

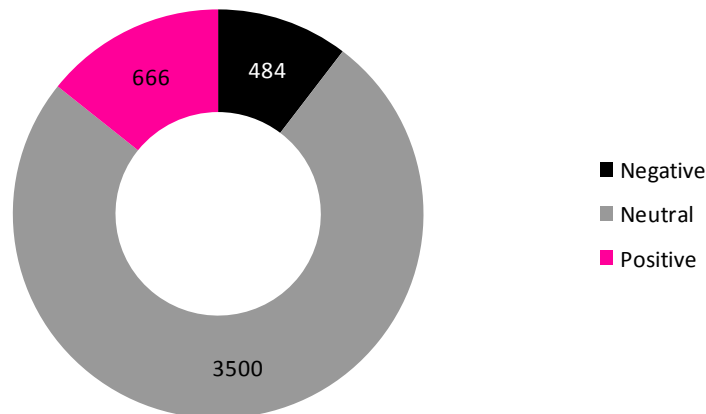
PRESSWATCHRANKINGS

Retail Sector Report

January 2009

03	Main Table	08	Analysis by Issue
04	Top Three Companies	13	The Media - Sector Coverage
05	Bottom Three Companies	14	Top Score - by publication
06	This Month - Risers and Fallers	16	Sector - This Month
07	This Month - Issues	17	Sector - 12 months
		18	Methodology

Breakdown of Sector coverage this month



Sector Overview

- While many retailers had a Christmas to forget, food retailers held up well and this was reflected in their coverage. Of the five retailers with the top scores in January, all but one (**John Lewis**) were supermarkets.
- Press reports were almost unanimous in pronouncing **Morrisons** the winner in the battle between the supermarkets to fill Britain's festive larders. **Sainsbury's** Christmas trading was also very well received and the two supermarkets were in a dead heat with Performance scores of +290 this month (though **Sainsbury** was far out in front overall, scoring well across a broader range of issues).
- There was no consensus view when it came to **Tesco's** Christmas trading – some commentators claimed our leading retailer was in decline, while others concluded it was holding up pretty well, with sales up 3.5% once the VAT cut had been factored in.
- As Richard Fletcher of the *Daily Telegraph* pointed out, "Many self appointed retail experts, City analysts (and, yes, even the odd financial journalist) seize on any suggestion that the **Tesco** juggernaut is slowing (14/01/09).
- As for the discount grocers, whose rapid growth was the retail story of 2008, some commentators have felt the need to put this trend in perspective. "**Aldi** is growing fast, but from a puny base and mostly by adding stores. ...The balance of power will stay with the big players, not the price cutters," argued the *Financial Times* (Staff, 14/01/09).
- While some retailers did better than expected over the festive season (**Debenhams** and **Jessops** to name two), others suffered and none more so than **Marks & Spencer**, which had its worst Christmas for a decade.
- **M&S's** tactic of holding pre-Christmas sales was seen to have backfired. The stores were mobbed on each of its one-day sales but the resulting impact on its profits is expected to force the chain to cut its dividend. "**M&S** is set to pay dearly for one-day sales," ran the headline in the *Daily Mail* (04/01/09).
- **M&S** was not the only retailer to indulge in pre-Christmas discounting (and the tactic didn't seem to do **Debenhams** any harm) but **JD Sports**, **John Lewis** and **Jessops** all won praise for holding out till Boxing Day, thus preserving their profit margins.

At a time when rising unemployment is a growing concern, those few companies still hiring rather than firing are assured of a warm response from the media. **Asda**, **Tesco** and **Morrisons** all attracted favourable coverage after announcing plans to create some 22,000 jobs between them in the coming year.

