

nielsen

AN UNCOMMON SENSE
OF THE CONSUMER™



CONSUMER CONFIDENCE

A CANADIAN PERSPECTIVE

Q2 2015

OPTIMISM INCHES BACK UP, AMIDST MIXED SIGNALS BY CONSUMERS

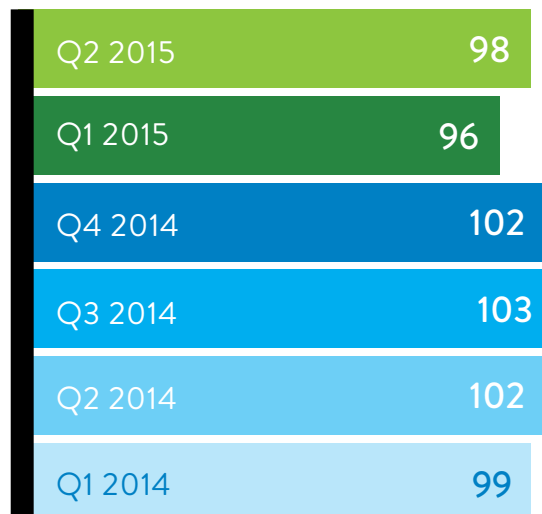
After falling sharply in Canada at the beginning of 2015, consumer confidence rose slightly in the second quarter of the year, up two index points to 98.

The Nielsen Global Consumer Confidence Index measures views around the world regarding local job prospects, personal finances and ability and willingness to spend. Nielsen turns those perceptions into a score, with 100 as the baseline; levels above and below that number indicate degrees of optimism and pessimism.

Of 60 countries surveyed, Canada was one of only 15 where consumer confidence increased. The index declined in two-thirds of the countries (41) and was flat in four. While confidence was up in Canada compared to Q1, it's still lower than at any point in 2014, when the index hovered right around the 100 baseline.

NIELSEN CONSUMER CONFIDENCE INDEX

CANADA





Other Q2 results were mixed – more indications to spend, but no greater confidence in employment and finances:

OUTLOOK ON JOBS REMAINS FLAT.

45% of those surveyed rate their job prospects as either good or excellent, virtually identical to the 44% who felt that way in the Q1 survey. That's still down 10 percentage points from the last quarter of 2014.

SLIGHTLY MORE CANADIANS THINK THE TIMING IS GOOD TO BUY.

41% of Canadians feel it's the right time to buy what they need and want. That reverses a quarter-to-quarter downward trend that went on for a year.

PERSONAL FINANCE SENTIMENTS HOLD.

55% of Canadians are optimistic about their personal finances, the same as last quarter, but down from 62% in Q4 of 2014.

RECESSION FEARS DROP, BUT ARE STILL UP FROM LAST YEAR.

46% of Canadians surveyed say the country is in a recession. That's down from the 50% who said so in Q1...yet is still higher than the numbers of recession-minded Canadians throughout 2014.

“Even though Canadians have reached a certain level of relief when it comes to recession and spending intentions, the feeling around job prospects and personal finances remains static. Mixed emotions about the future based on the recent economy turmoil makes for a consumer with a cautious wallet,” said Carman Allison, VP Consumer Insights.

NORTH AMERICAN AND GLOBAL COMPARISONS

How does Canadian confidence measure up against the views of American and global consumers?

Canadian consumers are a bit less rosy than their southern neighbours in several categories regarding their finances and prospects. Despite that, Canadians aren't quite as down on the overall economy. Fewer Canadians say their country is in a recession, compared to American and global responses (differences of 11 and 8 points).

In contrast to the Q1 2015 Nielsen survey, Canada is also trending upwards in consumer confidence (two points higher). Meanwhile, the confidence indices have fallen in the U.S. (down six points) and globally (down one point).

TOPIC	CANADA	U.S.	GLOBAL
Consumer Confidence Index	98	101	96
How many people rate job prospects as good or excellent?	45%	49%	48%
How many call it right time to buy what they need/want?	41%	44%	41%
How many are optimistic about their personal finances?	55%	61%	56%
How many have changed shopping habits to cut costs?	58%	59%	65%
How many agree their country is in a recession?	46%	57%	54%
What's the biggest concern over the next six months?	Health, debt (tied at 13%)	Economy (15%)	Economy (15%)

SHOPPERS LOOSEN PURSE STRINGS SLIGHTLY

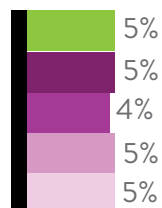
Is the environment primed for spending? It depends on the indicator. When Canadians are asked to rate the state of their personal finances over the next 12 months, 55% say it's good (47%) or excellent (8%). That has stayed consistent for both quarters of 2015, but is down seven percentage points year-over-year.

