



To: US Retail Partners
From: Darrell Rigby, Kris Miller and Josh Chernoff

Preliminary sales results for the 2009 holiday season are in, and the news is better than expected. Retail sales for November and December were up 1.2% over 2008, exceeding most forecasts. These results lend hope that momentum is gradually building as we exit an otherwise bleak year in which GAFO sales fell 2.6% overall. With the 2009 holiday season over, we turn our attention to the new year. We close our final newsletter of the season with a discussion of key retail strategies in 2010.

Holiday sales finished strong, suggesting gradual improvement in 2010

Holiday sales exceeded expectations in 2009, increasing 1.2% over 2008 (*Chart 1*). Although preliminary GAFO sales in November fell by 0.4% compared to November 2008, overall holiday results were fueled by strong sales in December, up 2.4% over December 2008, as procrastinating consumers finally began to shop.¹ Sales and discounts continued to attract consumers, which was particularly apparent during postholiday sales. But discounts were not as damaging to profits as last year. In fact, the combination of successful inventory management efforts and stronger than expected sales have led many retailers to report better-than-expected results and revise their fourth-quarter and full-year earnings forecasts upward.

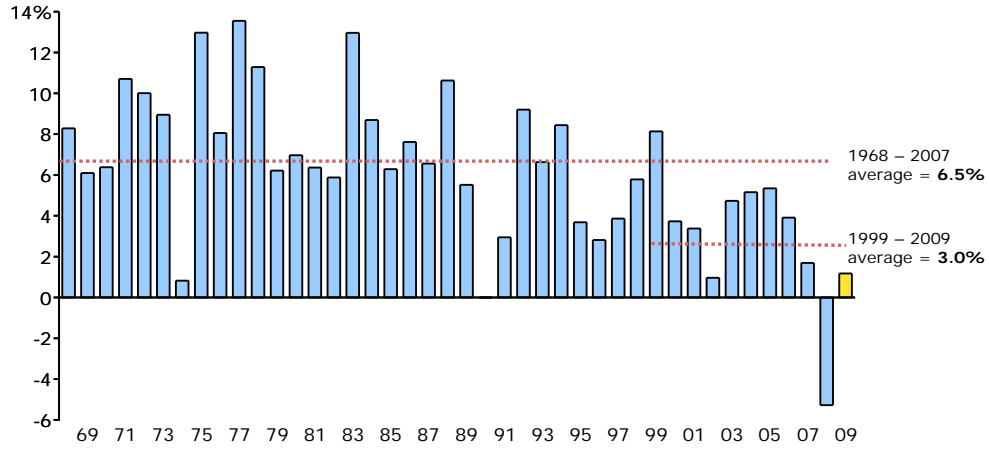
In December, all GAFO segments grew well in excess of their full-year growth rates (*Chart 2*). Clothing and clothing accessories led the way with a gain of 7.0% over last year, followed by sporting goods, hobby, books and music (up 3.9%) and general merchandise (up 1.9%). Even the electronics and appliances (down 0.8%) and the furniture and home furnishings (down 3.5%) segments did better than they did over the rest of the year. Sales in each GAFO segment also continued to trend upward in December, based on a three-month rolling average (*Chart 3*).

¹ A number of news articles reported that December retail sales were down by 0.3%. That figure was referring to the change in seasonally adjusted sales from November to December 2009. It also was referring to total retail sales, including food and auto, which are not components of GAFO.

See Chart A in the Appendix for definitions of GAFO and other sales measures.

Chart 1:

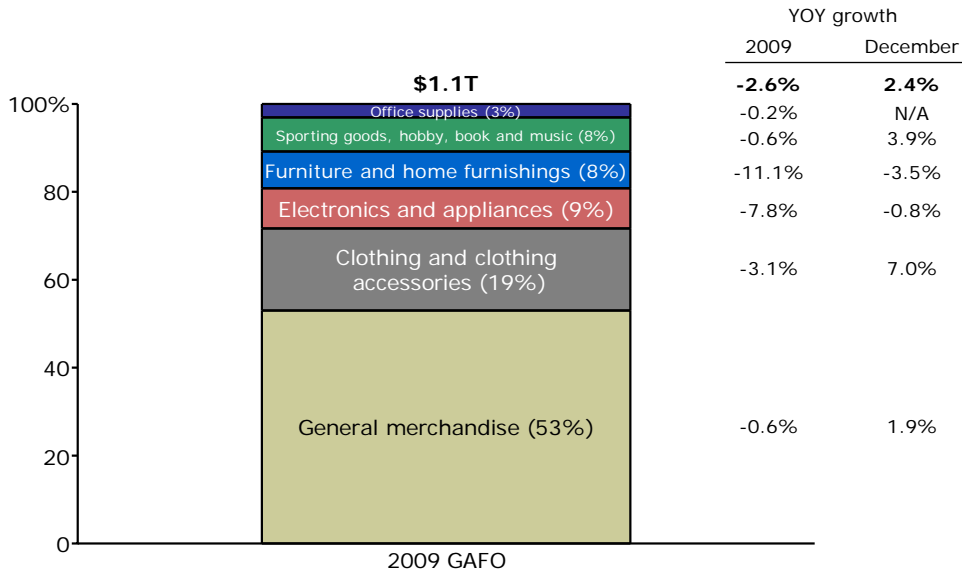
Holiday sales growth, 1968-2009



Note: *Holiday* is defined as November and December; growth rates based on most comparable data available by time period; 2009 growth rate calculated with November GAFO and December GAFS for both 2008 and 2009; 1968-1978 growth rates are for GAF excluding miscellaneous shopping goods; 1979-1992 growth rates are for GAF; 1993-2008 growth rates are for GAFO
Source: US Census Bureau

Chart 2:

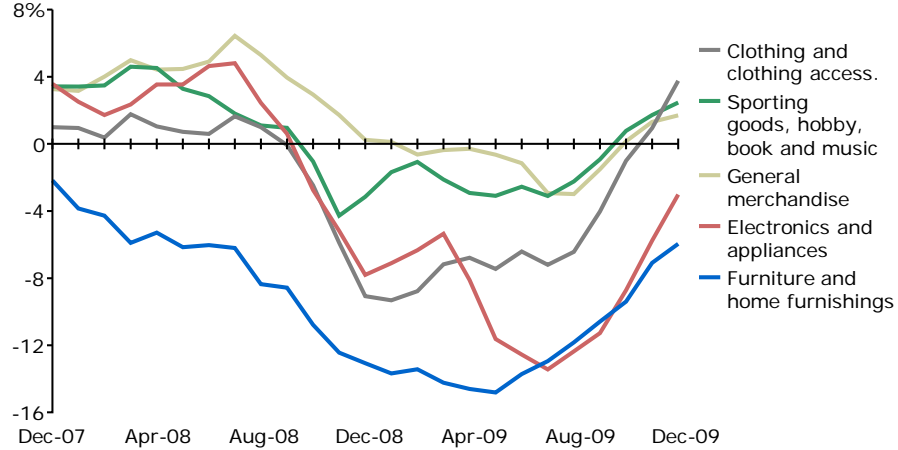
GAFO sales by sector, 2009



Note: Data are not seasonally adjusted; 2009 data do not include office supplies for December; December overall growth rate is for GAFS; office supplies data have not yet been reported for December; December data are based on advanced data published January 14, 2010
Source: US Census Bureau

Chart 3:

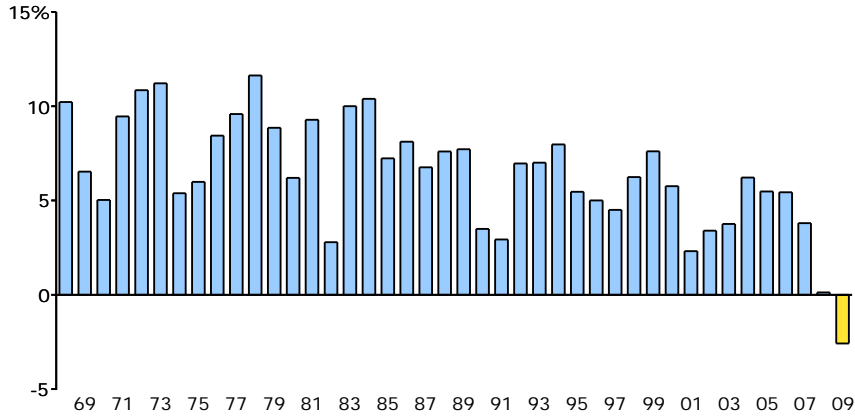
GAFS sales growth by segment, three-month rolling average, December 2007-December 2009



Source: US Census Bureau

Chart 4:

Annual GAFO sales growth, 1968-2009



Note: Growth rates based on most comparable data available by time period; 2009 growth rate calculated with January-November GAFO and December GAFS for both 2008 and 2009; 1968-1978 growth rates are for GAF excluding miscellaneous shopping goods; 1979-1992 growth rates are for GAF; 1993-2008 growth rates are for GAFO
 Source: US Census Bureau

E-commerce sales also surged, increasing 3.9% over 2008 for November and December combined, according to comScore.² December saw sales gains of 4.4%, boosted in part by major storms on the East Coast that prompted many consumers to buy online instead of braving the elements. Retailers rang up \$913 million in online sales on December 15, a new single-day record.