Sector Main Table

Rank	Company	Volume This Month	Comment This Month	Total Score This Month	Average Score This Month	PW Score
1	ALDI	80	30	200	6.67	190.00
2	ASDA	163	56	180	3.21	185.00
3	MORRISON (WM)	131	52	330	6.35	182.50
4	SAINSBURY	274	72	495	6.88	143.33
5	LIDL	56	11	70	6.36	125.83
6	TESCO	370	104	120	1.15	75.83
7	TOPSHOP	66	7	15	2.14	65.00
8	AMAZON.COM	70	14	110	7.86	55.83
9	PRIMARK	63	33	-15	-0.45	47.50
10	MOTHERCARE	26	11	85	7.73	42.50
11	JD SPORTS	27	14	85	6.07	41.67
12	WAL-MART	47	7	25	3.57	37.50
13	ICELAND	60	5	20	4.00	33.33
14	NETTO	25	7	30	4.29	32.50
14	NEW LOOK	45	19	95	5.00	32.50
16	CO-OPERATIVE GROUP	66	20	110	5.50	31.67
17	HMV GROUP	57	10	25	2.50	30.00
18	GAME GROUP	21	9	45	5.00	29.17
19	ZARA	8	1	5	5.00	26.67
20	HALFORDS	21	5	5	1.00	25.00
20	WH SMITH	21	6	20	3.33	25.00
22	GREGGS	26	21	65	3.10	17.50
23	MATALAN	18	8	60	7.50	15.83
24	HENNES & MAURITZ	19	4	0	0.00	15.00
25	KINGFISHER	24	3	0	0.00	13.33
26	TED BAKER	16	4	25	6.25	12.50
27	MISS SELFRIDGE	9	1	5	5.00	11.67
27	NEXT	187	45	115	2.56	11.67
27	SUPERDRUG	15	1	5	5.00	11.67
27	TOP MAN	8	1	-5	-5.00	11.67
31	SELFRIDGES	56	1	10	10.00	8.33
32	ARCADIA	6	0	0	0.00	7.50
32	BODY SHOP	7	0	0	0.00	7.50
32	OCADO	16	6	35	5.83	7.50
35	PEACOCK GROUP	6	5	40	8.00	6.67
35	THE GAP	27	0	0	0.00	6.67
37	LITTLEWOODS	20	1	5	5.00	5.00
38	HARVEY NICHOLS	16	1	-5	-5.00	3.33
38	HOUSE OF FRASER	37	6	15	2.50	3.33
40	MONSOON	8	1	-5	-5.00	2.50
41	LAURA ASHLEY	14	2	10	5.00	1.67
42	B&Q	15	0	0	0.00	0.83
43	DOROTHY PERKINS	9	0	0	0.00	0.00
43	JOHN LEWIS	146	48	285	5.94	0.00
45	HOME DEPOT	5	0	0	0.00	-0.83
45	SOMERFIELD	26	2	0	0.00	-0.83
47	IKEA	29	8	-10	-1.25	-1.67
48	OASIS	16	3	-15	-5.00	-2.50
48	WAITROSE	150	41	75	1.83	-2.50
50	MAJESTIC WINE	9	7	-10	-1.43	-3.33
51	BHS	14	1	5	5.00	-4.17
51	CARREFOUR	9	0	0	0.00	-4.17
53	BURTON	6	0	0	0.00	-5.00
53	WATERSTONES	26	3	-20	-6.67	-5.00
55	ALLIANCE BOOTS	24	3	-10	-3.33	-5.83
56	SIGNET GROUP	11	2	-10	-5.00	-6.67
57	MOSS BROS	4	1	5	5.00	-11.67
58	FRENCH CONNECTION	5	0	0	0.00	-13.33
58	HARRODS	34	2	-10	-5.00	-13.33
60	JESSOPS	31	15	-45	-3.00	-15.83
61	CLINTON CARDS	6	3	-15	-5.00	-18.33
62	PC WORLD	45	3	-15	-5.00	-19.17
63	BAUGUR	27	1	-5	-5.00	-27.50
63	CURRYS	67	10	-55	-5.50	-27.50
63	HOMEBASE	47	5	-25	-5.00	-27.50
66	CARPHONE WAREHOUSE	87	9	25	2.78	-28.33
67	COMET	33	9	-10	-1.11	-30.83
68	DEBENHAMS	168	50	10	0.20	-33.33
69	HOME RETAIL GROUP	56	14	-55	-3.93	-40.00
70	KESA ELECTRICALS	27	9	-20	-2.22	-40.83
71	ARGOS	73	11	-60	-5.45	-45.83
72	MFI	67	3	-25	-8.33	-100.83
73	DSG INTERNATIONAL	66	29	-180	-6.21	-130.00
74	JJB SPORTS	88	53	-295	-5.57	-167.50
75	MARKS & SPENCER	440	136	-745	-5.48	-310.83
76	WOOLWORTHS	264	17	-125	-7.35	-406.67

