

EXCERPTS OF RECENT MEDIA COVERAGE

RETAIL AND CONSUMER PRODUCTS PRACTICE

A SAMPLING OF BDO THOUGHT LEADERSHIP IN THE MEDIA FOR Q4 2014

► WASHINGTON POST

BLACK FRIDAY HAS ARRIVED, BUT THE DEALS STARTED LONG AGO

By Sarah Halzack

Until recently, Black Friday was the shot from the starting gun in retailers' month-long sprint for holiday shopping supremacy. But many of the deals that shoppers saw Friday morning were hardly the one-time flash sales that once ruled the day...



"It won't have the impact that it's had in the past simply because it's been spread out," said **Ted Vaughan, partner in the Retail & Consumer Products practice at**

consulting firm BDO. "The single day isn't as significant."...

But Vaughan of BDO said a more gradual trickle of shoppers could help retailers better satisfy customers.

"If they're able to have more of a controlled trend of how shoppers come into their stores, they're better able to control their inventory levels," Vaughan said.

► DOW JONES PRIVATE EQUITY ANALYST

RETAIL INVESTORS MAY TRY ON APPAREL COMPANIES FOR SIZE

By Lillian Rizzo

Private equity deal volume for retail and consumer products companies tumbled in 2014, despite a rise in consumer spending and record overall merger volume. Investors and industry experts say, however, that the downtrodden sector could spawn opportunities for deals in 2015...



"The apparel industry has really been struggling," said **Al Ferrara, head of BDO USA LLP's Retail & Consumer Products.**

"There's probably going to be some shake out in that space and there will be opportunities."...

The lifestyle apparel industry presents attractive acquisition targets and should continue to do so in 2015, said Mr. Ferrara. "The world and the U.S. have become extremely casual places, and people want to wear comfortable sports apparel," said Mr. Ferrara. "There are a lot of different companies carving their way into the apparel market."...



BDO has been a valued business advisor to retail and consumer product companies for more than 100 years. The Retail & Consumer Products Practice of BDO works with a wide variety of retail and consumer-oriented clients, ranging from multinational Fortune 500 corporations to more entrepreneurial businesses, providing a myriad of accounting, tax and other financial services.

Teen retail continues to be the most distressed retail subsector due to reduced mall traffic and competition from other areas of the consumer industry, private equity managers and investment bankers said. However, struggling brands in the sector aren't completely hopeless and could be investment opportunities next year, either as leveraged buyouts or consolidation mergers, said Mr. Ferrara of BDO.

► REUTERS

POLL – LOWER GAS PRICES WON'T RAISE HOLIDAY SPENDING: REUTERS POLL

By Jilian Mincer

Almost two thirds of adults won't spend more this holiday season despite lower gas and fuel costs, a new Reuters/Ipsos poll shows, in a bad sign for retailers looking for an extra boost in gift buying from cheaper prices at the pump...

Americans also have learned in recent years to find the best deals on the internet...

Walmart, Amazon and others started promotions just after Halloween. By Black Friday, the day after Thanksgiving, 34 percent of retailers will have run most of their holiday season promotions, according to a survey by consultant firm BDO USA. For years, Black Friday was considered the kickoff to the holiday shopping season...

"If you're physically there, even if you know it's \$5 cheaper somewhere else are you going to wait in another long line?" said **Ted Vaughan, a partner in the Retail & Consumer Products practice at BDO.**

► MARKETING DAILY

BDO SAYS SANTA WILL BE GIVING CONSUMER ELECTRONICS

By Sarah Mahoney

Get ready for gadgets. A new holiday forecast from BDO predicts that consumer electronics will be tops in Santa's sack this year, and that they will also be the most heavily discounted.

In its 2014 Retail Compass Survey of CMOs, a poll of 100 retail CMOs on their holiday shopping season outlook, it reports that the latest iPhone, smart watches and other new tech toys will be on shoppers' wish lists. In fact, 73% of the CMOs think they will be top sellers, and 58% believe they will be the most aggressively discounted...



Retailers with omnichannel capabilities are more optimistic, while those with strictly brick-and-mortar stores are feeling more challenged, says **Doug Hart, partner**

in BDO's Retail & Consumer Products practice.

And along with stronger consumer sentiment, declining fuel prices are also likely to rev up holiday sales, he tells Marketing Daily, "especially at the discount end of the spectrum."

Another worry of the CMOs is inventory levels, especially given the ongoing concern about labor agreements in important West Coast ports. "It may be more difficult to replenish items in season, and you might have some hot products out of stock."

