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News Release

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NIELSEN: GLOBAL CONSUMER CONFIDENCE HITS PRE-RECESSION LEVELS

Key Findings:

Asia Spends its Way out of Recession

Consumers' Desire for Discretionary Spending Jumps

Confidence Gap Between Canada and U.S. Widens

Renewed Optimism in Latin Countries Prompts Increased Spending on Essentials

NEW YORK - MAY 6, 2010 -- Global consumer confidence in the first quarter of 2010 rebounded to reach its highest level since the third quarter of 2007, providing the most definitive sign that the world is beginning to recover from the recession, according to the [latest edition](#) of the Nielsen Global Consumer Confidence Index. As the world's consumers started to spend again, they drove the global index up to 92 points (100 = average) in the first quarter. This represents a six point increase from six months ago and only two points short of the 94 point index mark in Q3 2007, just prior to the decline into world recession. Consumer confidence hit an all time low of 77 index points in early 2009, following the collapse of the international financial system, before steadily increasing again last year. Consumer confidence rose in 41 of the 55 countries surveyed during the quarter, with India (127 index points), Indonesia (116) and Norway (115) remaining the world's most confident nations. Meanwhile, Lithuania (46), Croatia (48), and Portugal (51) were the most pessimistic nations. Taiwan (+14 pts), Singapore (+11), Israel (+10), Mexico (+10) and Colombia (+9) were among the highest increases in consumer confidence in Q1, while Greece (-15), in the midst of a financial collapse, recorded the steepest decline.

"Conventional wisdom was that there would be a slow recovery and there have been several signs of stabilization and green shoots in the past 12 months, but Q1 of this year presented the first global show of force towards economic recovery," said Dr. Venkatesh Bala, Chief Economist at The Cambridge Group, a part of The Nielsen Company. "For the first time in two years, Nielsen's global consumer data provides evidence that economic prospects are improving—a sign manufacturers and



retailers have been eagerly waiting for that consumer spending intentions are turning into actual spending reality.”

Nielsen’s Global Consumer Confidence Index tracks consumer confidence, major concerns and spending intentions among more than 27,000 Internet users in 55 countries. In the latest round of the survey conducted between March 8 and March 26, 2010, consumer confidence in many markets rebounded to pre-recession levels of late 2007 and early 2008. Additionally, over the past year, the number of global consumers who believe they are currently in recession dropped 19 points to 58 percent, compared to 77 percent a year ago.

Racing Out of Recession –

Global Optimism Highlights the Disparity Between the East and the West

All global regions posted positive increases in consumer confidence, but the pace and extent of economic recovery further widened between the booming Asia Pacific and Latin American countries compared to the sluggish recovery in the United States and western Europe.

“Asia Pacific consumers—who were among the first to cut back drastically on discretionary spending 18 months ago—are now confident enough to spend their way into higher growth,” said Dr. Bala.”

Likewise, in Latin America, while consumers have been cutting back spending on discretionary items, the FMCG industry has been gradually recovering as consumers increase spending on essential goods, according to Nielsen data. In addition, expected GDP growth and lower inflation has renewed optimism in most of the region’s countries.

“In contrast, the U.S. and Europe are likely to see a period of slow demand growth in conjunction with a largely jobless recovery in the U.S., and in the case of Europe, added uncertainty from the ongoing sovereign-debt crisis,” said Dr. Bala. “Due to consumers’ limited household spending, uncovering new areas of growth will be important for retailers. Consumer product companies will require a high degree of precision in targeting, value propositions and pricing in order to generate topline growth and profitability.”

Light at the end of the Tunnel - Consumers Ready to Spend

The jumps in global consumer confidence and reinvigorated spending habits have been driven by improved confidence for jobs and employment, which has steadily risen in the past six months. In Q1 2010, 43 percent of global consumers described their job prospects as excellent/good compared to 35 percent six months ago. In addition, one in three global consumers said they are planning to increase spending for out-of-home entertainment, new clothes and new technology over the next six months.

“Asia’s rapid recovery and bright prospects makes this booming region a high priority for resource allocation for manufacturers and retailers, including tapping into the large and growing number of



middle-class consumers,” said Dr. Bala. “Developing an appropriate portfolio of product and services and targeting them accordingly will continue to be important, both for the sake of profitability and for ensuring a vibrant brand presence and continued strength in the long run.”

Among the world’s cautious markets, many of the habits developed during the recession continue. Price sensitivity, private labels and promotions are still top-of-mind to the value-conscious consumer, although there are signs that they want to resume some discretionary spending.

“Americans are still extremely cautious about spending given the uncertain nature of the recovery in the U.S. and the continued level of high unemployment. They remain committed to managing controllable costs such as gas and utility bills, and they continue to focus on repairing their balance sheets,” said James Russo, Vice President, Global Consumer Insights at The Nielsen Company. “That said, they are expressing a desire to spend more on discretionary items such as out-of-home entertainment, apparel and vacations—a noticeable shift in this survey. A huge opportunity exists for manufacturers, marketers and retailers who know how to reach the right consumers in the most effective way.”