GAFO sales for the full year fell 2.6%, the first time in over 40 years of tracking sales data that sales growth was negative (*Chart 4*). However, stronger-than-expected holiday results lend hope for gradual improvement in 2010.

2010: On the (long and winding) road to recovery

Bain & Company is expecting a modest – and bumpy – recovery in 2010. The consensus of forecasters surveyed by the *Wall Street Journal* is that GDP will grow just under 3% this year. The Goldman Sachs economic team expects annual GDP growth of 1.9% in 2010, but believes that growth will be weaker in the second half of the year as the fiscal stimulus boost disappears. The Congressional Budget Office is more optimistic, anticipating stimulus spending will continue through 2011, with 38% of it coming in 2010 and the remaining 22% coming in 2011.

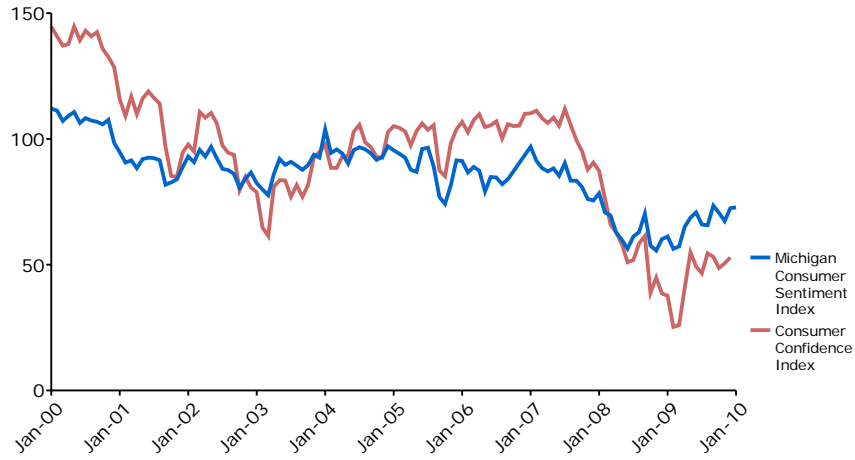
Although consumers appear to be feeling a little more upbeat – consumer confidence and consumer sentiment continue to edge upward (*Chart 5*) – consumers' ability to spend will be capped by several factors:

- The percentage employed of the total US population is at its lowest point in over 25 years (*Chart 6*), and unemployment is expected to remain near its current 10% level well into 2010. In fact, two-thirds of US companies don't expect their employment figures to return to prerecession levels until 2011 or later. The labor force also has suffered an average 1.8% reduction in average weekly hours worked since the start of the recession. Wage and salary growth slowed to just 1.4% in October, the slowest growth rate of the decade.
- Consumers have significantly less access to credit than in the past. Credit score thresholds for prime-rate credit cards have increased, and access to home equity has tightened. Limited credit prompts people to save for emergencies (or pay down existing debt). Not surprisingly, then, savings rates remain near recent highs and are likely to climb before stabilizing.
- Notable improvement and stabilization in the stock market have not had a material impact on spending. As economist Christopher Carroll has explained, the housing wealth effect is substantially larger than the stock wealth effect. Although the housing market has stabilized, home prices have edged up only slightly (*Chart 7*). And with reduced access to lending, consumers are less likely to monetize these modest gains.

² See Chart B in the Appendix for a description of different online measures and methodologies.

Chart 5:

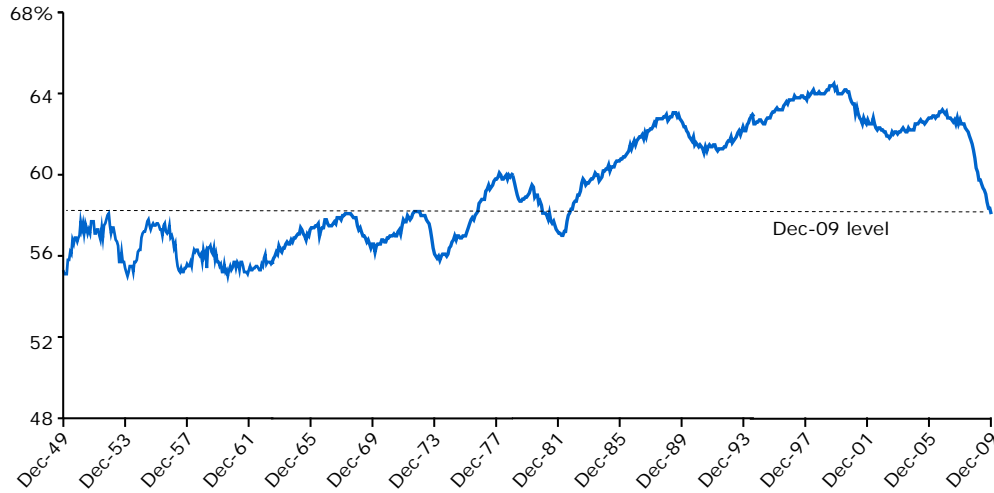
Consumer confidence and sentiment,
January 2000-January 2010



