

British Columbians Continue to Perceive That the HST is Negatively Impacting Them – Only Slightly Less So Than Initially Predicted

Consumers Tell Us Spending for the Holidays Will be Impacted as Well



Ipsos Reid

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Vancouver, BC, November 3, 2010 – In June 2010, with just a week to go before the introduction of the harmonized sales tax (HST) in British Columbia, the vast majority of the province's consumers claimed that the HST would negatively impact them and their spending would be reduced significantly as a direct result of the new tax¹. But do customers continue to feel the same way about the new tax? To find out, Ipsos Reid launched a *Post-HST Study* to examine the behaviours of adult British Columbians four months after the new tax became effective.

Overall, sentiments toward the HST continue to be negative, with only a few British Columbians feeling less negative about the tax. Prior to the HST becoming effective in the province, the majority of consumers felt the HST would have a negative impact on them, personally (80% negative impact, with 45% very negative impact and 35% somewhat negative impact). This percentage has slipped slightly to 73% since then (32% very negative impact and 41% somewhat negative impact)

Additionally, British Columbians are saying the harmonized sales tax is negatively impacting spending, but again among slightly fewer consumers than initially predicted. The goods and services that consumers claim they are most likely to be reducing their spending on include restaurant meals (64% tell us they have reduced spending in October versus 70% in June), professional sporting events, live theatre and music concert tickets (52% versus 61%), snack foods (50% versus 63%), and movie theatre tickets (50% versus 58%), with impact on spending continuing to be impacted for many, if slightly less so than predicted in June.

Not only are consumers reporting that the HST is having a negative impact on their spending for everyday goods and services right now, but British Columbians tell us that

spending for the upcoming holiday season will be impacted as well. Specifically, six-in-ten will be spending less this holiday season than in previous years because of the HST (64% will spend less, with 31% spending a lot less and 33% spending a little less). Three-in-ten tell us that the HST will have no impact on their upcoming holiday spending (28%), while the remaining 8% will either be spending more than previous years (5%) or are unsure at this point (3%). While most consumers are likely to decrease their spending on all holiday products and services tested, the most negatively impacted areas include gifts for others (60% expect to spend less than in previous years), entertainment (55%) and decorations (54%). Only time will tell if consumers' holiday spending will actually be as hard hit as consumers claim right now.

These are the findings of an Ipsos Reid study fielded from October 20 to 26, 2010. This online survey of 1,168 adult British Columbians was conducted using Ipsos Reid's proprietary "Voice of the West Interactive Forum" – an online panel of more than 6,500 British Columbians who have been randomly recruited to match the overall characteristics of the adult residents of the province. Statistical margins of error are not applicable to online studies of this nature, however, an unweighted probability sample of this size, with a 100% response rate, would have an estimated margin of error of +/- 2.9 percentage points, 19 times out of 20.

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¹ Based on Ipsos Reid's Pre-HST Study.