



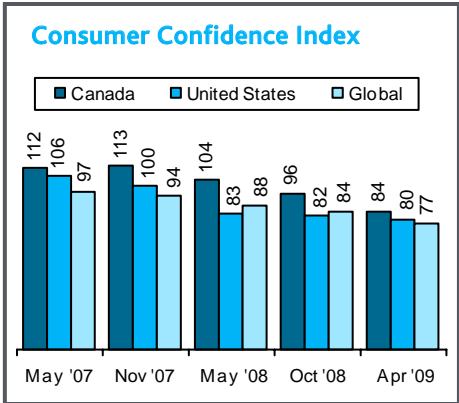
# Consumer Confidence Continues to Wane

## About the Survey

The Nielsen Global Consumer Confidence Survey tracked the spending habits and concerns of 25,420 people across 52 countries. Respondents were surveyed between March 19 and April 2, 2009. The survey is conducted twice a year to examine trends on a global, regional and national basis.

## The Canadian Perspective

According to Nielsen's global consumer confidence survey conducted in Spring 2009, consumer confidence continues to slip, both in Canada (down 12.5% from October 2008 and 19.2% from May 2008) and around the world (down 8.3% from October 2008 and 12.5% from May 2008). What – and how – are Canadian consumers changing?



## Sharp Spending Cutbacks

In light of the global economic downturn, what have Canadians done to cut back on household expenses? And how much of this new frugality could become a permanent habit even when the economy improves?

Compared to this time last year, the number one area where Canadians are taking action is spending less on out-of-home entertainment (63%). That's

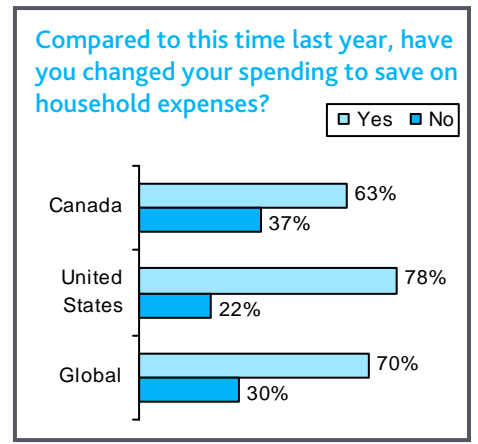
## The Global Picture

The two most confident nations in the survey are Indonesia; with an index of 103.9 and Denmark at 101.6 (the only two countries over 100 consumer confidence index points). In contrast, Canada is at 84.2 (the global average is 77.1 – a record low). The two least confident countries in the world? South Korea (31) and Japan (41.5).

Regionally, consumer confidence took huge hits in emerging markets like

Russia and Brazil, and in Latin America. The relatively smaller decline in North American consumer confidence may signal the first cautious signs of hope that the recession is bottoming out in this part of the world.

Canada (15th in confidence levels among the 50 countries surveyed) remains more confident than the U.S. (23rd). But the gap in confidence levels between the two countries has narrowed since the October 2008 Nielsen survey.



followed by spending less on new clothes (55%), switching to cheaper grocery brands (55%), saving on gas and electricity (48%), cutting down on take-out meals (47%), and using the car less (35%).

With Canadians saving money by spending more time at home, will there be a pent up demand to break away when the economy bounces back? Only 8% of Canadians vs. 63% now say they still expect to save on out-of-home entertainment. And while many Canadians are now cutting back on holidays/short breaks (30%) or annual vacations (23%), just 5% of Canadians will still forego a vacation after conditions get better.

There are signs, however, that for more than a quarter of the population, significant changes in food spending could last awhile. Thirty per cent of Canadians surveyed say that they'll stick with cheaper grocery brands, and 23% will still spend less on take-out.

after living expenses to make a dent in debt, but more, again 39%, are now socking it away in savings.

For Canadians, the next biggest area where we're spending "spare cash" is home improvements. More telling might be the response heard from 20% of respondents: "I have no spare cash."

### Recession a Growing Reality

Worldwide, 77% of people feel that their country is in a recession now. With the near universal acknowledgement of the global economic downturn – in 30 of the 50 countries surveyed, 80% or more of people feel that they are in a recession – the only surprise might be that just 35% of Chinese feel that their own country is in a recession.

You'll only find a handful of optimists here, with 91% of Canadians and 95% of Americans agreeing that we're in a recession. Americans were already feeling that way in October 2008 (86%), but that number has exploded in Canada, up from 37% in October.

Given that, it's no surprise that the economy tops Canadians' list of concerns (22%), with job security number two (13%). Health, which was the number one concern in Canada as recently as 18 months ago (24%), is considered the biggest concern now by just 6% of Canadians.

