



1<sup>st</sup> Half, 2009

Global Consumer  
Confidence, Concerns  
and Spending  
a global Nielsen  
consumer report

nielsen  
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INSIDE:

Global consumer confidence at a record low

The emerging markets of Russia, UAE, and Brazil suffer the biggest falls

Regionally, Latin America takes the biggest hit

Indonesians, Danes and Indians the world's most confident

77 percent of online consumers think they are in recession

Job security cited a leading concern

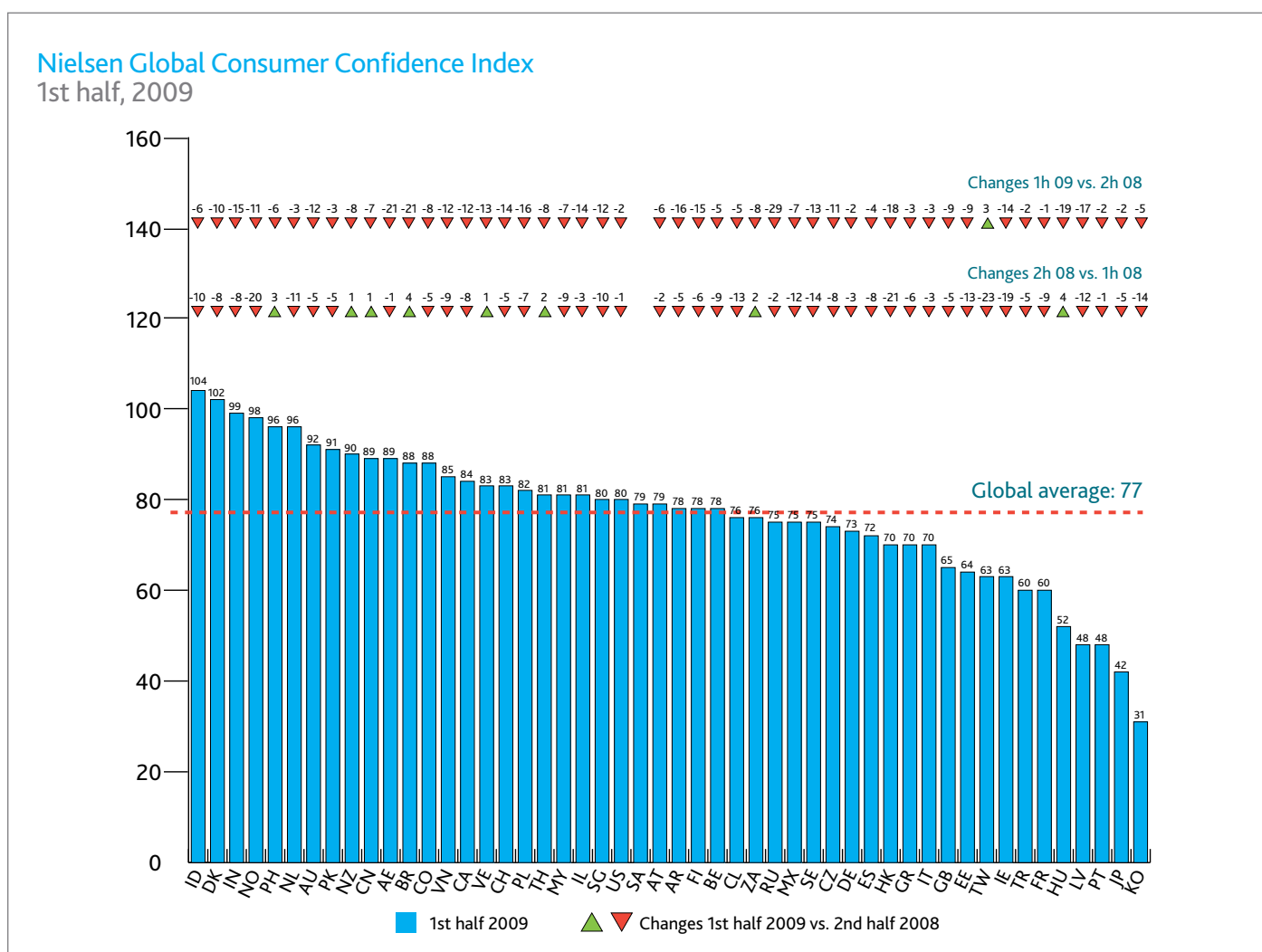
Most spare cash going into savings or paying off debts and/or loans