Top Three Companies

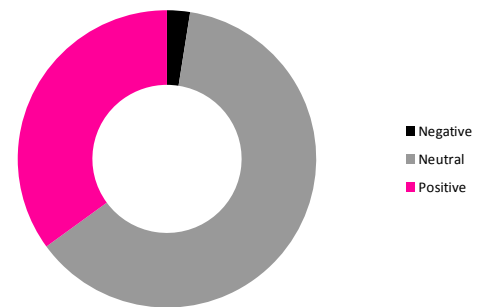
Top three and bottom three companies are based on average score over a 6 month period. Charts and copy are for the current month

1st Aldi

Aldi's popularity keeps on growing, especially with wealthier Britons looking for a bargain. The *Daily Mail* reported that although it had taken the company 18 years to make an impact here, it was "the fastest growing food retailer in the run-up to Christmas" (Staff, 14/01/09). Sales in total were up 25% over the past year, earning the company £2.15bn as it has "confirmed its position as one of the few winners of the economic downturn" (Elizabeth Rigby, *Financial Times*, 13/01/09).

On the strength of this, **Aldi** is understandably keen to strike while the iron is hot, hence the news that it was "accelerating its expansion", notably in the U.S. The *Financial Times* reported that **Aldi** had "entered Florida, where it had opened 23 new stores over a matter of weeks, and Rhode Island" and hopes to open its first New York store soon (02/01/09).

Aldi also gained positive notice for the enticing package it offers to graduate trainees. Despite being one of the cheapest supermarkets, it offers graduates £40,000 plus a new **Audi A4** car, nearly twice the £25,500 starting salary at upmarket rival **Marks & Spencer** (Laura Clark, *Daily Mail*, 14/01/09).

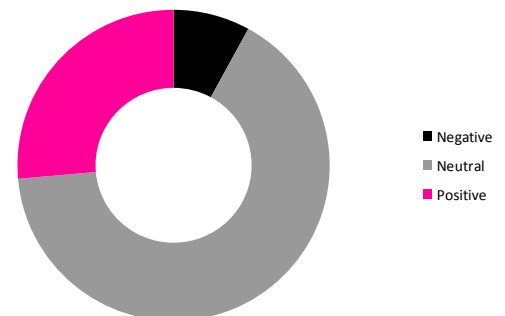


2nd Asda

Among the Big Four supermarkets the battle continues to rage over who will be recognised by shoppers as the biggest discounter. While **Tesco** has been seeking to reposition itself as a 'discounter', **Asda** has been consolidating its position as an emporium for the cash-strapped.

Asda did not sit on its laurels after a relatively successful Christmas; instead the supermarket sparked a price war. Harry Wallop of the *Daily Telegraph* explained: "**Asda** has fired the first salvo in what is expected to be a New Year price war between the supermarkets, by offering a range of goods for just £1" (02/01/09).