Note: Values are indexed to 1985; the January data for the Consumer Confidence Index are not yet available; the January Consumer Sentiment Index is preliminary.
Source: The Conference Board; Reuters/University of Michigan

Chart 6:

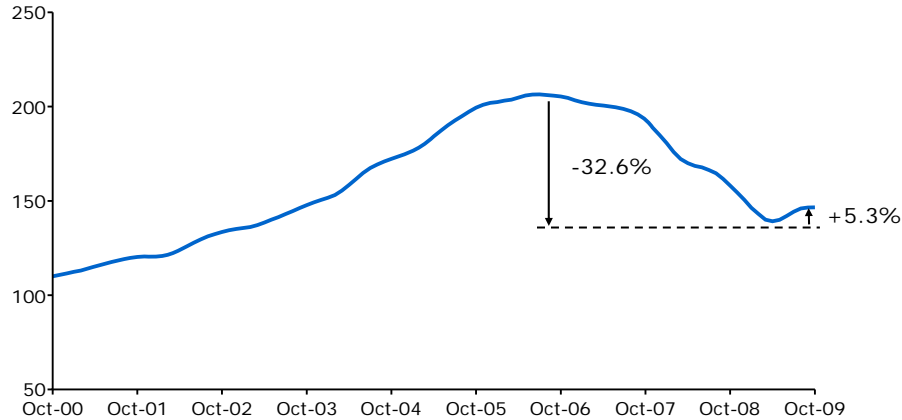
US employment,
December 1949-December 2009



Note: Data represents percentage employed of the total US population
Source: Bureau of Labor Statistics

Chart 7:

US home prices (indexed),
October 2000-October 2009



Note: The home prices shown are taken from the S&P/Case-Shiller Index, a composite of 20 metropolitan-area indexes that track the prices of typical single-family homes
Source: Standard & Poor's

So what's in store for retail in 2010? The International Council of Shopping Centers is forecasting same-store sales growth of 3.0% to 3.5% for the year—a meaningful improvement over 2009, when same-store sales dropped 2.0%. Although this sounds like good news, savvy retailers know that growth at these rates will not get them anywhere near prerecession levels on metrics like sales per square foot or return on invested capital. The best retailers will accelerate market share gains at the expense of weakened or fainthearted competitors. How? We have ten recommendations for success in 2010.

Ten key retail strategies for 2010

Einstein once administered the same exam to the same class two years in a row. When his assistant asked why, the great physicist replied: “Because the answers have changed since last year.” We offer no apologies for evolving our advice on the keys to retail success. While some of the strategies may seem familiar, the turbulent retail environment this year is going to demand very different answers (*Chart 8*).

Chart 8:

Ten key retail strategies for 2010

Mobilize to grow	<ol style="list-style-type: none">1. Shift the innovation engine into overdrive2. Surprise and delight: Bring joy back into the shopping experience3. Connect with consumers through digital technologies4. Seek out adjacent pockets of growth
Boost productivity	<ol style="list-style-type: none">5. Make the most of the space you want (or can't get rid of)6. Team up for better results7. Infuse more science into the art of retail8. Win the war for talent
Stay smart and flexible	<ol style="list-style-type: none">9. Shine a spotlight on your citizenship10. Keep a watchful eye on costs

1. Shift the innovation engine into overdrive.

Most retail innovations over the last two years have focused on cost cutting, and most investments have been in projects with short-term paybacks aimed at consumers' recessionary behaviors. Many retailers plan to continue this approach. It is a mistake we've seen before.

Near the end of the 1991 recession, headlines heralded the end of yuppie-style greed and the "death of conspicuous consumption." Experts on consumer behavior predicted that consumers in the 1990s would become frugal bargain hunters. The slump had once and for all "knocked some sense" into people who were overspending and overleveraged. Instead the 1990s was a decade characterized by "irrational exuberance."

Then came the recession of 2001. An article in *Forbes* predicted that the economic downturn and terrorist attacks would separate the "irrationally exuberant late 1990s from the years ahead as surely as the Great Crash divided the Roaring Twenties from the Depression," and announced "Ahead lies a subdued decade." Of course that trend didn't last long either.