# Nielsen sees consumer confidence plummet in Emerging Markets, with Russia, UAE and Brazil suffering largest declines in past six months

- No further significant decline in consumer confidence in USA
- Concerns for Job Security soar, ranking one point behind The Economy as the biggest concern in next six months
- China bucks global trend, with 65 percent of Chinese thinking China's economy not in recession

Global consumer confidence has plummeted to a record new low in the past six months, falling seven Index points from 84 to 77 according to the latest twice-yearly Nielsen Global Consumer Confidence Index which tracks consumer confidence, major concerns and spending habits among 25,140 internet users in 50<sup>1</sup> countries.

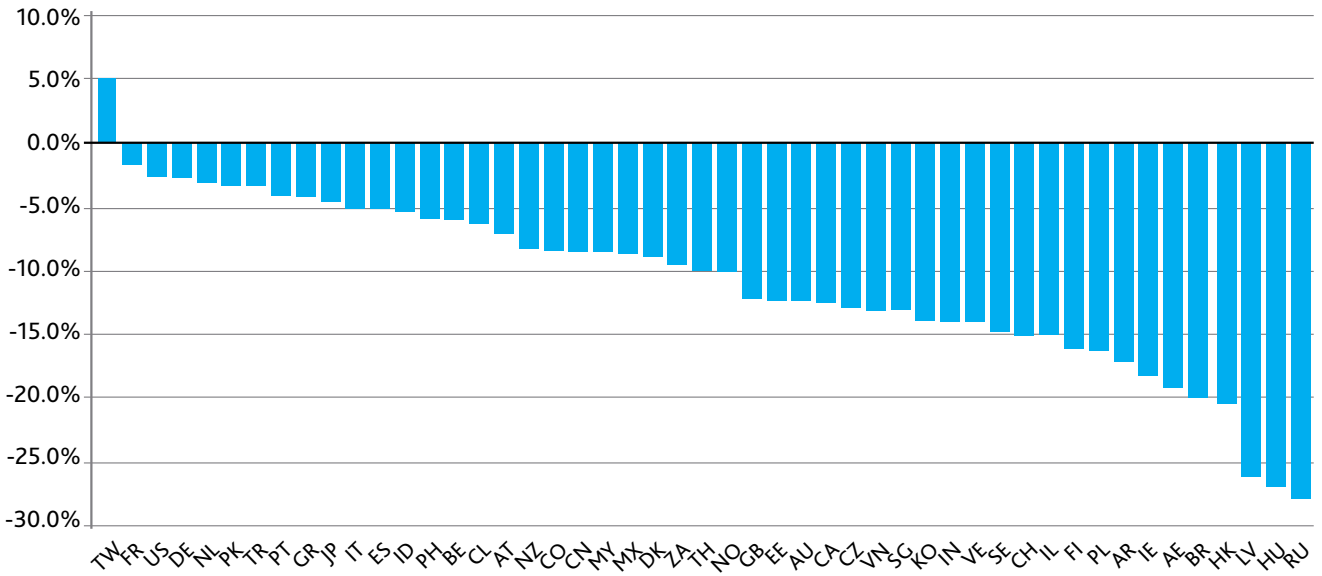
48 of 49\* markets surveyed by Nielsen between 19 March to 2 April 2009 experienced a drop in consumer confidence, with 48 of the 50 countries falling below an Index of 100 for the first time. Indonesia and Denmark were the only markets to remain above 100, with indices of 104 and 102 respectively.



<sup>1</sup>50 Markets Covered: Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Latvia, Malaysia, Mexico, Netherlands, New Zealand, Norway, Pakistan, Philippines, Poland, Portugal, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UAE, United Kingdom, US, Venezuela and Vietnam.

\* Excluding Saudi Arabia which was a new entrant in 1H 2009 update, hence no back data was available to make a comparison.

