

Fuel Prices and Belt Tightening: A Canadian Perspective

About the Survey

The Nielsen Global Online Consumer Survey was conducted in October 2008 among more than 28,000 internet users in 51 markets. The largest half-yearly survey of its kind, it provides insight into current confidence levels, spending habits/intentions and the major concerns of consumers across the globe.



Gasoline prices were on a roller coaster ride for much of 2008. In mid July, the average price of a litre of gas in Canada topped \$1.40. Nearer to the end of the year, the retail price of gasoline fell sharply to nearly half that, although consumers continued to exhibit changed behaviours in their lifestyle based on the impact of record fuel prices.

The mid-year spike in gasoline prices was not just a North American phenomenon; consumers all over the world were scrambling to respond to the sudden change in their cost of living. Nielsen conducted a survey among shoppers in 51 countries to investigate the impact of higher fuel prices on consumers and

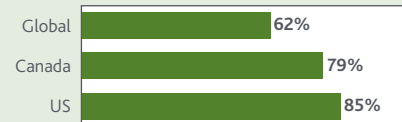
how their purchase and lifestyle decisions may have changed as economic times drive them to do some belt tightening.

Fuel prices and car use

Almost 80% of Canadians surveyed own a vehicle for which they must provide fuel. Of these vehicle owners, almost three quarters (73%) report that higher price of fuel has affected, at least somewhat, how they use their vehicles. In the U.S., the impact on the consumer was even more pronounced, with 84% of respondents indicating that higher fuel prices changed their vehicle use.

Do you have a car for which you are mainly responsible for paying the fuel costs?

% Yes



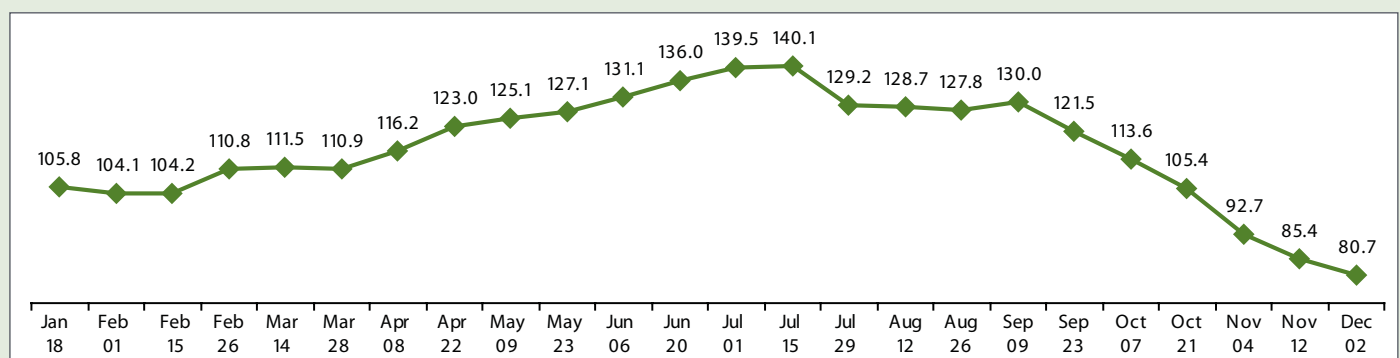
Are the recent increases in the price of fuel affecting how you use your car in any way?

% A lot or somewhat



Average Gasoline Price Cents/Litre

National - Biweekly



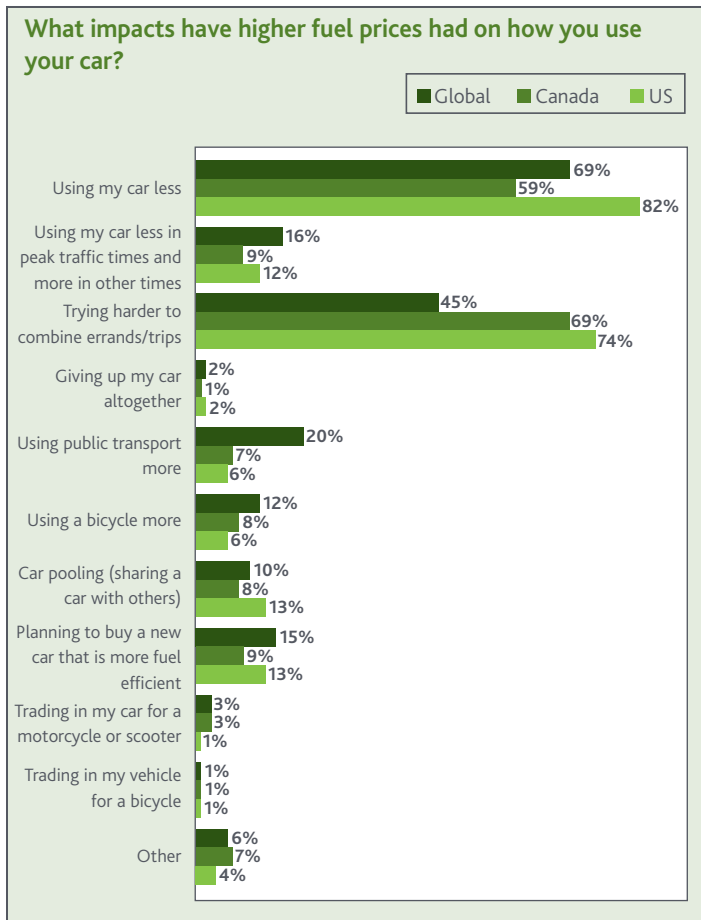
Source: <http://fuelfocus.nrcan.gc.ca>

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For Canadians, the most common changes consumers were making in vehicle use were to combine errands and to generally use the vehicle less if possible. This was similar for American car owners, although a much higher percentage was trying to use their cars less and combine errands. Globally, one fifth of respondents were trying to use public transit more, but this was a much less likely response in either Canada or the U.S.

