

Consumer Confidence: A Canadian Perspective

About the Survey

The Nielsen Global Online Consumer Survey was conducted in April 2008 among 28,153 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.

Current Economic Conditions

The Canadian economy has faced many well publicized challenges in the last six months. Continued speculation in the media of a major recession looming south of the border translated into much discussion as to whether our economy would follow in a slide, or if high commodity prices and tight fiscal controls would mean that we would diverge from the American economic trend for one of the first times in our history.

In the first few months of 2008 the Canadian economy was hurt by erratic and sometimes severe weather which hampered production and other economic activity. Nationally, real GDP fell in February by 0.2% after a 0.6% gain in January. However, there were many reasons for optimism. Exports increased significantly in February thanks to strength in the auto, industrial goods and energy sectors. Ontario's manufacturing sales experienced a strong increase in February, up over 2%. Prices were, on average, stable throughout the first quarter,

lowering the inflation rate to 1.4% - far below the 4% rate in the U.S. Canadian housing starts remained extremely strong, with an annual rate of 243,000 starts.

Overall, what Statistics Canada describes as "turbulent stability" in the economy poses a confusing picture for the Canadian consumer. One thing is clear, however; the Canadian consumer is recognizing the possibility that the economy may follow a different and more positive trend than the U.S., and this has translated into a more positive outlook to the future, as highlighted in the results from the May 2008 Nielsen Global Consumer Confidence Survey.

Consumer Confidence

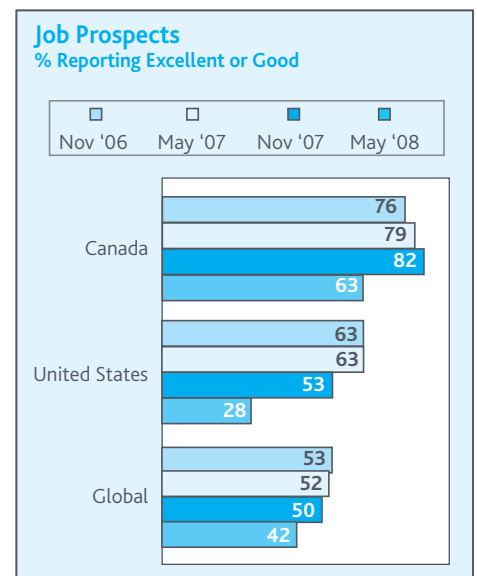
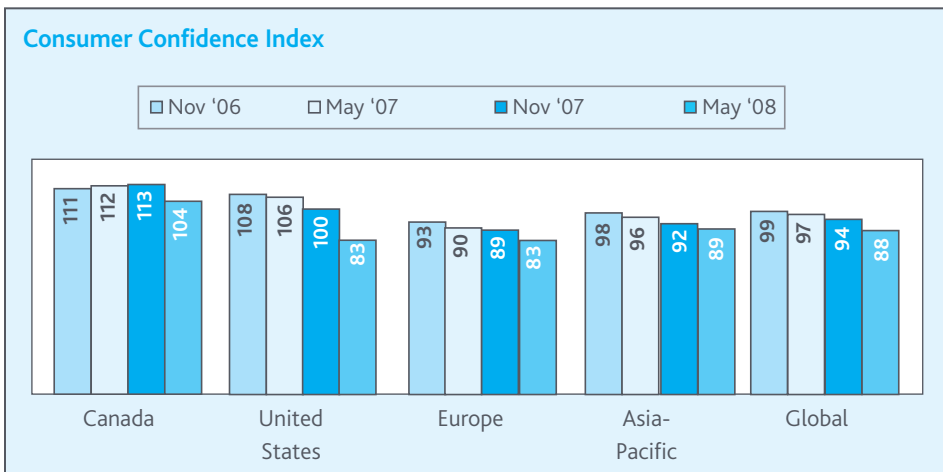
Although it dropped significantly from the November 2007 study, Canadian consumer confidence remains well above the global and U.S. averages. In fact, Canada ranked 13th in confidence levels among all countries surveyed.



