

NEWS RELEASE

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Morpace Reports: Economic and H1N1 Concerns May Adversely Impact Retailers this Holiday Shopping Season

FARMINGTON HILLS, MI (November 19, 2009) – The H1N1 flu virus is expected to impact retail sales on Black Friday and throughout Thanksgiving weekend, but perhaps the bigger concern for retailers is that most consumers likely will spend less money this holiday shopping season.

According to the most recent Morpace Omnibus study, nearly half of all consumers are expecting to spend less money during this holiday shopping season than they did last year. Forty-six percent of all respondents anticipated spending less on gifts than they did 12 months ago. Those groups who are even more likely to spend less include women (50 percent), consumers ages 35-54 (53 percent), and individuals earning less than \$50,000 per year (52 percent).

Just 5 percent of all respondents indicated they are expecting to spend more this holiday shopping season than in 2008.

These results suggest that retailers should consider ways to specifically attract consumers to their stores and websites, said Morpace Vice President of Retail Services Kirsten Denyes.

“Retailers may be competing for a smaller piece of the holiday spending pie,” Denyes said. “It will be more important than ever for retailers to draw the attention of consumers once they walk in a store or log on to their website because the competition will be extremely fierce for disposable income.”

“During this highly competitive holiday shopping season, consumers may respond favorably to promotions focusing on value and the practical utility of the items being marketed,” Denyes said. “This is a difficult environment for products to appear frivolous and/or expensive,” she added.

The H1N1 flu virus remains a concern for retailers as well given that women and individuals aged 55 and over are more likely than other consumers to avoid retail stores during busy days like Black Friday, according to the Morpace Omnibus Study.

Overall, 15 percent of all respondents said that they will avoid busy holiday shopping days and large crowds because of the flu virus. Additionally, 19 percent of all women and 26 percent of respondents aged 55 and over plan to avoid the busiest shopping days such as Black Friday.

“These results are very consistent with what we heard from respondents who answered similar questions about H1N1 last month,” said Morpace Vice President of Retail Services Tom McGoldrick. “The main trend we see is that the economy and H1N1 could both adversely impact retail sales this holiday season.”

Contact Morpace for further insights and what it could mean for retailers during this holiday shopping season.

Morpace Omnibus Study interviews were completed November 13-17 with 1,000 consumers selected from an Internet panel of adults aged 18 and over. The sample's demographic profile reflects the U.S. population.

About Morpace Inc.

Morpace is a full-service survey research and consulting organization specializing in automotive, financial services, health care, retail and technology. Morpace provides global expertise and proprietary solutions in four core areas: brand and communications; consumer choice; market and product development; and satisfaction and loyalty.

Morpace, an ISO 9001:2008 certified organization, is headquartered in Farmington Hills, Michigan with offices in Irvine, California; and London, England.