



CONSUMER SPENDING TAKES A HOLIDAY

ECONOMIC UNCERTAINTY A "SIGNIFICANT" INFLUENCE ON GIFT PURCHASES FOR A MAJORITY OF AMERICANS; 52% PLAN TO USE CREDIT LESS

WASHINGTON, D.C., November 24, 2008 – With the most fretfully anticipated holiday shopping season in decades set to officially begin on Black Friday, November 28th, a new survey of consumers' intended holiday spending conducted by Penn, Schoen & Berland Associates reveals that the current economic situation weighs heavily on shoppers, who say they will spend less and look for the best deals.

Penn, Schoen & Berland conducted 1049 internet interviews of American consumers from November 14-18, 2008. The margin of error is 3.03% overall and larger for subgroups.

Americans' economic outlook is overwhelmingly negative: a staggering 95% of those surveyed think the current economic situation is negative, and this pessimism is set to translate to the cash register. Across demographics, including both genders and all income groups, Americans expect a drop of 6% in their spending. With unemployment on the mind of more than 50% of Americans, a majority say that the economic troubles have influenced their spending plans "significantly."

As Americans pull out their wallets less frequently, they'll also be going for a different pocket. Cash will replace credit, with 33% of Americans saying they'll use more cash and fully 52% planning to use credit cards less. "Our buy now/pay later mindset is on holiday itself. This season Americans are feeling sober and thrifty", said Jon Penn, President of Media and Entertainment Research at Penn, Schoen and Berland. "Value, Value, Value is the theme of the season."

As shoppers search for value, they'll focus on gifts they can easily personalize: clothing, interactive toys, and the catch-all gift certificate are the gifts Americans most plan to give. Entertainment-oriented gifts like video games and DVDs will also remain popular choices, while consumer electronics, usually a favorite, will be flat this year. Who are the losers? The bad news won't change for music, jewelry and health/beauty gifts, as Americans plan to spend markedly less in those areas. Charitable donations, flowers and magazines are the gifts Americans are least likely to give this year.

PSB's Holiday Gift Bag – Top Gifts for 2008	
Casual clothing, purchased from a big box store like Wal-Mart	<i>Wall-E, Iron Man and Kung Fu Panda DVDs</i>
A new Dell computer, with a speedy Intel processor	<i>Video games like Call of Duty, Guitar Hero and Wii Music</i>
Educational toys, and favorites from Barbie, Crayola and LeapFrog	<i>A Sony HDTV or a Blackberry mobile phone with superior coverage</i>
Maybelline and Cover Girl makeup	<i>Ralph Lauren and Estee Lauder fragrances</i>

Where bright spots exist they're reserved for businesses that consumers associate with good deals. When asked to name the factors that are most important in making purchase decisions, only 38% name low prices, while 61% mention that it's important that they are getting the best value. "While money is tight, consumers aren't blindly buying the lowest-priced items," said PSB Vice President Ethan Titelman. "Retailers need to show their customers that they're giving them great deals – the same old sales pitch won't work this season."

With that in mind, Wal-Mart is in a particularly strong position, with 32% of respondents saying that they will shop there more this holiday season. Of course, that also means that upscale retailers fare worst, with more than half of respondents saying that they plan to spend less at stores like Nordstrom, Neiman Marcus, and Banana Republic.

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PSB's Holiday Spending Survey contains detailed information about Americans' gift-giving plans for the 2008 season. More detailed information is available for the following categories:

- Charitable Donations
- Clothing & Accessories
- Computes
- Electronics
- Gift Certificates
- Health & Beauty Products
- Movies
- Music
- Restaurants
- Toys
- Video Games

About PSB

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