q.

“The state of the U.S. economy has consumers being a bit more judicious as to where they spend their retail dollars,” said John Rittenhouse, chairman of Cavallino LLC. “Our study reveals that mass merchants will be the primary source for consumers in 2009, while department stores, specialty retailers such as The Gap and Radio Shack, and power retailers such as Best Buy and Toys R Us will receive a smaller slice of the consumer-spending pie.”

One primary study finding shows that 69 percent of all consumers plan to spend less in 2009, but 58 percent of the 18-24 demographic plans to spend the same or more. However, almost 80 percent of consumers in the 35-54 age range plan to spend less.

“A new purchasing mindset is in play for 2009,” said Rittenhouse. “Consumers aren’t looking for flashy items and they’re a bit anti-luxury, even those in higher tax brackets. By the same token, bigger selection, especially in women’s apparel, will continue to win the day for retailers.”

Using the Cavallino Ninth Annual *National Shopping Behavior Study* as a barometer, Rittenhouse said that interest in one-time bargains is waning. “Shoppers want consistent value and everyday low prices. This is why the Walmarts and Targets of the world will grab a bigger share of consumer spending in 2009.”

(more)

The 2009 Consumer Shopping Intentions Study reveals that many purchasers changed where they spent their holiday dollars in 2008, significant because the numbers tend to set the tone for 2009. Accordingly, of the 48 percent of survey respondents who reported spending less at a specific store:

- 49 percent of power retail customers who changed where they shopped shifted to discount stores
- 40 percent of department store customers who changed where they shopped shifted to discount stores
- 37 percent of mid-line (e.g., J.C. Penney, Sears) customers who changed where they shopped shifted to discount stores
- 33 percent of specialty-store customers who changed where they shop shifted to both department stores and discount stores.

“These findings are consistent with data from The Gordman Group 2008 Retail Trend Tracker studies,” said Rittenhouse. “When the economy turns around for retailers, and I have a strong indication of when it may, stores that offer products consumers want to buy at fair, everyday prices will have sustained, profitable growth.”

Rittenhouse stressed that despite intentions to spend less, consumers are relatively optimistic about the economy in 2009. The study shows that only 12 percent expect to be worse off in 2009, while almost 90 percent expect the situation to remain static or get better.

The 2009 Consumer Shopping Intentions Study was conducted nationwide through random telephone interviews with 815 consumers during the weeks preceding Christmas Day 2008. Consumers answered carefully crafted questions designed to show how current economic conditions affected what motivated them to shop, where they shopped and what mattered to them most when making a purchase. All store data was collected by specific store name, catalog or website.

The study was underwritten by Cavallino, LLC, and was designed and managed by The Gordman Group, a consulting practice that helps mid- to large-size companies create actionable, real-world profit development strategies. Research was conducted by Weise Research Associates of Omaha, Nebraska.

To speak with John Rittenhouse, set up a broadcast interview, or obtain *The 2009 Consumer Shopping Intentions Study* or the *Ninth Annual Shopping Behavior Study*, please contact Duane Coda at 973-588-4667 / 646-228-1661 / dcoda@cavallinollc.com.

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About Cavallino LLC

Cavallino LLC is a private equity and consulting firm specializing in cooperative business transactions to create improved asset performance. The firm also provides comprehensive turn-around performance by drawing upon extensive and diverse industry experience. The management team has over 100 years of major firm consulting experience and has held significant industry positions. The firm currently provides strategic services to several Fortune 100 companies. Headquartered in San Francisco, Cavallino has offices in Washington, DC; Seattle; London; and Los Angeles. Visit <http://www.cavallinollc.com/> for more information.