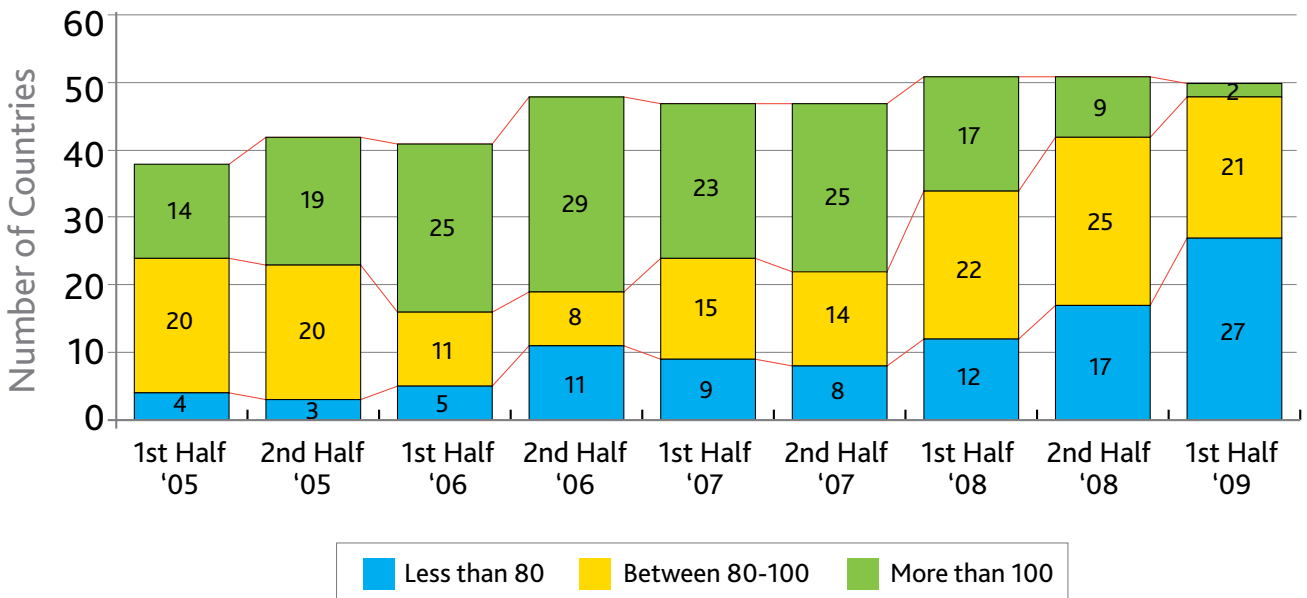
Effect of global recession evident as 48 of 49\* countries witness a fall in 1H 2009 CCI vs. 2H 2008 CCI



\* Excluding Saudi Arabia which was a new entrant in 1H 2009 update, hence no back data was available to make a comparison.

Nielsen Consumer Confidence Index of 48 countries is below 100 for 1st Half of 2009

Trend of Indices for Countries



The emerging markets of Russia, UAE, and Brazil suffered the biggest falls in consumer confidence over the past six months as currency devaluation, weakening export markets and falling global commodity prices took their toll. The other BRIC<sup>2</sup> markets of India and China were not immune either, and while managing to retain their places in the ranking of the top 10 most confident markets globally, both recorded a decline in consumer confidence of 15 and seven points respectively.

While the effects of the global downturn may not have such an impact on consumers in the BRIC and Latam countries, these markets are now experiencing a marked slowdown in contrast to recent years of boom and growth.

Russia suffered the biggest blow to consumer confidence in the past six months, according to Nielsen. Confidence plummeted by 29 Index points in Russia – down to 75 points from 104 in September '08 – marking the biggest fall in consumer confidence tracked by Nielsen globally. The Russian economy contracted for the first time in a decade and GDP is estimated to fall by 5.6 percent this year.

*“Towards the end of last year, Russian consumers took a ‘wait and see’ attitude to the world’s economic woes. Since then, sentiment among Russians has taken an aggressive swing downwards, with continued depressed oil prices, a devalued currency and a local slow down taking hold in many sectors a stark reminder of the Russian crisis of 1998,”* commented Dwight Watson, Managing Director, The Nielsen Company, Russia.

Behind Russia, confidence in the key emerging markets of UAE and Brazil both fell by 21 points.

