



EXCERPTS OF RECENT MEDIA COVERAGE

RETAIL AND CONSUMER PRODUCTS PRACTICE

A SAMPLING OF BDO THOUGHT LEADERSHIP IN THE MEDIA FOR Q4 2013

► REUTERS

ANALYSIS: U.S. RETAILERS BRACE FOR MARGIN HIT FROM HOLIDAY DISCOUNTS

By Lisa Baertlein and Phil Wahba

Shoppers like stay-at-home mom Susan Sterling are American retailers' worst nightmare this holiday season...

She is not the only one cutting back. According to a new Reuters-Ipsos poll, most Americans plan to spend less than they did during the 2012 holiday shopping season. And by all indications, most are demanding rock-bottom prices.

Retailers from Macy's to Wal-Mart Stores to Best Buy are responding with massive discounts even at the risk of profit margin declines. When the smoke clears on the unprecedented price-cutting blitz, consumers should emerge as the clear winners...

To be sure, the emphasis on discounting is nothing new. Since the recession, Americans have searched for ways to save money. They're disconnecting home phones, opting for free entertainment and driving cars longer before replacing them. Beyond that, the Internet has made it easier to find deals.



"In general, Americans are learning to live without some things," said **Ted Vaughan, a partner at consulting firm BDO**, whose survey of 100 retail chief marketing officers

predicted that sales in established stores during the holiday season would rise 2.5 percent for 2013.

"At certain points in history you have a resetting of expectations," said Vaughan. "This one is proving to be very significant."...

BDO's Vaughan expects shoppers to delay purchases even with the discounting, waiting as long as they can for deeper price cuts. About half of shoppers haven't started shopping, 27 percent completed less than a quarter of their purchases and 5 percent have finished shopping, according to the poll.

► LOS ANGELES TIMES

KMART, SEARS TO STAY OPEN ALL NIGHT ON THANKSGIVING

By Tiffany Hsu

Kmart is going on a holiday all-nighter, opening for bargain hunters at 6 a.m. Thanksgiving morning and keeping the lights on for 41 straight hours.



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.

Sister company Sears also is gearing up for an overnight shopping marathon, welcoming patrons at 8 p.m. on Turkey Day and running special deals until 1 p.m. the next day.

The effort will be the longest test of endurance in both retailers' history...

A poll from the National Foundation for Credit Counseling found Monday that 53% of shoppers plan to spend less on holiday gift-giving this year than they did last year. A third said they'll spend nothing; only 3% intend to spend more.

A separate survey Monday from financial consulting firm BDO concluded retailers expect a 2.5% increase in holiday sales at stores open at least a year. That's far more pessimistic than last year's predictions, which ultimately proved too upbeat.

The survey also showed big changes in what retailers expect shoppers to buy.

The BDO report said 69% of retailers in the survey believe electronics will be the bestselling product segment -- up from less than a quarter in 2009. Just 3% of those surveyed said toys would be the hottest category, down from 39% four years ago.

Nearly two-thirds of retailers anticipate inventory levels on par with last year's, suggesting they expect similar demand from consumers.



"We're seeing retailers enter the holiday season with realistic, rather than optimistic, expectations," said **Doug Hart, partner in BDO's retail division.**

► WOMEN'S WEAR DAILY

STUDY: STORES TO SPREAD OUT HOLIDAY PROMOTIONS

By Arnold Karr

Retail marketing experts are looking to spread out their holiday promotions even as the unforgiving fourth-quarter calendar compresses the season, according to an annual study by business services firm BDO USA, LLP...

The study, dubbed the 2013 BDO Retail Compass Survey of CMOs, also revealed that stores expect a 3.1 percent increase in Black Friday sales this year, identical to their expectations last year, while their median expectation for Cyber Monday sales was a 3.7 percent increase, down from last year's projection of 4.3 percent growth. The percentage of stores expecting an increase on Black Friday rose, to 38 percent from 30 percent a year ago, but the percentage expecting an increase on Cyber Monday fell, to 25 percent from 34 percent.