As worried as Canadians are about the economy and jobs, we are still not as concerned as Americans, where just

### Compared to this time last year, which of the following actions have you taken in order to save on household expenses?

	Canada	United States	Global
Use my car less often	35%	42%	29%
Cut down on at-home entertainment	27%	26%	22%
Cut down on out-of-home entertainment	63%	65%	53%
Cut down on take-away meals	47%	56%	45%
Cut down on smoking	14%	11%	12%
Spend less on new clothes	55%	63%	56%
Switch to cheaper grocery brands	55%	55%	41%
Cut down on telephone expenses	24%	27%	34%
Try to save on gas and electricity	48%	71%	51%
Cut down on holidays / short breaks	30%	35%	34%
Cut out annual vacation	23%	32%	23%
Cut down on or buy cheaper brands of alcohol	22%	14%	17%
Look for better deals on home loans, insurance, credit cards, etc	23%	22%	22%
Delay the replacement of major household items	30%	37%	34%
Delay upgrading technology, eg. PC, Mobile, etc	28%	34%	39%
I have taken other actions not listed above	21%	18%	13%

### Saving Up and Paying Down

So what are Canadians spending on? Mainly, our own economic well-being. After covering essential living expenses, 47% of Canadians say that they're putting what remains into paying off debts, credit cards and loans, and 25% are putting it into savings. Fewer Americans, 39%, say they're using money left over

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over half of the population (52%) say that the economy as a whole or job security in particular are their top concern.

When we will get out of the recession? Globally, 23% of respondents felt that their country would rebound in the next 12 months, and Canada is right in line, with 22% agreeing. Just over one in four Canadians, 44%, say we'll still be in a recession in a year, showing we're somewhat more hopeful than the 54% of Americans who feel that way. But just over a third of us, 35%, have no idea when the recession will end.

### Job Prospects Seen as Bleak

As for employment forecasts, just 29% of Canadians say that job prospects in Canada will be good or excellent in the next year. That's down sharply from 58% who said the same in the October 2008 survey. More than two-thirds of Canadians say prospects are either not so good (52%) or just plain bad (17%).

The response reflects the bleak unemployment numbers in Canada this year. Statistics Canada reports that we lost 129,000 jobs in January 2009, and another 82,600 in February (the two months before the Nielsen survey was conducted).

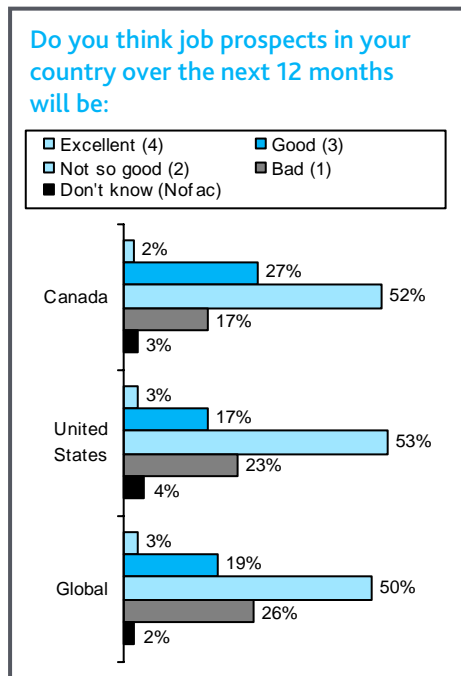
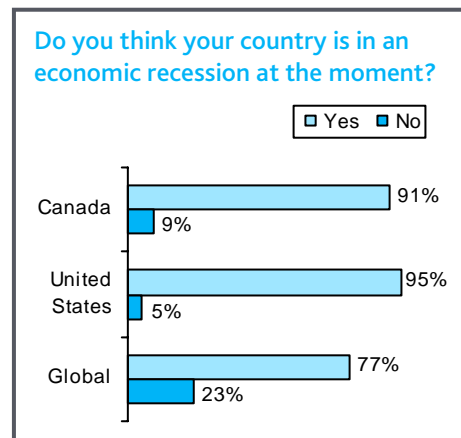
In March, Statistics Canada pegged the unemployment rate at 7.7%, the highest since 2003. The volume of job losses is higher than that seen during previous economic downturns in the 1980s and 1990s.

Regarding jobs, Canadians are still slightly more optimistic than respondents in the U.S., where just 20% are hopeful about job prospects.

### Pessimism on Personal Finances

When it comes to our own personal finances, Canadians and Americans are equally pessimistic. In the next 12 months, 48% of Canadians think the state of their finances will be good or excellent (47% in the U.S.), while 50% feel that they'll be not so good or bad (same as in the U.S.).

That's a shift from the previous two Nielsen surveys, where Canadians felt better than Americans about their personal finances – perhaps a sign that people in this country perceive the downturn just as sharply now.



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