### Latin America takes a hit

Regionally, Latin America suffered the biggest hit to consumer confidence, falling 15 Index points (down to 82 points from 97) while consumer confidence in Europe and Asia Pacific both fell by eight and seven points respectively.

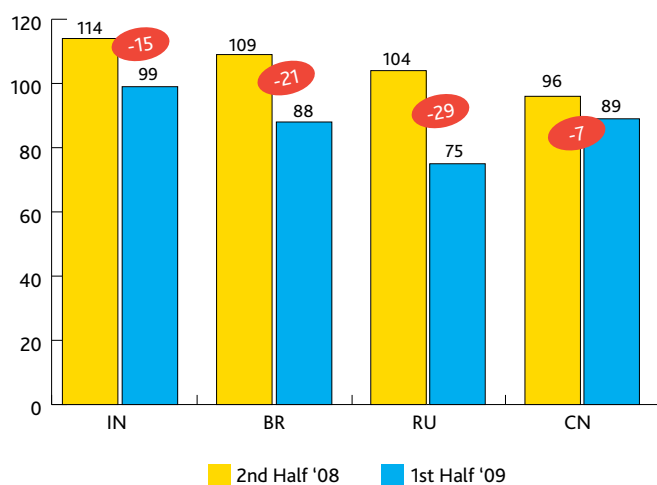
Six months ago as developed markets hurtled towards the epicentre of a global recession, Latin America was the world’s most optimistic region according to the Nielsen Index. It hasn’t taken long for the tentacles of the global recession to reach them.

In the Nielsen survey, consumer confidence in Brazil fell from 109 Index points to 88, as the OECD predicts that GDP in Brazil is expected to decline by 0.3 percent this year. Argentina dropped from 94 to 78 Index points.

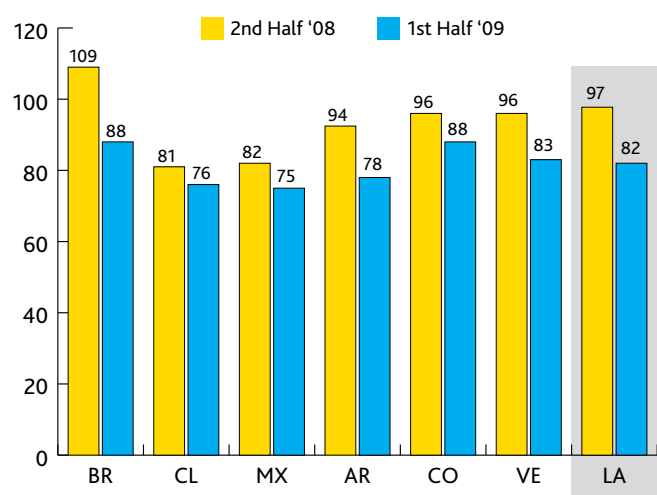
Europe remained the world’s most pessimistic region at 67 Index points, 10 points below the global average, a clear indication that economic recovery in Europe will be longer and slower to take effect. Within Europe, after Russia, consumer confidence in Hungary suffered the biggest fall (19 Index points), followed by Latvia (-17 points) and Finland (-15 points).

*“sentiment among Russians has taken an aggressive swing downwards”*

Across the BRIC markets<sup>2</sup>, India, Brazil and Russia all experience double digit drops in consumer confidence

