

Gas Price Impact – December 2008 Survey Update

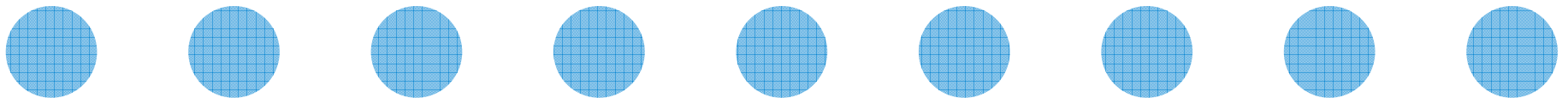
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Gas Price Impact – Attitudinal Insights



Consumers Combining Trips, Eating Out Less, Staying Home, Cutting Spending @ Alarming Levels!

77% combining shopping trips & errands (-1 pt from June '08),
57% eating out less (+ 5 pts),
50% staying home more often (-1 pt) &
64% of U.S. consumers are reducing spending (+ 1 pt)!



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Saving Money in What & How they Buy & Where They Shop

Impact higher gas prices had on driving & spending habits? Check all	Jun/Jul '05	Jun/Jul '06	Jun '07	Dec '07	Jun '08	Dec '08
Use more coupons	20%	24%	21%	25%	32%	39%
Buy less expensive grocery brands	17%	22%	19%	23%	35%	38%
Shop more @ Supercenters	22%	26%	23%	27%	28%	29%
Buy Larger, Economy Size	10%	11%	10%	12%	16%	17%

Nielsen Homescan Gas Impact Study

Low Income Combining Trips, Eating Out & Staying Home Less Than High Income

Index of Responses to Total Households

Impact higher gas prices had on driving & spending habits? Check all	Total Hhlds	< \$20k	\$20 - \$29.9	\$30 - \$39.9	\$40 - \$49.9	\$50 - \$69.9	\$70 - \$99.9	\$100k+
Combine Errands & Trips	77%	70	87	104	108	107	118	106
Eat Out Less	57%	67	84	100	107	113	121	106*
Do More @ Home	50%	70	83	98	108	114	123	102*

*Read as: Households with incomes of \$100k + are 6% more likely to eat out less & are 2% more likely to do more things at home.

Mid-range adjusting most

Lower Income Households Making More Drastic Spending Reductions

Index of Responses to Total Households

Impact higher gas prices had on driving & spending habits? Check all	Total Hhlds	< \$20k	\$20 - \$29.9	\$30 - \$39.9	\$40 - \$49.9	\$50 - \$69.9	\$70 - \$99.9	\$100k+
Reduce Spending Small Degree	38%	70*	88	98	104	108	118	111
Reduce Spending Great Degree	26%	108*	114	129	113	105	77	77

*Read as: Households with incomes under \$20,000 are 30% less likely to reduce their spending a small degree, but are 8% more likely to reduce their spending a great degree.

Retailers & Manufacturers serving lower income households will feel the greatest impact

Trading Down is a Viable Option for 38%; Lowest & Highest Income Groups Less Likely to Trade Down

Index of Responses to Total Households

Impact higher gas prices had on driving & spending habits? Check all	Total Hhlds	< \$20k	\$20 - \$29.9	\$30 - \$39.9	\$40 - \$49.9	\$50 - \$69.9	\$70 - \$99.9	\$100k+
Buy Less Expensive Grocery Brands	38%	82	98	113	114	109	112*	84*

*Read as: Households with incomes \$100K+ are 16% less likely to buy less expensive grocery brands & private label, while \$70-100K households are 12% more likely to buy less expensive grocery brands & private label.

The majority of households will be sticking with the brands in their existing portfolio

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Lower Income Households Less Likely to Use More Coupons

Index of Responses to Total Households

Impact higher gas prices had on driving & spending habits? Check all	Total Hhlds	< \$20k	\$20 - \$29.9	\$30 - \$39.9	\$40 - \$49.9	\$50 - \$69.9	\$70 - \$99.9	\$100k+
Use More Coupons	39%	56*	86	103	120	111	127	102*

Lower income households are likely to be looking for EDLPs than to buy on deal- they are probably less likely to subscribe to newspapers

*Read as: Households with incomes under \$20 are 44% less likely to use more coupons, while \$100k + households are 2% more likely to use more coupons.