However, a growing number of Canadians are signaling their buying intentions. The increase is relatively small – 41% say it's a good or excellent time to buy, vs. 38% in Q1 – but it's the first increase in more than a year.

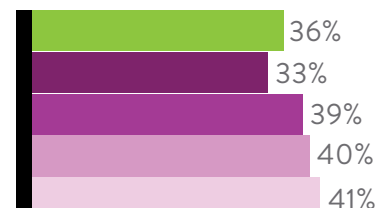
IS THIS A GOOD OR BAD TIME TO BUY?

CANADA

EXCELLENT



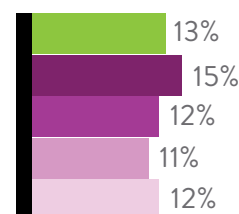
GOOD



NOT GOOD



BAD



● Q2 2015 ● Q1 2015 ● Q4 2014 ● Q3 2014 ● Q2 2014

“In the last couple of years the growth of Canada’s Consumer Packaged Goods industry (CPG) has been propelled by inflationary prices for the most part, with units remaining flat. With consumers stating somewhat higher buying intentions, we might witness a small recovery on CPG demand and an increase in both units and dollars before the end of 2015,” Allison commented

DISCRETIONARY SPENDING KEEPS FALLING

With one exception, Canadians are spending less with their spare cash. Nielsen asks what Canadians do with their money after covering essential living expenses. On the spending side, four of the five categories show a downward trend.

The only area where a growing number of Canadians say they are spending their money is new clothes. That's up five percentage points, after falling by three percentage points each of the previous two quarters. The intention to buy new technology products, which was already flat in 2014, fell in Q1 2015 and has stayed at that level for the second straight quarter.

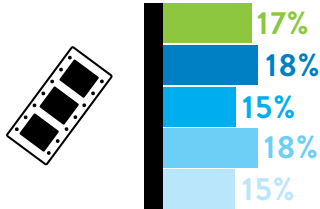
On the savings side, fewer Canadians say they are putting their money into retirement funds, the stock market (half the number than in Q4 2014) or paying off debt. The last five Nielsen surveys:



WHAT DO YOU DO WITH YOUR SPARE CASH?

SPENDING STRATEGIES

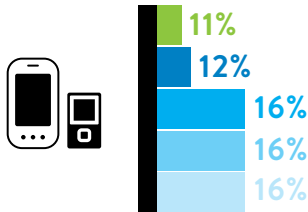
OUT-OF-HOME ENTERTAINMENT



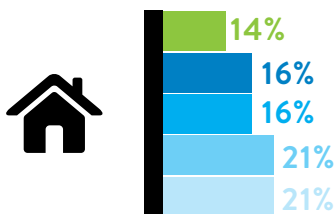
NEW CLOTHES



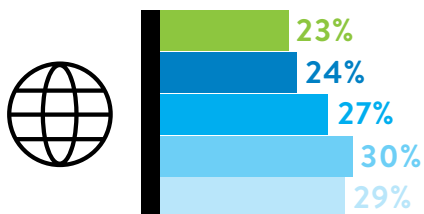
NEW TECHNOLOGY PRODUCTS



HOME IMPROVEMENTS/DECORATING



HOLIDAYS/VACATIONS

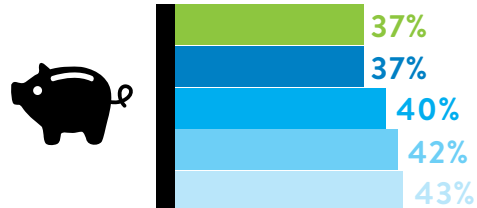


SAVING STRATEGIES

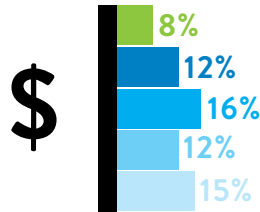
PAYING OFF DEBTS/CREDIT CARDS/LOANS



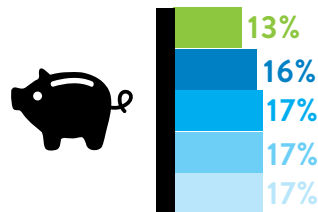
PUTTING INTO SAVINGS



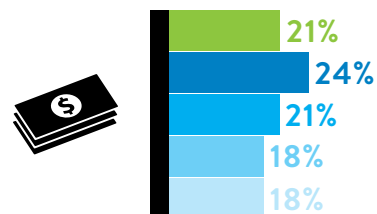
INVESTING IN SHARES OF STOCK/MUTUAL FUNDS



RETIREMENT FUND



I HAVE NO SPARE CASH



● Q2 2015
 ● Q1 2015
 ● Q4 2014
 ● Q3 2014
 ● Q2 2014

COST-CUTTING HABITS DECLINE

Almost 6 in 10 Canadians (58%) say they've changed their shopping habits to save money, in line with the Q1 response (57% then). Yet across the board, these strategies are being used less often.