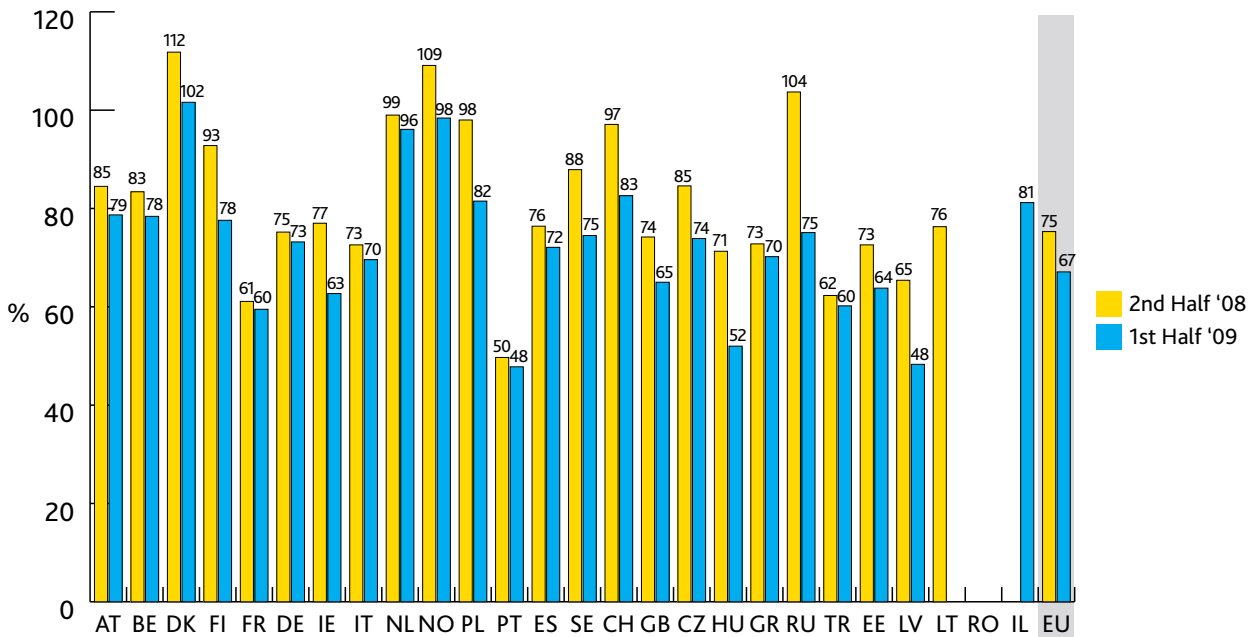


Consumer confidence takes a big hit in Latin America



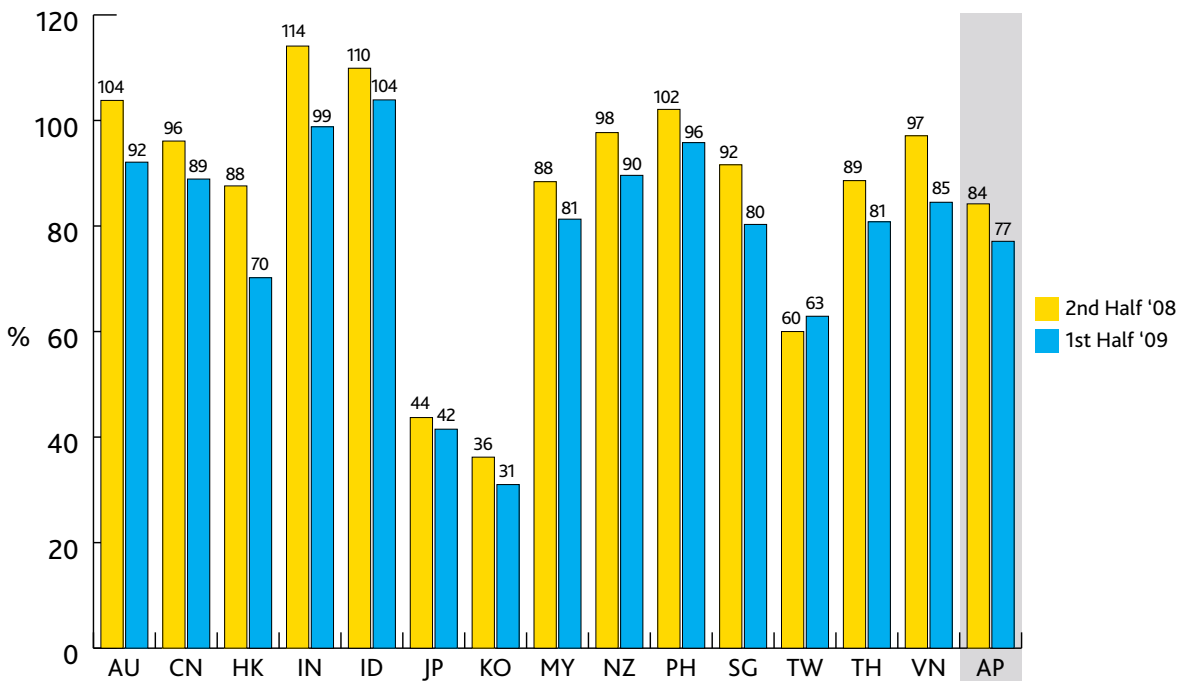
<sup>2</sup> Brazil, Russia, India and China