As unemployment continues to ravage the country there was an obviously positive response to the news that **Asda's** trading success and resilience would enable the store to create some 7,000 new jobs: "**Asda** offered a ray of hope for Britain's growing army of unemployed yesterday by announcing it is planning to take on nearly 7,000 more staff," commented Julia Kollwe of the *Guardian* (29/01/09).



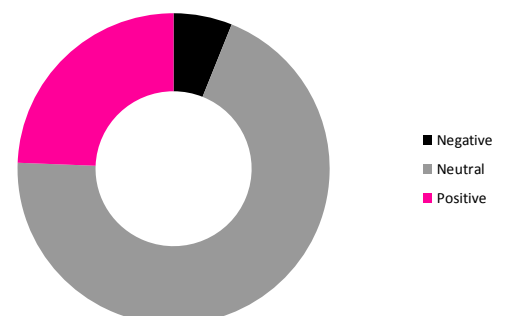
3rd Morrison

Morrisons surpassed City expectations by announcing a record breaking rise in sales of 8.2% over the Christmas period, emerging as "the clear winner out of the Big Four supermarkets" (Marcus Leroux, *Times*, 23/01/09).

Heath Aston of the *Sunday Express* commented that **Morrisons** had underlined its position as "one of the fastest-growing supermarkets, with sales rising at three times the pace of dominant rival **Tesco**" (18/01/09).

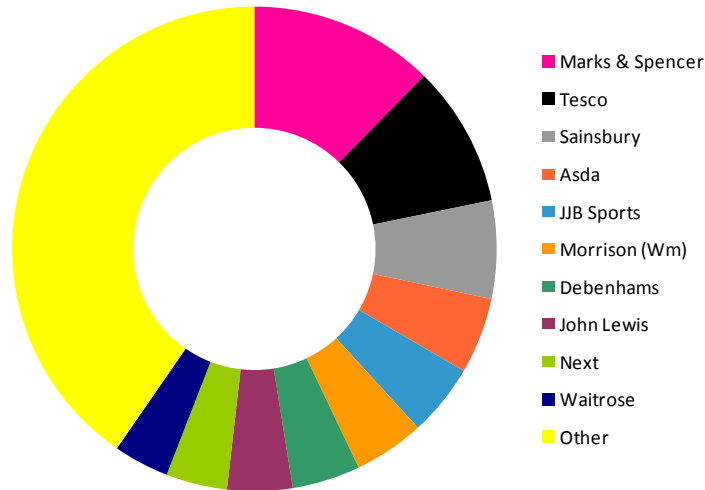
The Northern-based supermarket also saw a rise in 'well-to-do' shoppers who were shunning the more upmarket likes of **Marks & Spencer** and **Waitrose**. The *Daily Telegraph* noted that the chain was "gathering favour among shoppers in the south of England, who until recently thought of **Morrisons** as a northern grocer" (19/01/09)

Dutch chief executive Marc Bolland was hailed as "the flying Dutchman" by the *Daily Mail* in its 'Hero and Zero' column, which stated that he was "certainly doing the business" at the company (23/01/09).