People tend to extrapolate the future using straight lines. But the world moves in cycles, each curve sowing the seeds of its own destruction. Innovators learn to look around corners, anticipating future consumer needs. Apple opened its first retail store and launched the iPod during the 2001 recession. What are the implications of Microsoft's and Google's planned brick-and-mortar stores? Will online luxury rental concepts like Rent the Runway and Bag Borrow or Steal (now Avelle) continue to grow? Will flash sale sites like RueLaLa.com and Gilt.com redefine frequent shoppers' expectations of

value on luxury brands? Will technology revolutionize conventional approaches to physical stores? What does all of this mean for traditional retailers?

We don't have a crystal ball, but we believe winners will be innovators, and innovators will create new ways of connecting with customers through products, shopping experiences, marketing programs and service offerings that profitably capture the hearts, heads and dollars of targeted consumers.

2. Surprise and delight: Bring joy back into the shopping experience.

To survive the downturn, retailers have been focused on bringing down costs, typically by reducing inventory and staff. But staff cuts often come at the expense of the customer experience. Witness the uproar from consumers when Bob Nardelli, then CEO of The Home Depot, let knowledgeable salespeople go earlier this decade. These days, no sales help, long lines, poor merchandising, and inadequate maintenance have extinguished much of the joy of shopping. This can be costly to retailers. Bain's experience has shown that interactions with effective sales associates – associates who help customers find more of what they need and help them make good decisions – can increase customers' basket size up to 50%, and that lower staffing levels can mean lower sales.

We know balancing the costs and benefits of a superior customer experience is always going to be tricky. But we also see some retailers enhancing the sense of discovery, excitement and community, and winning as a result. Lululemon athletica runs free classes each week in yoga or dance, giving its customers an excuse to wear their new workout gear. Apple uses closed-loop Net Promoter® Score consumer feedback to continuously enhance shoppers' in-store experience.³ Store managers make customer call-backs and have the authority to address customers' complaints. Both companies saw sales grow 12% in their most recent four quarters.

3. Connect with consumers through digital technologies.

Ten years ago retailers typically viewed the Internet as an inferior storefront. Smart retailers now recognize that while the shopping engine is what makes the Internet commercial, it is only part of what makes it valuable. Internet tools and technologies are enabling new levels of communication and access to information, and that is impacting both consumers' choices and sales.

The explosion of social media – which we discussed in our [special edition](#) – has opened new lines of communication between retailers and consumers. Numerous retailers are turning to social media as a promotional tool. Others are using social media for crowd-sourcing, bringing consumers into the creative process. Keds, for one, allows consumers to design, post and even sell their own shoes, paying designers about 10% of revenue. Best Buy is using its recently launched online community forum, Idea X, for crowd-sourcing too. The electronics retailer is asking online users to help define the company's new role of senior marketing manager for emerging media, gathering input on the role from the very people the position is going to support.

³ Net Promoter® is a registered trademark of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

Consumers' increased adoption of mobile technology, particularly smartphones, is accelerating the commercial potential of the Internet. According to research firm Compete, 37% of smartphone users made a mobile purchase in 2009. Social media play an important role in this: Not sure about the outfit you're trying on? Take a picture and post it on Facebook. Your friends' opinions are just a moment away.

Proper sequencing and implementation of these technologies are not easy, and retailers are still looking for the formula to unlock their potential. Trying too many of them too quickly is bound to hurt profits without helping sales. Smart retailers will determine which technologies will have the greatest profit impact with their targeted customers. But timing is important too: Retailers that fail to move quickly enough may get squeezed by consumer brands connecting directly with consumers, or intermediaries like Google encroaching further on the shopping experience.

4. Seek out adjacent pockets of growth.

US consumers spent \$1.1 trillion at retail in 2009.⁴ Despite contraction in the industry as a whole, there were, and will continue to be, pockets of growth. The challenge for retailers is finding the right ones to pursue and building the capabilities they need to succeed. There are lots of possibilities, including new formats, customers, products and services, and geographies.

- *Formats:* Several retailers are looking to new formats as a source of growth. Sears, for example, is turning some of its Kmart stores into pick-up warehouses for the company's "buy online, pick up in store" business. Clothing retailer New York & Company plans to open 20 to 25 outlet stores in 2010, a move that will help it "enter a highly productive channel of distribution with significant growth potential." And supercenter chain Meijer is testing a new smaller format – about half its normal size – likely as a way of penetrating urban areas.
- *Customers:* There have been a number of successful expansions to adjacent customers during recessionary times. In 1992, Urban Outfitters founded Anthropologie in an attempt to stay relevant to their aging customers; today Anthropologie is a \$550 million business. Heading into the 2001 recession, Pottery Barn expanded into children's furnishings and textiles with Pottery Barn Kids. In June 2009, Aéropostale launched its kids' line, P.S.; and just this month, Brooks Brothers announced plans to market its first girls' collection this fall.
- *Products and services:* Blockbuster products don't happen every day, but we've seen one recent example with Amazon.com's entry into digital books. The Kindle is reportedly the most popular gift item in the company's history. Of course product and service moves do not have to be blockbusters. Walgreen hopes to boost sales with the addition of a prepared-foods department, and Target is adding a delivery and installation option for customers who purchase televisions in its stores.