Europe: Consumer Confidence Index drops a further eight points



Base : All respondents n=12037

Across Asia Pacific, the Consumer Confidence Index matched the global average



Base : All respondents n=7072

**Indonesians, Danes and Indians the world's most confident**

Indonesia topped Nielsen's Global Consumer Confidence Index at 104 points, followed by Denmark (102 points) and India (99 points). The world's most pessimistic nations in the Nielsen Index are South Korea (31 points), followed by Japan at 42 points, and Portugal and Latvia at 48 points. Taiwan, the only country to buck the global trend, edged up three Index points from 60 to 63, although remains 14 points below the global average.

In the last six months, consumer confidence in the regions of Middle East/Africa and North America both declined by two and three Index points respectively. However, no significant further decline in North American consumer confidence may signal the first cautious signs of hope that the recession is finally bottoming out.

**A downward trend that started towards the end of 2006**

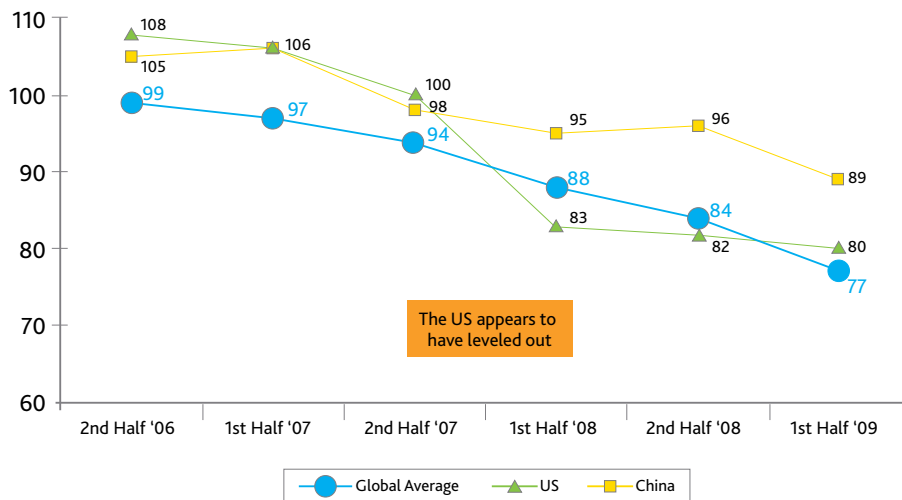
The twice yearly Nielsen Consumer Confidence Index has been tracking downwards since the second half of 2006, dropping five points from 99 (2nd half 2006), to 94 (2nd half 2007), and a further 10 points in 2008, to an Index of 84. A decline of seven points is the largest single drop seen yet, and brings the Nielsen Confidence Index to its lowest since the Index was first established by The Nielsen Company in 2005.

The US, which experienced its biggest decline between 2nd half 2007 and 1st half 2008 when it fell 17 Index points to 83 from 100 – appears to have leveled out – dropping as few as three Index points in the past 12 months to settle at 80. Consumer confidence in the US – the world's biggest economy - now sits above the global Nielsen average of 77, which must be good news for everyone.

*"Our results indicate that we may be at, or at least very near, a bottom in this economic cycle. Specifically in the United States, while clearly adjusting their spending and savings with 40 percent stating they are paying off debts and putting into savings, American consumers are increasingly optimistic about a light at the end of the tunnel, with close to 20 percent seeing a recovery in the next 12 months,"* commented James Russo, Vice President, Consumer Insights, The Nielsen Company.

*"While the US is still below the global average of 23 percent who see a recovery coming in the next 12 months, it is an increase on our October 2008 results. The Nielsen Consumer Confidence data becomes yet another data point - along with retail sales gains in Jan and Feb, stock market advances in March, improving housing conditions and loosening up of the credit market - to show we may have turned a corner. Critical to a recovery is a change in sentiment, and there is evidence to support this trend as companies plan for a recovery,"* added Russo.