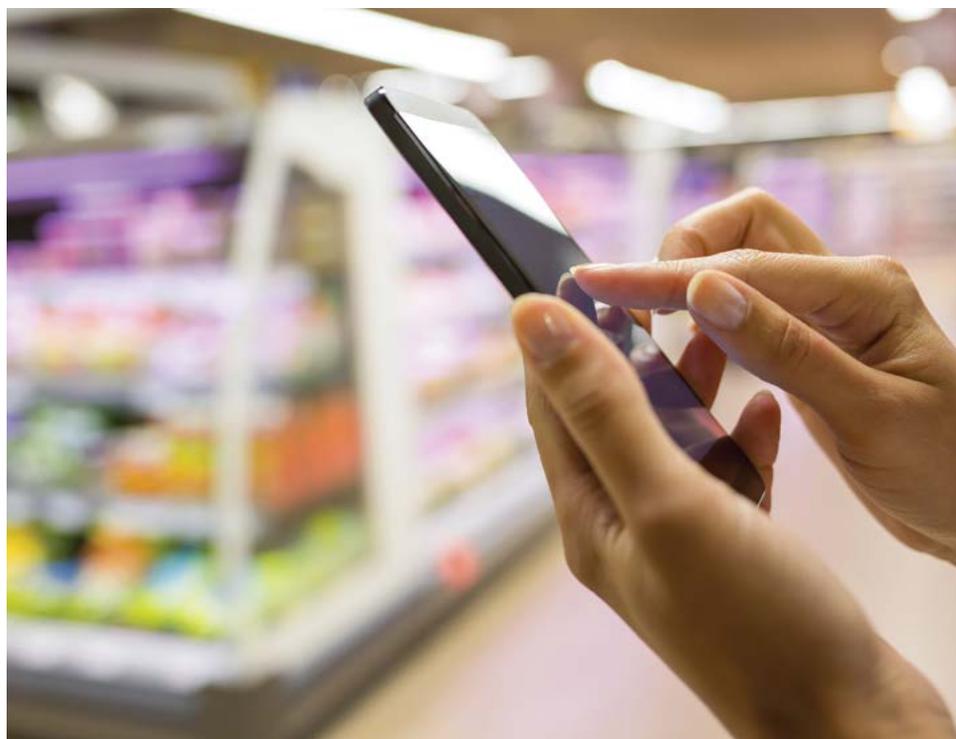
► MOBILE MARKETER

ONLY 49PC OF RETAILERS HARNESSING MOBILE MARKETING THIS HOLIDAY SEASON: REPORT

By Chantal Tode

Despite reports of mobile's growing importance for consumers during the recent Thanksgiving holiday weekend, only 49 percent of retailers are planning to include mobile technology in their holiday marketing strategy this year, according to a new report from BDO USA...

"What surprised us the most is that only half of retailers are using mobile marketing





this holiday season," said **Natalie Kotlyar, partner in the Retail & Consumer Products practice at BDO.**

"While the year-over-year jump from 38 percent of retailers to

49 percent is substantial, mobile is still the last great frontier for retailers to fully tap into.

"Mobile coupons, daily deals and mobile apps are all popular tricks in retailers' arsenal, but the biggest surprises in the years ahead will be the game-changing mobile tactics that will emerge as different players experiment with new technologies and retailers' entry costs continue to fall," she said...

"Mobile has been on the radar for years, but this year's numbers point to a stronger commitment from retailers to leverage it as an effective marketing vehicle that's able to engage more customers and convert more sales," Ms. Kotlyar said. "Their growing investment in mobile this year is reflected in the fact that retailers will spend 14 percent of their marketing budgets on mobile, a leap from just 6 percent in 2012.

"What's clear is that retailers are latching on to customers' wishes for convenient, on-

the-run shopping - anytime and anywhere - and mobile is the game-changer that makes that possible," she said.

▶ CHAIN STORE AGE

EVOLVING SKILL SET

By Debra Hazel

As the traditional CFO role expands beyond accounting and compliance to a more strategic role and partner to the CEO, the capabilities that future CFOs will need to bring to the table are also evolving. Today, according to recruiters, successful CFOs need strategic thinking, leadership and communications skills worthy of a national politician, along with experience in running a business...

"If you have good business savvy, and you have good accountants and auditors, it's no longer mandatory," said **Al Ferrara, a partner and leader of the Retail & Consumer Products practice of BDO.**

Good communications skills increasingly are important, as many CFOs are becoming the face of their companies, especially in light of recent regulations, Ferrara added.

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