



MUSTEL GROUP  
MARKET RESEARCH

**From: The Province Newspaper**

**Date: March 3, 2011**

**Re: Recession, 'net create new reality for retailers**

"What's it all about Alfie?" is a common theme song among retailers these days. With consumers still shell shocked from the recession, the speed of its onset and for some, the severity, attitudes towards shopping have changed in a very short period of time. Conspicuous consumption is out and frugality is in. A more thrifty culture developed during the recession and now permeates all income levels. Traditional discount retailers like Costco and Winners are attracting consumers from all walks of life. And second hand consignment shoppers have come out of the closet (excuse the pun) and proudly reveal their secret to dressing for success. It is fashionable to be frugal and a bargain hunter. Some think these changes are permanent; others hope as consumer confidence returns so will their carefree spending ways. Only time will tell.

A recent Mustel Group survey among British Columbians indicates a rise in consumer confidence with 31 per cent expecting their personal financial status to improve over the next year (up from 24 per cent two years ago at the height of the recession). This is a group twice the size of those who expect their finances to deteriorate (14 per cent).

But will an increase in consumer confidence equate to an increase in consumer spending? When BC residents were asked in a Mustel Group survey if they spent more, about the same or less on Christmas gifts this year in comparison to last year, the perception was that less was spent (36 per cent reporting less in comparison to only 18 per cent spending more). The final tallies on Christmas sales are still coming in and will confirm whether or not British Columbians actually managed to curb their spending over the holiday season. As we all know sales and discounts can be hard to resist and even with good intentions and steadfast will power it is easy to succumb to temptation and leave a store spending much more than intended.

However, there are indications that consumers are trying to save more. A recent survey by the Gandalf Group reported that 65% of Canadians are attempting to save more and spend less.

The internet is helping consumers be more frugal. It has made bargain hunting much easier and shoppers don't even need to do the hunting; the bargains can come to them through various electronic discount sites and notifications that provide consumers with daily specials. This newspaper's SwarmJam is one example dishing out "Sweet Deals Daily". A Mustel Group survey shows that currently 11% regularly use such sites with this number likely to grow given that such sites just started popping up in the past year.

Additionally, with the tremendous growth in mobile internet through smartphones and I Pads, consumers can literally be searching for shopping information anywhere and at anytime. Predictions are that by 2014, half of all internet hits will be from mobile devices. At the moment, approximately 30% of British Columbians currently have a smartphone and this number is expected to grow quickly.

Accompanying bargain hunting, consumers are also starting to question “what is the best way to show their affection?” when thinking of a gift for a loved one, friend or family member— is it purchasing a ‘thing’ or giving something homemade, creating an experience or simply offering their time. Municipal governments dealing with waste management challenges are to some extent leading the chorus. Recycling, with widespread buy-in, is reaching its maximum impact and we are running out of “things” to divert for recycling. So the message is now shifting to reducing and reusing. For example, Metro Vancouver’s Zero Waste Challenge Christmas campaign encouraged residents to “Give memories not garbage this Christmas.” We are starting to dematerialize consumption and buy into the maxim “The things that make you happy aren’t things.”

Over the coming year, retailers may be shifting their tune to “Happy days are here again” but all indications are that those days will look a bit different from the past.

Evi Mustel, President

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