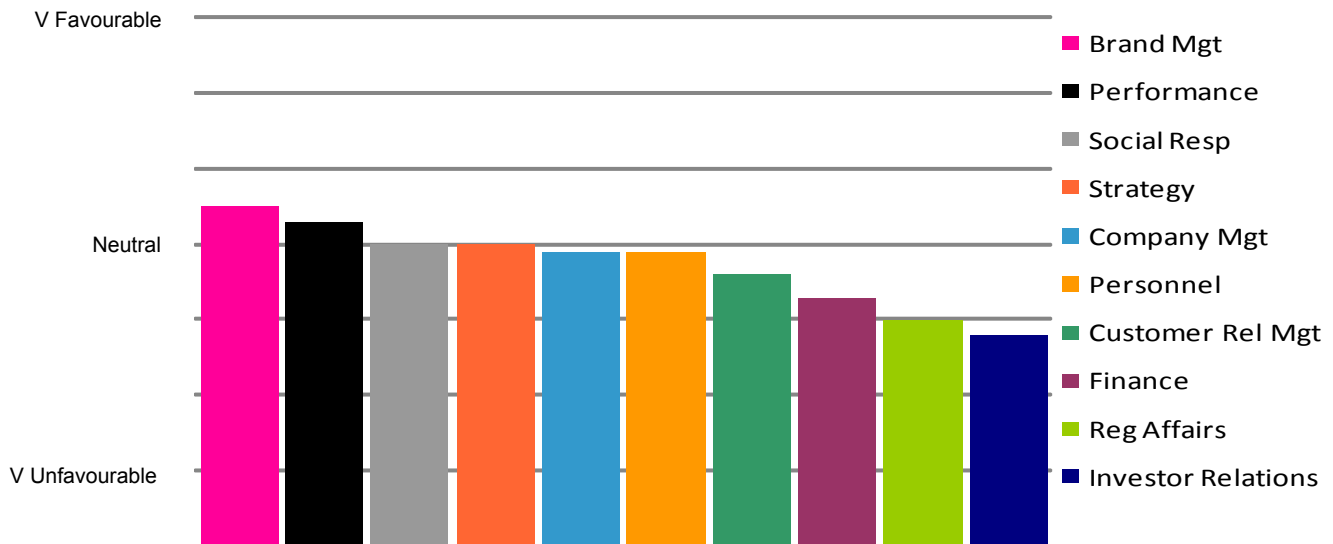


This Month - Issues

Top Ten companies for comment this month compared to rest of sector



Issues ranked by favourability



Best Scores by Issue

Rank	Company	Issue	Score
1	SAINSBURY	PERFORMANCE	290
1	MORRISON (WM)	PERFORMANCE	290
3	JOHN LEWIS	PERFORMANCE	170
4	PRIMARK	PERFORMANCE	120
5	JOHN LEWIS	BRAND MGT	80
5	ALDI	PERFORMANCE	80
7	ALDI	BRAND MGT	75
7	TESCO	BRAND MGT	75
9	NEW LOOK	PERFORMANCE	70
9	GREGGS	PERFORMANCE	70
11	AMAZON.COM	BRAND MGT	60
11	ASDA	BRAND MGT	60
11	ASDA	PERFORMANCE	60
11	MOTHERCARE	PERFORMANCE	60
15	SAINSBURY	COMPANY MGT	55
15	CO-OPERATIVE GROUP	PERFORMANCE	55
15	JD SPORTS	PERFORMANCE	55
15	SAINSBURY	SOCIAL RESP	55
19	DEBENHAMS	BRAND MGT	50
19	MATALAN	PERFORMANCE	50

Worst Scores by Issue

Rank	Company	Issue	Score
1	MARKS & SPENCER	PERFORMANCE	-290
2	DSG INTERNATIONAL	PERFORMANCE	-170
3	MARKS & SPENCER	COMPANY MGT	-135
4	MARKS & SPENCER	PERSONNEL	-120
5	JJB SPORTS	PERFORMANCE	-110
6	MARKS & SPENCER	STRATEGY	-100
7	PRIMARK	SOCIAL RESP	-95
8	JJB SPORTS	FINANCE	-90
9	MARKS & SPENCER	BRAND MGT	-75
10	JJB SPORTS	COMPANY MGT	-65
11	DEBENHAMS	FINANCE	-55
11	ARGOS	PERFORMANCE	-55
13	WOOLWORTHS	FINANCE	-50
14	CURRYS	PERFORMANCE	-45
14	HOME RETAIL GROUP	PERFORMANCE	-45
16	PRIMARK	REG AFFAIRS	-40
17	WOOLWORTHS	PERSONNEL	-35
18	KESA ELECTRICALS	PERFORMANCE	-30
19	MARKS & SPENCER	CUST REL MGT	-25
19	JESSOPS	FINANCE	-25