⁴ These data refer to spending in GAFO segments.

- *Geographies:* The housing market collapse and the rise in unemployment have been kinder to some geographies than to others. The recovery is also likely to create pockets of geographic opportunities – opportunities to expand into faster-growth regions and to move into new markets to serve a failed competitor’s customers. That’s exactly what electronics retailer hhgregg has started doing, primarily by building a presence in the mid-Atlantic region in response to Circuit City’s closing.

Of course any of these moves can be risky. Bain’s *Profit from the Core* research finds that only one in five growth initiatives succeeds, and that adjacencies that are close to the core have a much higher success rate than those that are further away. Consider Reebok and Nike. In 1988, a *Boston Globe* article declared that “[Nike and Reebok] are the titans of the industry, the Coke and Pepsi of athletic footwear.” At that time, Reebok had sales of \$1.8 billion and was 50% larger than Nike. Today Nike is six times larger than Reebok with sales of \$19 billion. What happened? Nike repeatedly applied a winning growth formula to related adjacencies, moving from one sport to the next, and from footwear to apparel to equipment. Reebok made bigger leaps, moving from sport shoes to boots and even boats, and ultimately had to sell off many of its failed ventures.

5. Make the most of the space you want (or can’t get rid of).

We certainly did not see many new stores open the last year, which means that existing stores will carry the burden of driving sales growth. While retailers often ask themselves how to improve low-performing stores’ productivity, an equally important question is “are our best stores performing as well as they actually should be?” The first step in answering this question is to take a hard look at both store performance and potential. A helpful next step is to cluster stores based on door-level characteristics – local demographics, value-orientation or fashion preferences, for example.⁵ Then retailers can look for new ways to increase top-line performance and productivity:

- *Localization:* Localizing product assortments can help to better meet customers’ needs, improve inventory productivity and increase sales and margins. Macy’s has seen success with its MyMacy’s localization program: Sales growth at pilot stores is outpacing growth in legacy stores by 1.9%.
- *Reconfiguration:* As consumers and their preferences change, one way to make the most of existing stores is to reconfigure them to better match new conditions. For example, some stores are changing the mix of selling and backroom space to help prevent over-inventoried boxes.
- *Negotiation:* A number of retailers have improved door-level performance by negotiating with landlords for rent concessions, new door locations and door swaps into different malls. A recent survey of 26 retailers found that 17% of them realized substantial savings after renegotiating rents with landlords.

⁵ A number of different statistical tools could be used to answer these questions, including CHAID (chi-squared automatic interaction detection) analysis and latent class analysis.

- *Closing:* Certain underperforming stores can't be turned around in the face of the housing market collapse and the rise in unemployment. Some doors may just need to wait for leases to expire before closure is viable. But a number of retailers, including Ann Taylor and Williams-Sonoma, are looking to lease terms and cotenancy clauses as a way of accelerating exits from underperforming locations.
- *Opening:* Though many retailers have slowed expansion plans, those with the resources and the demand are taking advantage of prime real estate opportunities. Dollar General, for example, plans to add 600 stores this year, and Rue 21 plans to open 100.

6. Team up for better results.

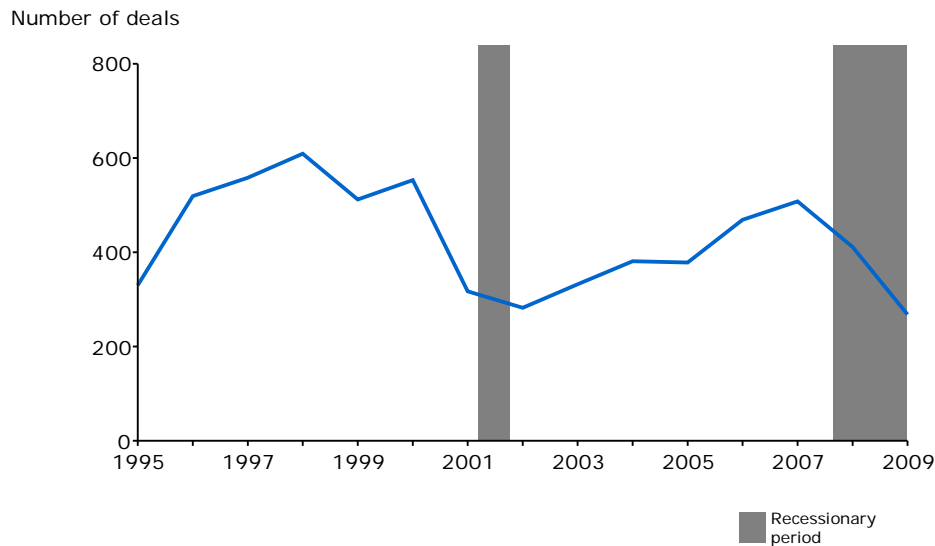
Buy low and sell high. That's the theory anyway. Bain research has found that returns on mergers and acquisitions are highest on deals executed during downturns, when assets often can be found at bargain prices. But the fact is that M&A activity plunges when prices are lowest and peaks when they are highest. This recession has been no different: According to Dealogic, total deal value in the United States decreased about 46% in 2009, to \$750 billion, down from its peak in 2007. In retail specifically there were 33% fewer strategic M&A deals in 2009 than in 2008 (*Chart 9*).