Job Prospects

While it softened considerably in the past six months, the main source of Canadian's high levels of consumer confidence was our optimism over job prospects. Globally, Canada continues to rank in the top 10 in this category.

On the other hand, job prospect ratings declined in the U.S. to a very pessimistic level. Only 28% of Americans surveyed reported confidence in their job prospects, down from 53% in the previous survey. This is well below the global average of 42%.



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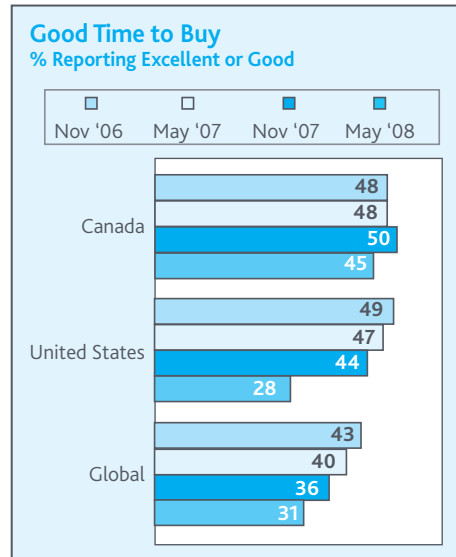
Personal Finance

Optimism about personal finance declined slightly in the past six months as Canadian consumers were eyeing their high level of debt and the uncertainty of investments in the wake of extremely jittery financial markets. Despite this, Canadians were still among the most optimistic global consumers, ranking in the top 10 countries.



Good Time to Buy

According to Statistics Canada, retail sales dropped 0.7% in February after four straight increases of nearly 1% a month. This sluggish demand is reflected in the Nielsen survey results as well, as the percentage of Canadians reporting that they were confident it was a good time to buy fell by five points to 45% over the past six months.



Recession and Economic Concerns

When asked about major economic concerns during a downturn, the disparity in Canadian and American thinking was again noticeable. The much lower inflation rate in Canada has resulted in this being less of a concern than employment issues. Conversely, U.S. shoppers are more concerned about rising prices than job loss.

The difference in attitudes of Canadian and U.S. consumers is most clearly highlighted in their belief that their country's economy is in recession at the moment. Only a quarter of Canadians believe this to be the case while 85% of Americans acknowledge their economy is in recession. Globally, just over half of consumers believe their country is currently in economic recession.

Is your country in recession at the moment?

	Yes
Canada	26%
United States	85%
Global	56%

Major Concerns

Debt surpassed health as the primary concern for Canadian consumers, followed by work/life balance, the economy, and job security. In the U.S. and on the global stage, the economy once again emerged as the chief concern.

(Most Common Response)

		May 07	Nov 07	May 08
Canada	Debt	21% (Health)	24% (Health)	16%
US	Economy	18%	27%	35%
Global	Economy	21%	26%	20%

Top Five Items Canadians Spend Spare Cash On

The most common priority for Canadians remained the paying off of debts, followed by out-of-home entertainment. For the first time, a significant number of American consumers reported that they had no spare cash with which to prioritize expenditures.

(Multiple Responses Allowed)

Canada	May 08	Rank	Nov 07
Paying Off Debt/Credit Cards/Loans	47%	1	1
Savings	29%	2	3
Vacations	29%	2	not top 5
Out of Home Entertainment	27%	3	2
Home Improvements	25%	4	4

Conclusion

The results of the May 2008 Nielsen Global Consumer Confidence Survey clearly highlight the heightened level of global concern brought on by declining economic conditions. This is particularly true for consumers in the struggling U.S. economy. The survey also brings to the forefront the divergent attitudes of Canadian and U.S. consumers. Canadians remain much more optimistic about their economy. This points to a shift towards an independent approach to evaluating market conditions and an emergence of the belief that the Canadian economy can remain strong despite a downturn south of the border.

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