Personnel

Rank	Company	Presswatch Score
1	ASDA	10.83
2	JOHN LEWIS	6.67
3	ALDI	5.83
3	SAINSBURY	5.83
3	TESCO	5.83
6	MORRISON (WM)	3.33
7	ICELAND	2.50
8	CARPHONE WAREHOUSE	0.83
9	CURRYS	0.83
9	DEBENHAMS	0.83
9	NETTO	0.83
9	ZARA	0.83
13	B&Q	-0.83
13	CO-OPERATIVE GROUP	-0.83
13	HALFORDS	-0.83
14	WAITROSE	-0.83
14	ALLIANCE BOOTS	-1.67
24	ARGOS	-1.67
24	BURBERRY	-1.67
24	DSG INTERNATIONAL	-1.67
24	HOUSE OF FRASER	-1.67
24	LIDL	-1.67
24	JJB SPORTS	-3.33
30	PRIMARK	-3.33
30	AMAZON.COM	-5.00
32	WAL-MART	-5.00
32	MFI	-7.50
34	WOOLWORTHS	-40.83
35	MARKS & SPENCER	-47.50

At a time when every day seems to bring news of more job losses, companies that are hiring rather than firing are certain of a warm response from the media. **Asda**, **Morrisons** and **Tesco** all enjoyed favourable Personnel coverage after pledging to create 22,000 new jobs between them.

Asda, which announced plans to create 7,000 new jobs, was the top scorer with +45, securing its position at the top of the table for this issue. "New jobs are rare enough and these came with the particularly welcome news that **Asda** would also help 3,000 long-term unemployed back into work," commented Andrew Hill in the *Financial Times* (29/01/09).

Morrisons was also hailed for giving "a welcome boost to the economy" by promising to hire 5,000 more staff (Staff, *Daily Express* 13/01/09) and **Tesco** enjoyed a similar boost after pledging to create 10,000 new jobs before the end of 2009. "**Tesco** sparks jobs joy," was the headline in the *Daily Star* (14/01/09).

However, reports that some **Tesco** staff had abused customers on a Facebook page pegged back its score, resulting in a total of +25 for the month. There have been similar reports concerning staff at **Asda** and **Marks & Spencer** of late. Attempting to control the out-of-work activities of staff is clearly a minefield but this is a trend that retailers may need to address if they want to avoid damaging coverage. Reports on this latest story suggested **Tesco** employees found to have posted insulting comments about customers on social networking sites could face disciplinary action.

Regulatory Affairs

Regulatory Affairs coverage is scarce at the present time. **Carphone Warehouse** was given a reprieve this month by the Financial Services Authority over the David Ross scandal. As a rule, company directors are meant to disclose personal loans taken out against shares in their own companies before a set deadline. However, the FSA decided it would not take action in this instance (Kiran Stacey, *Financial Times*, 22/01/09).

Conversely, a lack of disclosure from another company director has seen the FSA open an investigation. The *Daily Telegraph* reported that Chris Ronnie, chief executive of **JJB Sports**, is being probed after he failed to disclose the transfer of his 27.5% stake in the company to the collapsed Icelandic bank **Kaupthing** (14/01/09).

Rank	Company	Presswatch Score
1	CO-OPERATIVE GROUP	0.83
1	CURRYS	0.83
1	JOHN LEWIS	0.83
4	ASDA	-0.83
4	B&Q	-0.83
4	BAUGUR	-0.83
4	HARRODS	-0.83
4	JJB SPORTS	-0.83
4	MORRISON (WM)	-0.83
4	NEXT	-0.83
11	ALLIANCE BOOTS	-1.67
11	ARGOS	-1.67
11	CARPHONE WAREHOUSE	-1.67
11	DSG INTERNATIONAL	-1.67
11	JD SPORTS	-1.67
11	SAINSBURY	-1.67
17	LAND OF LEATHER	-2.50
18	MARKS & SPENCER	-3.33
18	TESCO	-3.33
20	PRIMARK	-6.67