**Global Consumer confidence continues to slide, dropping a record seven points, although US levels out**



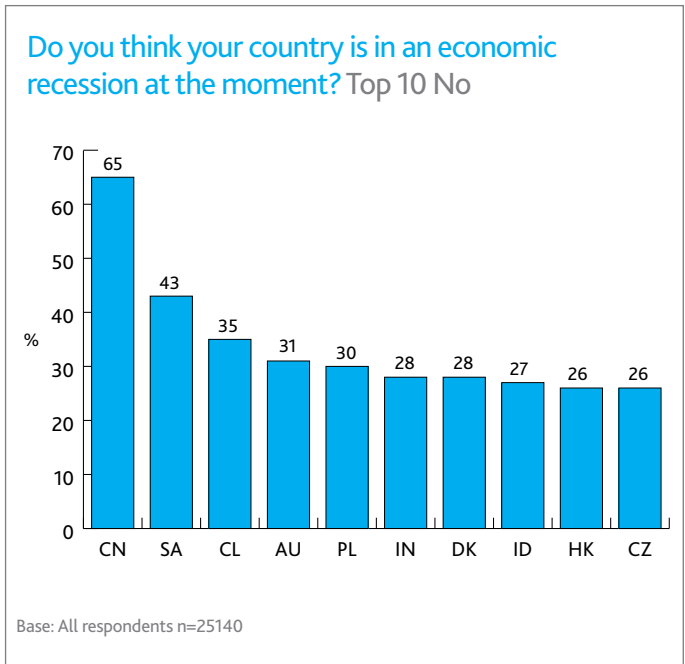
The recession is official

According to the Nielsen survey, 77 percent of online consumers think their economy is in recession, up from 63 percent who thought so six months ago. Consumers experienced a grim end to 2008 and braced themselves for a tough first half of 2009, which is what they are getting. The one exception globally is China where 65 percent of internet consumers thought their economy not currently in a recession.

“The Central Government’s stimulus package of US\$585 billion equates to 13.3 percent of GDP and is an enormous shot in the arm for Chinese Consumer confidence,” said Chris Morley, Managing Director, The Nielsen Company, China.

“While China’s economy has undoubtedly slowed, February retail sales are still 15 percent up on last year and many Chinese consumers now believe the next 12 months could be a good time to go back to investing in stocks and property. Chinese consumers are also maintaining their love affair with travel during the economic slowdown and top the list of markets surveyed by Nielsen when it comes to their intention to spend spare cash on travel,” added Morley.

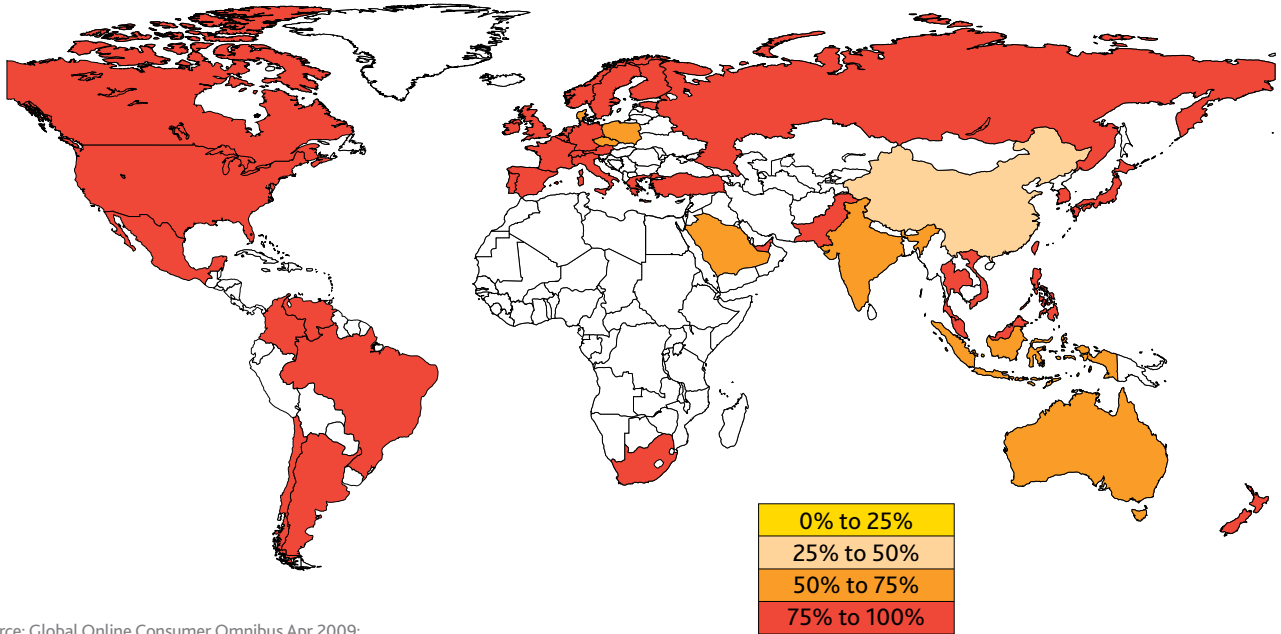
Among global online consumers who believe they’re currently in recession, 52 percent said they were bracing themselves for a global recession to last 12 months or longer, indicating that one in two consumers aren’t expecting a quick rebound.