Lowest & Highest Income Households Less Likely to Shop More @ Supercenters

Index of Responses to Total Households

Impact higher gas prices had on driving & spending habits? Check all	Total Hhlds	< \$20k	\$20 - \$29.9	\$30 - \$39.9	\$40 - \$49.9	\$50 - \$69.9	\$70 - \$99.9	\$100k+
Shop More @ Supercenters	29%	86*	101	118	107	111	111*	79

*Read as: Households with incomes under \$20,000 are 14% less likely to shop more @ Supercenters, but \$70-100k + households are 11% more likely to shop more @ Supercenters.

Lower income households more likely to already shop at supercenters & higher income HHs less likely to see them as a viable option

Households Turning to Club Stores & Internet; Limited Carpooling & Public Transportation

Impact higher gas prices had on driving & spending habits? Check all	Jun/Jul '05	Jun/Jul '06	Jun '07	Dec '07	Jun '08	Dec '08
Use lower grade gas	16%	18%	14%	15%	14%	12%
Shop more on Internet	5%	9%	9%	15%	11%	15%
Shop more @ Warehouse Clubs	9%	10%	10%	11%	13%	14%
Carpool more often			5%	5%	7%	6%
Use Public Transportation more	3%	4%	3%	3%	4%	3%

23% (+2) of households buying more gas at locations because of incentives tied to spending levels at a grocery store where they shop

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2009 Will Be Challenging



1. Although gas prices have been very reasonable since the 4th qtr of 2008, our weak economy has consumers driving less & historically low levels of consumer confidence will cause consumers to do more of what they did during 2008:
 - Combine shopping trips
 - Eat more meals at home & do more at-home entertaining
 - Seek the right mix of value, variety, & convenience
 - BUT AT ACCELERATED LEVELS
 - SO WHAT ARE YOU DOING DIFFERENTLY?

Thank You

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Nielsen Homescan Gas Impact Survey

- 2 waves (June & July of '05)
 - Regular Gas @ \$2.17 to \$2.31 a gallon*
- 2 waves (October & November of '05)
 - Regular Gas @ \$2.72 to \$2.26*
- 2 waves (June & July of '06)
 - Regular Gas @ \$2.88 to \$2.98*
- 1 wave (June '07)
 - Regular Gas @ \$3.04*
- 1 wave (Dec '07)
 - Regular Gas @ \$3.06* during the 1st week of the month
- 2 waves (June & July of '08)
 - Regular Gas @ \$3.98 to %\$4.11)*
- 1 wave (December of '08)
 - Regular Gas @ \$1.81* during the 1st week of the month

* Source: Energy Information Administration

Survey Design – Question # 1

- How many miles do you & members of your household drive each week?
 - Only count miles for vehicles owned/leased by members of your household?

Survey Design – Question # 2

- What impact has higher gas prices had on your household's driving & spending habits?
 - Reduced spending in other areas to a small degree
 - Reduced spending in other areas to a great degree
 - Use public transportation more
 - Switched to lower priced gas stations
 - Use lower grade of gasoline
 - Try harder to combine errands/trips
 - Do more things at home rather than go out
 - Shop more at Supercenters where everything we need is in 1-store
 - Shop more at Warehouse Clubs where everything we need is in 1- store
 - Buy less expensive brands of grocery items
 - Buy larger, economy size grocery items
 - Eat out less often
 - Are considering a grocery home delivery service
 - Shop more on the internet rather than visit stores
 - Use coupons more often
 - Carpool more often (new on 2007 survey)
 - Other
 - None of the above/No Impact on driving & spending habits

Survey Design – Question # 3

- Are you and/or other household members buying more gas at locations because of incentives tied to spending levels at a grocery store where you shop?

– Added to June 2007 survey