Sector over 12 months

Sector Score: -4460

Average Score: -57.9

Sector Best:

Aldi	1740
Morrison (Wm)	1410
Asda	1285
Lidl	1165
Sainsbury	775

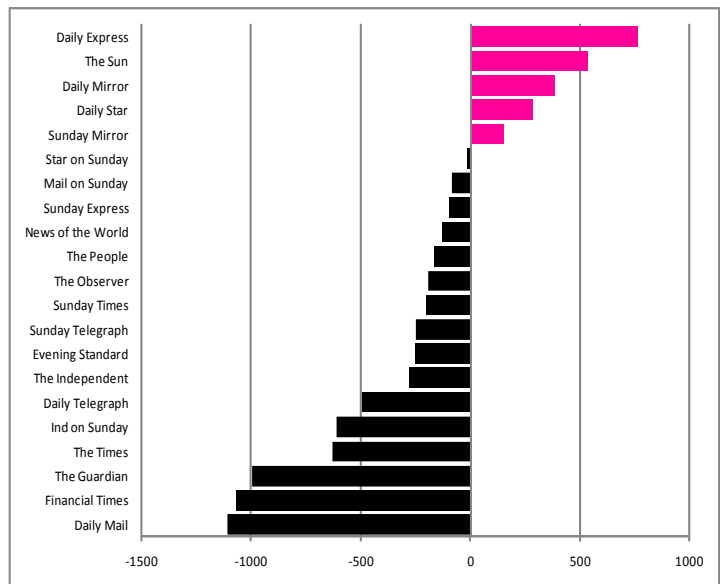
Sector Worst:

Tesco	-855
JJB Sports	-1130
DSG International	-1895
Woolworths	-3090
Marks & Spencer	-4715

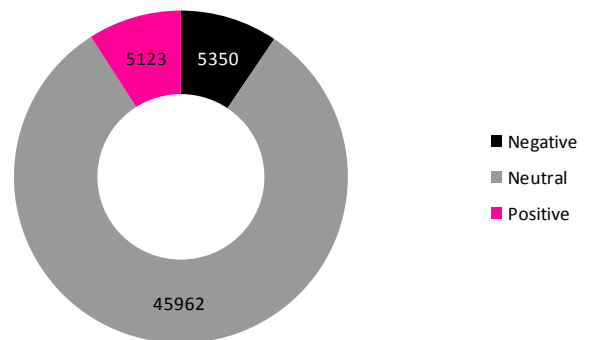
Previous Scores:

Feb-08	-540
Mar-08	-965
Apr-08	-1025
May-08	-390
Jun-08	-1050
Jul-08	-820
Aug-08	1025
Sep-08	55
Oct-08	310
Nov-08	-1445
Dec-08	-610
Jan-09	995