Of course access to capital can be a major roadblock to mergers and acquisitions, but there are other ways to cultivate and expand partnerships that might eventually lead to mergers, or even replace them. JCPenney, for example, has reached an exclusive deal with Spanish clothing retailer Mango to offer the MNG by Mango brand in up to 600 of its stores by the fall of 2011. This will enable Mango to increase its brand presence in the United States beyond its current 12 company-owned stores. Macy's and Luxottica also have partnered to grow the number of Sunglass Huts inside Macy's stores by 430 starting this spring.

We are also seeing retailers increase their level of collaboration with vendors, many of them trying to restore relationships that suffered when retailers slashed inventories and renegotiated prices last year. Instead of using one-way bargaining techniques to squeeze suppliers' margins, they are looking to create win-win situations. Among the options: reaching new levels of productivity (often by eliminating systemic waste) and using trade funds to finance joint growth initiatives. Nordstrom, for example, has developed an exclusive product line with Elie Tahari that is 30% less expensive than the brand's main collection. And Neiman Marcus and Manolo Blahnik recently co-developed shoe models in different materials and price points.

Chart 9:

Mergers and acquisitions in the retail sector,
1995-2009



Note: Data include completed and pending deals
Source: Thomson

7. Infuse more science into the art of retail.

Yesterday’s challenge for retailers was getting access to data; companies were forced to make decisions based on history and hunches. Today’s challenge lies in harnessing the power of the mountains of data available. To do so, smart retailers start with strategic judgment; then leverage science and optimization models; and then rely again on strategic judgment to decide how to actually use what they’ve learned.

This is perhaps most important in pricing. Retailers are desperately trying to wean consumers from the deep discounts they have come to expect. But how should a retailer set base prices? What are the most effective promotions? And by how much should unsold items be marked down? Pricing and promotion decisions today require sophisticated analytics in combination with well thought out strategies – including category roles (groupings of products by type, such as “traffic driver” or “basket filler”) – to better guide the analysis.

Consumers (and retailers) also are dealing with more and more choices: colors, sizes, flavors, textures, fragrances, materials, washes and fits, just to name a few. But a wider product assortment isn’t necessarily better. As Barry Schwartz tells us in *The Paradox of Choice: Why More Is Less* (2003), excessive choice often leads to indecision and paralysis. An example: When customers at a grocery store were given free samples of jam, 30% of those who were offered a choice of 6 jams made a purchase. But of the customers offered a choice of 24 jars, only 3% chose to buy. Although not a silver bullet, assortment planning tools can help retailers identify the point to which they can trim assortment to best match customers’ needs and maximize revenues without forfeiting margins.

The ability to track consumers' online behaviors and preferences and to link that information with inventory data also has increased remarkably over the last few years. This enables retailers to make smarter inventory and supply chain decisions. Online florist 1-800-Flowers.com, for example, uses analytic software to finely target e-mail promotions, as well as to optimize business operations, including shipping and distribution, cutting \$50 million in costs last year alone.

8. Win the war for talent.

Less than a year ago, companies were focused on cutting costs: Trimming bonuses, cutting back hours, laying off workers were all commonplace. These actions can have harmful implications for teamwork and morale at all levels. A glass-half-empty view concentrates on the risk of demoralized stars getting poached by competitors. On the other hand, the glass-half-full view focuses on the opportunity to find great people eager to join a winning retailer. Both perspectives are today's reality.

Many companies are taking the opportunistic view. Avon, for example, has aggressively recruited sales personnel to boost performance throughout the downturn. The company invested \$200 million between 2006 and 2008 to improve the value proposition for its sales representatives, including improving commission structures and offering reps the opportunity to earn money by recruiting new sales reps. In 2009 the company also increased its efforts by doubling the recruitment part of its advertising budget.

