

News Release

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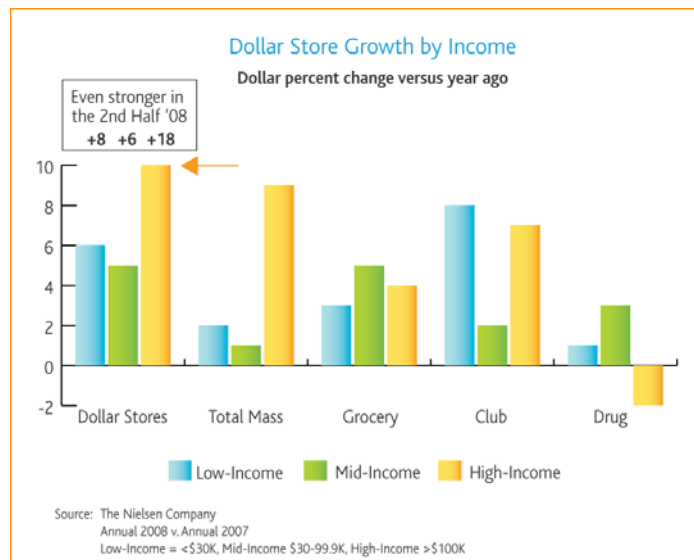
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FOR IMMEDIATE RELEASE

NIELSEN: HIGH AND MIDDLE INCOME SHOPPERS SPENDING MORE IN DOLLAR STORES IN UNCERTAIN ECONOMY

Dollar Stores a Destination for Basic Household Products in Recession

ORLANDO, FL., May 12, 2009 – The economic downturn has been a boon to dollar stores, which attracted increased consumer spending in 2008, including spending among high and middle income shoppers, according to The Nielsen Company. Nielsen’s analysis of consumer shopping habits shows consumers at *all* income levels shopping more at dollar stores, with *high income* shoppers spending 18 percent more at dollar stores in the second half of 2008 compared to the prior year. Dollar stores are outpacing major consumer packaged goods (CPG) channels among both low and high income shoppers. The analysis was presented today at Nielsen’s Consumer 360 conference, the CPG industry’s premier educational and networking event, attended by more than 700 industry professionals.





Dollar stores are small to mid-size stores that sell an assortment of CPG products, ranging from household cleaning products to food, usually at low prices. Originally taking their name from the fact that most products were priced at or below one dollar, today's dollar stores offer products at a variety of price ranges, with an average of only 23 percent of products at or below the one dollar price point. Even so, the continued focus on comparatively low prices and value is drawing shoppers from all income levels. According to Nielsen, an estimated 65 million U.S. consumers shopped at dollar stores in 2008.

"The troubled economy and rising costs in healthcare, education, and food have caused everyone -- even those with high incomes -- to rethink where they purchase basic household goods," said Jeff Gregori, vice president, Retail Services, The Nielsen Company. "Five years ago, shoppers weren't sure what they would find in a dollar store. Today, dollar stores are delivering more consistent selection and value, and consumers are shopping dollar stores more regularly to fulfill their basic CPG needs."

The Typical Dollar Store Customer

Despite the increase in spending among high and middle income shoppers, low income shoppers are still the primary dollar store customer. According to Nielsen's research, 45 percent of dollar store sales are from low annual household incomes (below \$30K), 47 percent from middle incomes (between \$30K and \$99.9K), and only eight percent from high incomes (greater than \$100K).

The most loyal dollar store customers tend to have low incomes and live in small towns and rural areas or in urban centers. Senior couples, senior singles (particularly widows) and younger families with children are more likely to shop in dollar stores only occasionally, relying on other retail channels to meet the rest of their household needs.

A Destination for Everyday Goods

In terms of products, dollar stores have become a regular shopping destination for everyday household staples. Among those who regularly shop at dollar stores, the most commonly purchased household items include paper goods, such as napkins and paper towels, detergent, trash bags, and cleaning and laundry supplies. The most common edible items are candy, snacks and cookies.

Top 10 Growth Categories in Dollar Stores

Dollar percent change versus year ago

2006 vs. 2005	2007 vs. 2006	2008 vs. 2007
Packaged Milk	Frozen Pizza	Frozen Prepared Food
Dough Products	Non Carbonated Soft Drink	Non-Carbonated Soft Drink
Electronics/Tapes	Tea	Prepared Food-Deli
Vitamins	Tobacco	Dried Veg. & Grains
UPC Produce	Prepared Food-Deli	Pasta
Sugar	Frozen Vegetables	Charcoal/Logs
Butter/Margarine	Frozen Baked Goods	Cheese
Frozen Pizza	Baby Needs	Shortening/Oil
Yogurt	Ice Cream	Soup
Vegetables-Frozen	Bread & Baked Goods	Carbonated Beverages

Source: The Nielsen Company
Nielsen Homescan, Total US – Minimum 1% U.S. Shopper Penetration

“With more shoppers having positive experiences at dollar stores, there is a significant opportunity for dollar stores and CPG manufacturers to build loyalty and expand into new product categories, such as food and beverages and select health and beauty care,” said Gregori. “There is also a potential growth opportunity in exploring dollar store private label offerings in both edible and non-edible products. The challenge for dollar stores and CPG manufacturers is to get the product mix right to meet the needs of their traditional customers as well as new customers with higher incomes.”

About The Nielsen Company

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