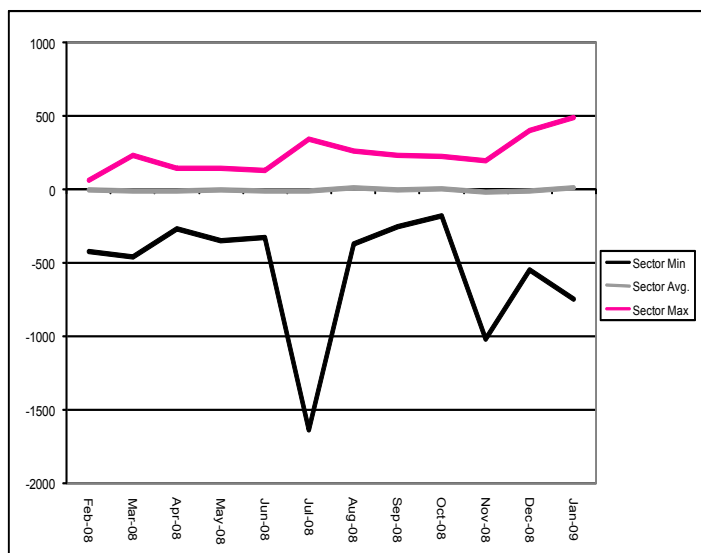
By Newspaper



Breakdown of coverage



Historical Performance



Methodology

Presswatch Rankings evaluates over 700 companies in the UK National Press. The *Presswatch Rankings* Sector report is published monthly and measures the corporate reputation of these companies based on the comments of the press. These results provide the league tables to identify the best and worst performing companies.

Companies are also classified into 39 different industry sector tables, enabling an invaluable benchmark comparison with competitors to be made.

Presswatch Rankings provides numerical indicators enabling managers and communication teams to see how their companies are perceived. Indicators are absolute (the company's score) and relative (the company's position relative to others overall and within their sector). A subscription to *Presswatch Rankings* allows the performance to be tracked over time. Historical data can be provided if required.

Companies that Qualify

We are continually revising the list of companies we monitor based on the volume of coverage they receive in the UK National Press.

In regard to inclusion the term "company" is nontechnical and refers to all individually named entities involved in business, regardless of their public, private or national status. Subsidiaries of larger groups are also included where they appear in their own right within an article. Parent companies only attract points when they themselves are referred to by name. For example points would not accrue to **Lloyds TSB** in an article about **Cheltenham & Gloucester** unless **Lloyds TSB** was specifically referred to. *Presswatch* analysts do not extrapolate, but base their scores on what appears on the printed page in front of them.

Articles that Qualify

Articles qualifying for consideration in *Presswatch Rankings* are selected from the UK daily and Sunday papers and the London *Evening Standard*. Articles are only selected where it is considered that a definite comment or opinion has been given. For example, a piece stating "British Widgets profits fall" would not qualify for inclusion in the survey as the paper was merely reporting fact; however an article stating "British Widgets profits plummet due to poor management performance" would be scored as a comment on performance is being made.

Stock market reports are rated only where a judgement is made. 'BTR shares fell 22p on a BT Alex Brown Downgrading' would not qualify. But if the item elaborates and gives space to the broker's reservations, this becomes comment. Reports of brokers switching in and out of stocks are not rated, but recommendations to do so are.

Many articles contain comment from a company's own executives (eg chairman's satisfaction at year-end results, forecasts of better things to come, etc). Such comment is ignored. The only case where company comment is taken into account is in letters to the papers, where the view is taken that the newspaper has made an editorial judgement and comment and therefore rendered it eligible.

One-word adjectives (leading, beleaguered, etc) are not sufficient to attract a rating. But the language of an article could, if sufficiently vivid, render it eligible for inclusion.

Scoring of articles

Once an article is selected from 0-15 points in increments of five are awarded for performance in each of the ten issues. Points may be positive or negative depending on the opinion or judgement expressed in the article. A weighting is then made to the score depending on the paper and location in the paper. These scores are based on circulation figures sourced from the European Business Readership Survey.

Presswatch Score

The *Presswatch* score is an average score over the past 6 months. The inclusion of the *Presswatch* score is to alleviate the peaks and troughs some companies experience giving, a much clearer picture of the sector as a whole.

© TNS Media Intelligence. All rights reserved.

TNS Media Intelligence
66 Wilson Street
London EC2A 2JX
020 7868 6080
evaluation@tnsmi.co.uk
www.tnsmi.co.uk

Whilst all reasonable care has been taken to ensure the accuracy of this publication, the publishers, editors, authors and analysts cannot accept responsibility for any errors, omissions, mis-statements or mistakes, nor responsibility for any loss sustained by any person placing reliance upon its contents.

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form by means electronic or mechanical, photocopying or otherwise, without the prior permission of the publisher and copyright holder.