The fact is that retailers' growth plans rely heavily on attracting and retaining the right talent to execute effectively. Bain has identified several actions that help mobilize a winning team:

- Determine critical decisions and build streamlined structures to support them.
- Clarify roles and processes.
- Ensure the performance management system adequately differentiates between top, average, and poor performers.
- Protect star players, and get them in the right positions.
- Liberate talent from weak competitors.
- Determine which elements of the culture to keep and which to eliminate.
- If layoffs are still necessary, do them once and tie them to better strategies.

9. Shine a spotlight on your citizenship.

Brand perception is no longer dictated by well-crafted public relations and advertising campaigns; today actions are what matter. A large and growing number of consumers care deeply about issues such as environmental sustainability, carbon footprint, fair-trade practices and fair employee treatment. A Natural Marketing Institute study in 2007 showed that almost 60% of US adults think that "knowing a company is mindful of its impact on the environment and society makes them more likely to buy their products and services." Many retailers are responding by highlighting their efforts. But suppliers also are bearing the burden: Retailers often are unwilling to pay more for socially

acceptable products, but that doesn't stop them from pushing vendors to deliver those products at the same price and reaping public appreciation for their efforts.

Whether consumers are willing to pay for good citizenship is still unclear. What is clear, though, is the understanding among retailers that good citizenship can be a prerequisite for profitable growth. There is an obvious downside for companies that fall on the wrong side of the equation. Witness the brouhaha that ensued when a shopper recently discovered that one of H&M's New York stores was destroying unsold clothing. After the story made headlines, the company quickly promised to stop the practice and instead donate unsold clothes to charities.

10. Keep a watchful eye on costs.

For over a year, retailers have been cutting fat and preparing for the worst. But it's a simple fact: Over 75% of people who lose weight on a diet gain it all back within a year. It's easy to fall back into binge-and-purge patterns. Unlike most dieters, smart retailers will maintain the spending discipline they've mastered over the last two years. Grocer SUPERVALU, for example, recently turned a profit for the first time in two years, this after a long-term focus on cutting selling, general and administrative, as well as interest expenses. CEO Craig Herkert said the company would continue to focus on stabilizing margins, while also investing in the customer experience.

In 2010 we expect to see winning retailers begin to invest again; we also expect them to remain extra vigilant about wasteful spending.

The bumpy ride will shake out winners from losers

In 2010, there will be a greater separation of retail winners and losers. We will see more shuffling of the deck as retailers with strong strategic positions and financial resources begin to accelerate out of the downturn and capture a greater share of consumers' attention and wallets.

We hope you have enjoyed reading our Retail Holiday Newsletter this season. We will be back later this year to report on how retailers are faring.

Appendix

Chart A:

Definitions

	GAFO	GAFS	GAF	General merchandise	Retail excluding auto
• General merchandise stores	✓	✓	✓	✓	✓
• Clothing and clothing accessories stores	✓	✓	✓		✓
• Furniture and home furnishing stores	✓	✓	✓		✓
• Electronics and appliances stores	✓	✓			✓
• Sporting goods, hobby, book and music stores	✓	✓			✓
• Office supplies, stationery and gift stores	✓				✓
• All other retail trade sales not included in GAFO (excluding auto and auto parts)					✓
• Auto and auto parts sales					

Source: US Census Bureau; analyst reports

Chart B:

E-commerce tracking methodologies and definitions

	comScore	US Census Bureau
<i>Methodology</i>	<i>Based on data from a consumer panel of 1 million US residents</i>	<i>Based on a sampling of 12,500 retail companies that are representative of the industry</i>
GAFO segment sales	✓	✓
All other retail trade sales not included in GAFO (excluding auto and auto parts sales)	✓	✓
Auto and auto parts sales		✓
Auction sales		✓
Event ticket sales	✓	
Online travel sales		

Note: US Census Bureau e-commerce sales are sales of goods and services where an order is placed online by the buyer, or price and terms of sale are negotiated online; payment may or may not be made online

Source: comScore; US Census Bureau

Selected References

Bain & Company has included in this document information and analyses based on the sources referenced below as well as our own research and experience. Bain has not independently verified this information and makes no representation or warranty, express or implied, that such information is accurate or complete. Projected market and financial information, analyses and conclusions contained herein are based (unless sourced otherwise) on the information described above, and Bain's judgments should not be construed as definitive forecasts or guarantees of future performance or results. Neither Bain & Company nor any of its subsidiaries or their respective officers, directors, shareholders, employees or agents accept any responsibility or liability with respect to this document.

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