Nielsen asks about 15 cost-saving strategies, and 14 of them are less popular now than they were in Q1. In particular, fewer Canadians are trying to save on gas and electricity (down eight percentage points), and on take-away meals, groceries, out-of-home entertainment, holidays, and replacing major household items: (all down six points).

The percentage of Canadians who are adopting these cost-cutting moves, with changes from Q1 2015 in parentheses:

Spend less on new clothes:	54% (-3) ▼
Cut down on take-away meals:	53% (-6) ▼
Switch to cheaper grocery brands:	47% (-6) ▼
Cut down on out-of-home entertainment:	47% (-6) ▼
Try to save on gas and electricity:	45% (-8) ▼
Delay upgrading technology (PC, mobile, etc.):	34% (-2) ▼
Cut down on holidays/short breaks:	30% (-6) ▼
Use my car less often:	29% (-2) ▼
Cut down on telephone expenses:	26% (-4) ▼
Delay replacing major household items:	26% (-6) ▼
Cut down on at-home entertainment:	25% (-2) ▼
Cut out annual vacation:	24% (+2) ▲
Cut down on or buy cheaper brands of alcohol:	17% (-4) ▼
Look for better deals on home loans, insurance, credit cards, etc.:	16% (-3) ▼
Cut down on smoking:	15% (-2) ▼

“With Canadians placing a lesser focus on cost-cutting activities, as well as an eroding discretionary spend, it seems the overall mindset is still stuck on ‘cautious’ mode,” Allison remarked.

LUKEWARM FEELINGS ABOUT JOBS AND ECONOMY

Compared to Q1 2015, Canadians are more optimistic about job prospects and the state of the economy – but just barely more.

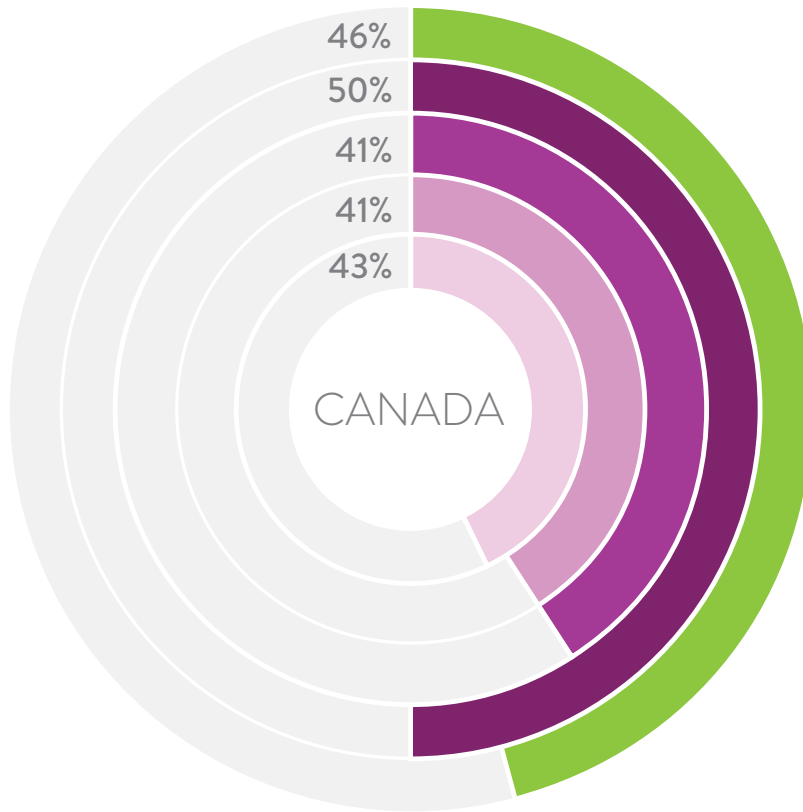
In Q2, 45% of Canadians said they felt good or excellent about jobs, and 43% felt bad or not good. In Q1, the split was 44% good/excellent and 46% bad/not good. These fairly even splits are a far cry from the previous year of Nielsen surveys, where the job optimists outnumbered the job pessimists by anywhere from 8-17 percentage points.

HOW DO YOU RATE JOB PROSPECTS?	CANADA Q1 2014	CANADA Q2 2014	CANADA Q3 2014	CANADA Q4 2014	CANADA Q1 2015	CANADA Q2 2015
Excellent	5%	7%	6%	6%	6%	5%
Good	47%	43%	50%	48%	38%	40%
Not good	35%	34%	33%	33%	38%	37%
Bad	7%	8%	6%	4%	8%	6%

The short-term and long-term employment numbers reveal reasons for Canadians to be cautious. According to Statistics Canada, employment jumped by only 33,000 on Q2 (up 0.2%). While full-time work in this period increased by 143,000, that was offset by a decline of 110,000 jobs in part-time work. More full-time jobs are a welcome sign, however in the 12 months to June 2015 overall employment increased by just 1%.

