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News Release

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FOR IMMEDIATE RELEASE

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NIELSEN: RISING GAS PRICES FORCE NEARLY TWO-THIRDS OF U.S. CONSUMERS TO PUT THE BRAKES ON DISCRETIONARY SPENDING

New Report Shows Significant Levels of Consumers Combining Shopping Trips, Eating Out Less and Staying Home More

Schaumburg, Ill., July 17, 2008: Increasingly feeling the pain at the pump, more U.S. consumers are taking steps to compensate for rising gas prices, according to new research from The Nielsen Company. Nearly two-thirds (63 percent) of consumers are reducing their spending, up 18 points since June 2007 and up 14 points in the last six months alone.

Nielsen’s research also finds that more consumers are combining shopping trips (78 percent), and more than half of consumers are now eating out less (52 percent) and staying home more often (51 percent).

Impact of Higher Gas Prices on Consumers' Driving and Spending Habits				
	Percent			
	June/July 2006	June 2007	December 2007	June 2008
Combine errands/trips	68	68	70	78
Eat out less	39	38	41	52
Do more things at home	39	39	39	51
Reduce spending to a small degree	33	29	31	37
Reduce spending to a great degree	15	16	18	26

Source: Homescan® Survey, June 2008, The Nielsen Company

“With gas prices passing the \$4 per gallon mark, consumers are altering their driving and spending habits at dramatic levels,” said Todd Hale, senior vice president, Consumer & Shopper Insights, The Nielsen Company. “While discretionary spending is likely to be a challenge for most low and middle income shoppers, even affluent consumers are looking for ways to make their dollars go further.”

High Gas Prices Drive More Consumers to Clip Coupons, Shop Supercenters

Increased fuel prices are leading nearly one-third (32 percent) of consumers to use more coupons as a way to save money, up from 25 percent in December 2007. Seeking to get the bulk of their errands done while using less gas, 28 percent of consumer report doing more of their shopping at supercenters, where more items are in one store.

Impact of Higher Gas Prices
on Consumers' Driving and Spending Habits

	Percent			
	June/July 2006	June 2007	December 2007	June 2008
Shop more at supercenters	26	23	27	28
Use more coupons	24	21	25	32

Source: Homescan® Survey, June 2008, The Nielsen Company

“Consumers tell us that they are using more coupons, an opportunity for consumer packaged goods (CPG) manufacturers to align coupon and other promotions in stores serving consumers feeling the greatest impact from high gas prices,” said Hale.

Trading Down

Nielsen’s research shows that more consumers (35 percent) are buying less expensive brands, up 12 points since December 2007. While private label and lower-priced brands stand to benefit from higher gas prices, Hale suggest retailers need to be cautious when making decisions about private label products.

Impact of Higher Gas Prices
on Consumers' Driving and Spending Habits

	Percent			
	June/July 2006	June 2007	December 2007	June 2008
Buy less expensive grocery brands	22	19	23	35

Source: Homescan Survey, June 2008, The Nielsen Company

“Many retailers are increasing their focus on private label to help shoppers cope with rising gas and food prices,” said Hale. “While private label shows significant growth, it’s important to remember that more than half of private label sales growth comes from only four product categories - - milk, fresh eggs, cheese and bread or baked goods - - categories greatly impacted by inflationary pricing resulting from higher livestock feed prices or higher raw ingredient prices. Retailers need to be judicious in selecting categories where private label opportunities exist.”

Slight Increases in Online Shopping, Carpooling

Although a small base, Nielsen’s research shows some consumers are shopping online and carpooling or using public transportation more often.

	Percent		
	June/July 2006	June 2007	June 2008
Shop more on the Internet	9	9	11
Use public transportation more often	4	3	4
Carpool more often	-	5	7

Source: Homescan Survey, June 2008, The Nielsen Company

“CPG manufacturers and retailers should not ignore consumers’ desire for online shopping,” said Hale. “While we’re not suggesting a big increase in online food sales, this could mean opportunities for general merchandise, non-food and health and beauty manufacturers.”

While the outlook for the remainder of 2008 and 2009 are certain to be challenging, Hale suggests that CPG manufacturers and retailers can be creative, for their benefit and the benefit of their customers.

“Swings in fuel supply will continue to have a tremendous impact on consumer shopping and buying behavior,” said Hale. “Retailers can take a creative approach to promotions, pricing and partnerships, such as aligning themselves with gas retailers to reward loyal customers with less expensive gas, while manufacturers can minimize the impact of high gas prices by targeting products and advertising around at-home or at-work meals and at-home entertaining.”



About the Survey

Results are based on Nielsen Homescan™ survey responses from nearly 50,000 U.S. consumers, geographically and demographically representative of the total U.S. population. The survey was conducted during the first week of June 2008, when regular gas averaged \$3.98¹.

About The Nielsen Company

The Nielsen Company is a global information and media company with leading market positions in marketing information (ACNielsen), media information (Nielsen Media Research), online intelligence (NetRatings and BuzzMetrics), mobile measurement, trade shows and business publications (Billboard, The Hollywood Reporter, Adweek). The privately held company is active in more than 100 countries, with headquarters in Haarlem, the Netherlands, and New York, USA. For more information, please visit, www.nielsen.com.

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¹ Energy Information Administration