

Second of Two Part Series on Impacts of Gasoline Prices,
Part 1 was on What Governments Should Do

**Impact of Higher Gasoline Prices on Business—
Mainly Predictions of Increases in Prices
with Some Cutbacks in Consumption**

**Weekly CEO/Business Leader Poll by COMPAS in
Canadian Business for Publication Week of May 7th, 2012**



**COMPAS Inc.
Public Opinion and Customer Research
Week of May 7th, 2012**

1.0 Introduction

In the wake of increased gasoline prices, CEOs and business leaders on the COMPAS business panel were asked for their perceptions of how this was affecting business. They foresee the general impacts on the economy to be similar to those during past hikes. The effect on business organizations will be mainly to increase prices but sizeable minorities of panelists believe that businesses think they have no options or plan to reduce consumption instead of increasing prices.

These are the key findings from this past week’s Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine.

2.0 Details

Table 2.1: Using a 7 point scale where 7 means a significant negative impact and 1, the opposite, to what extent has the recent rise in oil prices impacted...

	MEAN	7	6	5	4	3	2	1	DNK
Industry									
April 2012	4.9	13	17	32	27	3	3	2	2
March 2008	5.3	19	27	37	12	2	2	2	0
May 2007 ¹	4.9	12	23	30	17	11	4	2	1
April 2005	4.9	10	20	40	16	11	3	1	0
Consumer spending									
April 2012	4.9	11	21	28	26	11	1	1	0

¹ Wording in May 2007: “Using a 7 point scale where 7 means a significant negative impact and 1, the opposite, to what extent has the recent rise in oil prices impacted...[ROTATE]”



Gasoline, Part 2, Weekly CEO/Business Leader Poll by COMPAS in Canadian Business for Publication, Week of May 7th, 2012

	MEAN	7	6	5	4	3	2	1	DNK
March 2008	5.1	15	20	39	16	5	3	2	0
May 2007	4.6	8	17	34	21	12	7	3	0
April 2005	4.3	4	14	27	28	18	6	3	0
The economy in general									
April 2012	4.9	10	21	30	28	8	2	1	0
March 2008	5.1	16	24	33	14	5	6	2	0
May 2007	4.6	8	15	40	19	11	4	3	0
April 2005	4.6	6	13	43	22	8	6	1	0
The organizations you know best									
April 2012	4.4	6	17	23	35	9	7	2	2

Table 2.2: Thinking of the organizations you know best, which of the following best describes their reaction to oil prices? Please choose one. (%)

They are raising or planning to raise their prices	40
They are taking no action because they have no options	27
They are taking action to reduce consumption by cutting back on processes that use gasoline	18
They are changing or planning to change their product/service offerings	7
They are taking no action because they expect oil prices to fall	8

The following verbatim comments provide a nuanced sense of respondent opinion:

We are spoiled by low prices.

Rural Canada is dependent on gasoline for transportation. It does not have the options of the urban areas. Therefore the high prices have a more dramatic effect.

The world's resources are being used far too quickly and this will produce a crisis of unanticipated proportions.

Since the prices of gasoline are inflated substantially without due reason except to ever increase expanding big oil profits



and it is a resource we are forced to use, prices should be government clamped to control disastrous economic impact. An alternative would be a government sponsored crash research program aimed at fast payoff alternatives, such as mobile natural gas contained in high pressure containment dissolved in acetone. We need smarter administrations which need to be more alert to technical solutions to combat deteriorating economics.

I'm on holiday in the U.S. at the moment. Prices here have been dropping. Cost of gasoline is about 25% less. Why?

Gasoline goes up-look at improving efficiencies in the vehicles you run.

The Canadian economy is a free market, I can see no collusion whatsoever when all the gas prices are exactly the same at all stations in an area. The government regulates the price of my milk but my gas which I use more of and hence pay huge taxes on does not get regulated, funny how it all works in Canada, EH?

Gasoline prices are putting a minor damper on the economy but they are not yet in the "danger" zone where companies or governments need to take radical steps.

3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted April 27 – May 2, 2012. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of n=90 are deemed accurate to within approximate 10.3 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