While the attitude towards job prospects remains unchanged, the Nielsen survey revealed a little more optimism about Canada's economic prospects. Some 46% of Canadians now feel the country is in a recession, down from half the people surveyed in Q1, but up from the previous three Nielsen surveys.

DO YOU THINK YOUR COUNTRY IS IN AN ECONOMIC RECESSION AT THE MOMENT? (% ANSWERING YES)



● Q2 2015 ● Q1 2015 ● Q4 2014 ● Q3 2014 ● Q2 2014

“Recessionary fears have diminished, however have not disappeared. That leaves consumers in a state of limbo regarding what’s yet to come”, said Allison. “Canada’s unemployment rate has remained static for the last five months, and even though job creation is poised for growth, it is anticipated to be minimal.”

WORRIES GROW OVER COSTS OF FOOD, UTILITIES

Canadians again put debt atop their list of biggest concerns. While Canadians still rank debt, the economy and job security among the top six worries, all three showed a drop in alarm. Health is now as big a cause of apprehension as debt. On the rise too – fears about higher food prices and utility bills.

The top seven concerns of Canadians, with the percentage point difference from the Q1 2015 survey in parentheses:

WHAT IS YOUR BIGGEST CONCERN OVER THE NEXT SIX MONTHS?	#1 CONCERN	#2 CONCERN	TOTAL
Debt	13%	11%	24% (-2)
Health	13%	9%	22% (+4)
Increasing food prices	11%	11%	22% (+2)
The economy	10%	10%	20% (-4)
Increasing utility bills	7%	13%	20% (+8)
Job security	11%	5%	16% (-3)
Work-life balance	7%	7%	14% (-1)

“Word of the minute is ‘uncertainty’, however this can change at any time as Canada’s economy has been historically resilient. In the midst of an up-and-down series of events, creativity and innovation will go a long way for manufacturers and retailers who look beyond today’s unpredictability,” Allison added.

ABOUT THE SURVEY

The Nielsen Global Survey of Consumer Confidence and Spending Intentions was conducted May 11-29, 2015, and polled more than 30,000 online consumers in 60 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America. The sample has quotas based on age and sex for each country based on its Internet users, is weighted to be representative of Internet consumers and has a maximum margin of error of $\pm 0.6\%$.

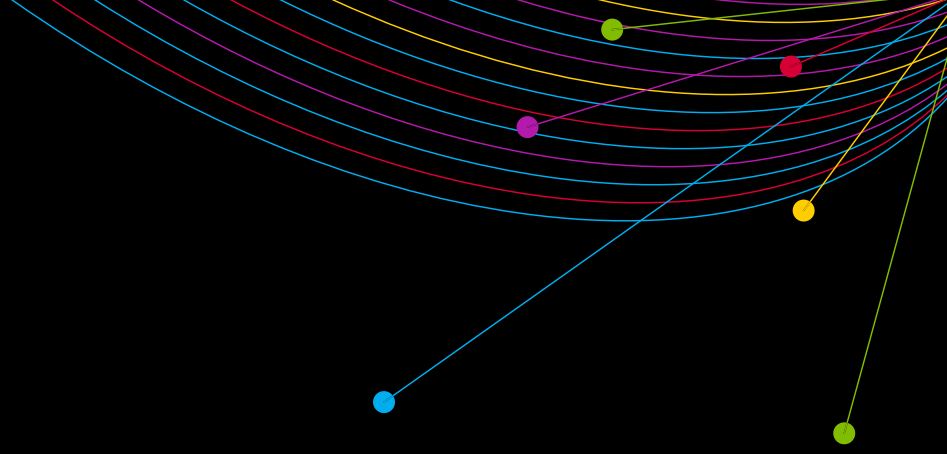
This Nielsen survey is based on the behavior of respondents with online access only. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60% Internet penetration or 10M online population for survey inclusion. The China Consumer Confidence Index is compiled from a separate mixed methodology survey among 3,500 respondents in China. The sub-Saharan African countries in this study are compiled from a separate mobile methodology survey among 1,600 respondents in Ghana, Kenya and Nigeria. The Nielsen Global Survey, which includes the Global Consumer Confidence Index, was established in 2005.

ABOUT NIELSEN

Nielsen N.V. (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers Watch and Buy. Nielsen's Watch segment provides media and advertising clients with Total Audience measurement services across all devices where content — video, audio and text — is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen provides its clients with both world-class measurement as well as analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries that cover more than 90 percent of the world's population.

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