Fuel prices and the cost of living

Fuel prices affect the price of almost every consumer good. Added to this is the impact of rising produce and food commodity prices. North American and global consumers are faced with sharp increases in the cost of their everyday purchases. When asked what actions they were taking to stay within budget in the face of rising prices, Canadians were most likely to respond that they would spend less on clothes, followed by trying to save on gas and electricity, using the car less, cutting back on take-away meal purchases and trying to buy cheaper grocery brands. American consumers were most likely to employ similar belt tightening strategies with a higher focus on cutting down on out of home entertainment than Canadians had.



The Nielsen Company
(Canadian Head Office)

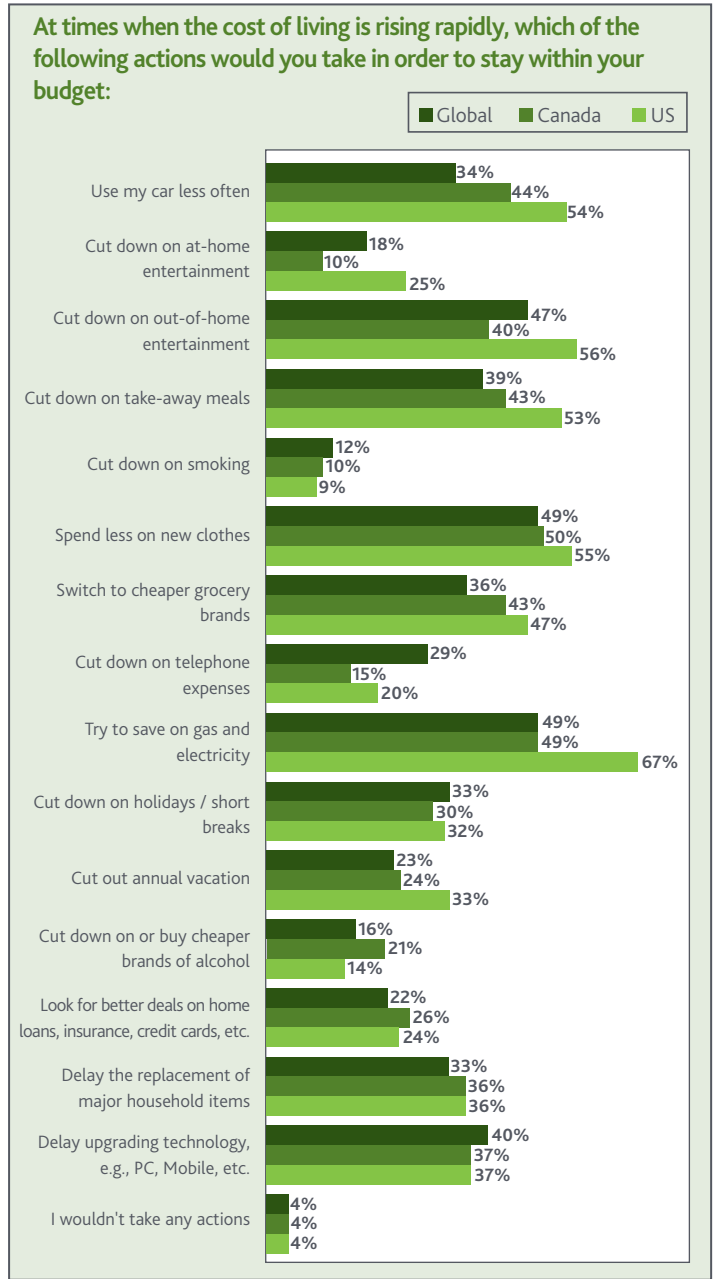
160 McNabb Street
Markham, ON L3R 4B8
Telephone: (905) 475-3344
<http://www.ca.nielsen.com>

The Nielsen Company
Regional Offices:

Vancouver
6011 Westminster Highway
Suite 211
Richmond, BC V7C 4V4
Telephone: (604) 270-7444

Conclusion

It is evident that soaring fuel prices and subsequent squeeze on consumer pocketbooks is having an effect on the way Canadians use their vehicles as well as forcing belt-tightening in other areas such as clothing purchase and grocery item selection. It will be interesting to see if consumers revert back to old habits as fuel prices drop, or if the current economic crisis will have them continuing to look for ways to cut back on expenditures.



Calgary
Deerfoot Atrium South
6715 - 8th Street N.E. Suite 120
Calgary, AB T2H 7H7
Telephone: (403) 516-3030

Montreal
1111 Dr Frederik Philips Blvd.
Suite 505
St-Laurent, QC H4M 2X6
Telephone : (514) 333-1416