Ted Vaughan, partner with BDO's retail and consumer products practice, noted that the shortness of the holiday selling season — with just 25 days between Black Friday and Christmas versus 32 in 2012 — is likely to increase the power of "Super Saturday" on Dec. 21. "Stores will have these large initial sales opportunities but it's clear they're trying not to skew too much of the demand at the beginning of the season," he said. "As inventory builds up and competitors do what they can to attract customers, they'll push to make sure there isn't too much inventory left over on their shelves."

Super Saturday is considered the second-busiest day of the holiday season, behind only Black Friday.

► MEDIAPOST MARKETING DAILY

SURVEY: RETAILERS BACK AWAY FROM MOBILE

By Sarah Mahoney

A new survey of retail CMOs shows that stores are backing away from mobile technology, even as m-commerce sales climb. Only 38% say it figures in their marketing strategy this holiday, according to the BDO Compass Survey of CMOs, down from 50%. And while 72% say they are spending the same amount on marketing as they did last year, the mix is changing. Some 88% are saying social is now a part of their seasonal plan, and will



account for 14% of the marketing budget, up from 10% last year. **Natalie Kotlyar, a partner in BDO's retail and consumer products practice,** tells *Marketing Daily* what's driving the trends.

Q: Mobile has been such a strong and growing trend. Why back away and be wishy-washy now?

A: I think retailers are indecisive. There are an overwhelming number of mobile possibilities, and to a certain extent, the economy is uncertain. So it makes sense to me that they are thinking they will sit on the sidelines for now, and wait to see what works for others.

Q: Do you think stores are uncertain about m-commerce, big picture?

A: No, m-commerce is growing, and I think a year from now more consumers will be using their phones to make purchases. But, for now, they use them to do research, for social sites—but not to pull the trigger on actual purchasing. So retailers are stuck on that question: Is mobile creating brand recognition? Or is it creating demand and building sales?

It's also worth noting that among retailers who are using mobile, they are spending more. Last year, mobile comprised about 6% of retailers' overall marketing budget; this year, it's 15%...

Q: Do many stores know what works, or are they all still experimenting?

A: The metrics are the most difficult aspect. It is very difficult to figure out when and how this customer is coming to you. And social can be great advertising. But, ultimately, the sale is what's important, so you want the consumer to buy as quickly as possible. If there are too many clicks, you will lose them.

► NEWSDAY

TRADITION PROPELS SOME BLACK FRIDAY SHOPPERS

By Maura McDermott and Keiko Morris

Black Friday got off to a busy -- if less frenzied -- start in malls across Long Island.

Some shoppers said the discounts weren't steep enough to bring them out in the wee hours. Others said they had already done much of their bargain-hunting on Thanksgiving Day...

Merchants have been eager to win a larger share of shoppers' limited wallets, and many began offering holiday deals weeks ago. A slower-than-expected back-to-school season, price-conscious consumers and six fewer shopping days between Thanksgiving and Christmas have put pressure on retailers.

Many retailers decided to launch what they said were their biggest sales events of the year Thursday -- on Thanksgiving evening or even earlier in the day -- instead of at midnight or in the early morning hours of

Black Friday -- the day after Thanksgiving and the traditional start to the holiday shopping season...



"Long Island has had pretty good success this year," said **Al Ferrara, national director of retail for BDO USA**, a Chicago-based consulting firm. "Its economy is in decent shape, you might see a major positive uptick" in holiday sales.

► WOMEN'S WEAR DAILY

WEAK SHOWING FOR NOVEMBER SALES

By Vicki Young and Arnold Karr

Stores reporting November sales Thursday generally fell short of modest expectations, and December might not be much better.

Although a few retailers had a strong November finish following Thanksgiving, some observers believe that consumers will be closely watching the promotions cadence at retail throughout the month to determine the best time to jump in and buy...

Natalie Kotlyar, partner at professional services firm BDO USA and a retail and consumer product industry group leader, said, "I think people have a budget of how much they want to spend and they are waiting for the lowest bottom price.

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That's where we saw a lot of people going out Thanksgiving night when the stores supposedly had the best deals." According to Kotlyar, the promotional sales so far are raising concerns over margin erosion.

"Stores such as Kohl's that will be operating on extended hours are spreading the same sales they would otherwise be getting over a longer [store-opening] period, which will raise their costs and eat into their margins," she said.

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