Confidence Around the Globe — Regional Round-Up

Asia Pacific:

“Nowhere is the return to consumption and shopping habits more evident than in Asia Pacific where consumers have indicated they are ready to spend,” said Christophe Cambournac, President of The Nielsen Company’s Asia Pacific, Middle East and Africa region. “Asian consumers cut back drastically on all aspects of discretionary spending 18 months ago, but have now indicated they plan to increase spending on out-of-home entertainment, new technology, holidays and new clothes compared to six months ago.”

- Asia Pacific posted highest confidence increase of all regions (+8) due in part to big jumps in Taiwan (+14) and Singapore (+11).
- The world’s two fastest growing emerging markets of India and China increased by seven and six index points respectively.
- Consumer confidence in China rebounded to 108 index points, its highest CCI on record since it hit 108 points in Q1 2005.
- Vietnam consumer confidence dipped eight points from six months ago, likely due to consumer price increases of 8.51 percent compared to Q1 2009.

Europe:

- Although Europe increased two points overall, seven markets out of 28 posted a decline in consumer confidence.
- Consumer confidence in Europe's key markets of Italy and Germany declined by three index points compared to six months ago in a telling sign of the region's tough economic climate.
- In Q1, 84 percent of UK consumers said they were in recession compared to 94 percent six months ago. While the number of consumers who believe they are in recession is still high, the 10 percent drop has positively stimulated volume growth in FMCG sales, according to Nielsen data.
- Spain showed a slight recovery, increasing consumer confidence by five points to 79 and France inched forward by one point to an index level of 68.
- Greek consumer confidence plummeted 15 points in response to its debt crisis, sending shockwaves through financial markets across Europe and Asia.

Latin America:

- As a region, Latin America jumped five points from 94 to 99 on the Consumer Confidence Index.
- Brazil (108), Colombia (100), Chile (99) and Argentina (91) posted the highest consumer confidence indices for the region.
- Mexico increased the most, jumping 10 points from six months ago to 87. This increase is likely spurred by a 33 percent growth in exports in the first quarter of 2010 versus a year ago, as well as improvements in other indicators such as inflation and GDP. However, consumer confidence in Mexico has not yet rebounded to pre-recession levels.
- Venezuela dropped 9 points to an index of 83.

Middle East / Africa / Pakistan

"Economic conditions in the Middle East and Africa continue to be a mixed bag with some countries, such as Saudi Arabia showing maximum growth potential with promising performance in the FMCG, finance and retail sectors," said Hany Mwafy, Managing Director North Africa, The Nielsen Company. "The Egyptian economy demonstrated remarkable resilience during the global economic down-turn, with GDP growth reaching 4.9 percent in early 2010, despite its reliance on global trade and the tourism industry, areas most severely affected by the global recession. In contrast, while South Africa and the United Arab Emirates generally believe that the worst is over, recovery is expected to be



slow. Shoppers are making fewer trips to the store and making trade-offs for private-label store brands.”

- Consumer confidence indices in Saudi Arabia (108), United Arab Emirates (103), Egypt (95), and Pakistan (92) continue to be high, while South Africa (84) is below the global average.
- Saudi Arabia’s oil-based economy accounts for almost half its GDP and 90% of its export earnings, which enables greater infrastructure spending and overall economic growth.
- Pakistani consumers continue to be more positive than consumers in half of the global economies.
- In South Africa, there are mixed results as GDP shows a marked recovery, but tempered by expected petrol price increases and a 30% increases in electricity prices.

North America

“A significant divergence between Canada and the U.S. continues, which first came to light in the first half of 2009,” said Russo. “Canadian consumers are much more optimistic about the state of the economy and their personal finances, due largely to a strong job market.”

- Consumer confidence in the U.S. improved by only one index point (from 84 to 85). However that’s two points higher than its pre-recession consumer confidence index of 83 points in Q1 2008. The highest CCI on record for the U.S. was 108 points in Q3 2006.
- Canadian confidence hit 100, up six points from six months ago.

Read the [full report](#) including more detailed country information.

About the Nielsen Global Consumer Confidence Survey

The Nielsen Global Consumer Confidence Survey was conducted between March 8 and March 26, 2010 and polled over 27, 000 consumers in 55 countries throughout Asia Pacific, Europe, Latin America, the Middle East and North America about their confidence levels and economic outlook. The Nielsen Consumer Confidence Index is developed based on consumers’ confidence in the job market, status of their personal finances and readiness to spend. The sample has quotas based on age and sex for each country based on their Internet users, and is weighted to be representative of Internet consumers and has a maximum margin of error of $\pm 0.6\%$.

About The Nielsen Company

The Nielsen Company is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related assets. The privately held company has a



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