Do you think your country is in an economic recession at the moment?

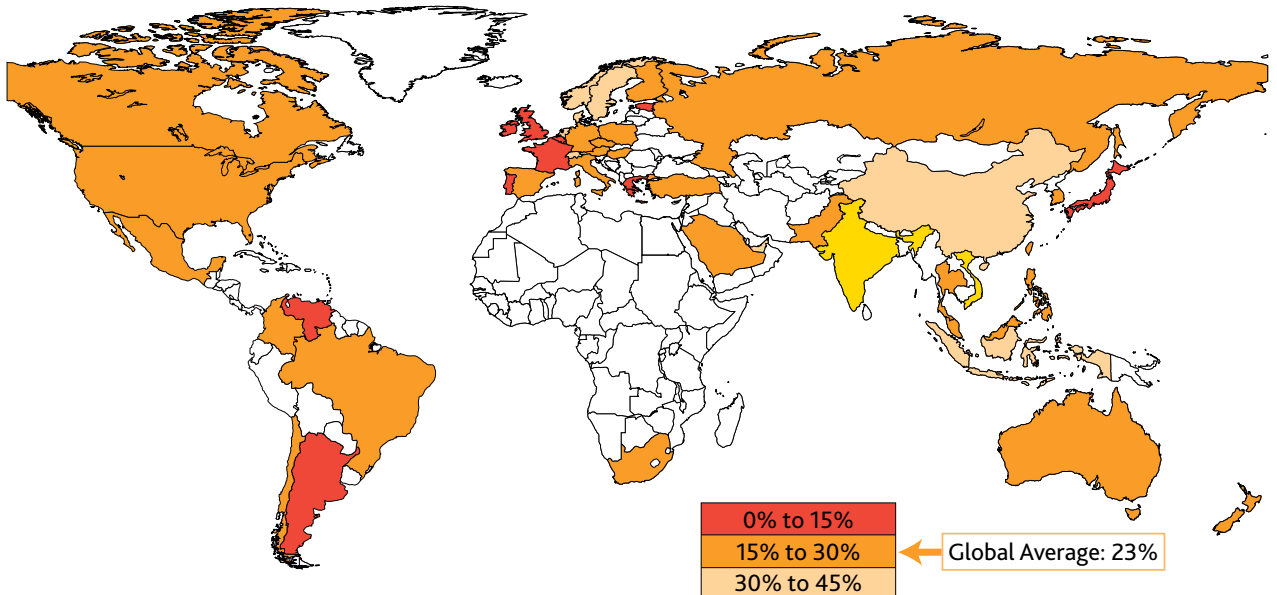
April 2009, Global Recession Widens, Asia Pacific Marginally Less Affected



Source: Global Online Consumer Omnibus Apr 2009:  
25,140+ respondents globally

Do you think your country will be out of an economic recession in the next 12 months?

Recession Casts A Gloomy Outlook



Source: Nielsen Global Online Consumer Omnibus Apr 2009:  
25,140+ respondents globally



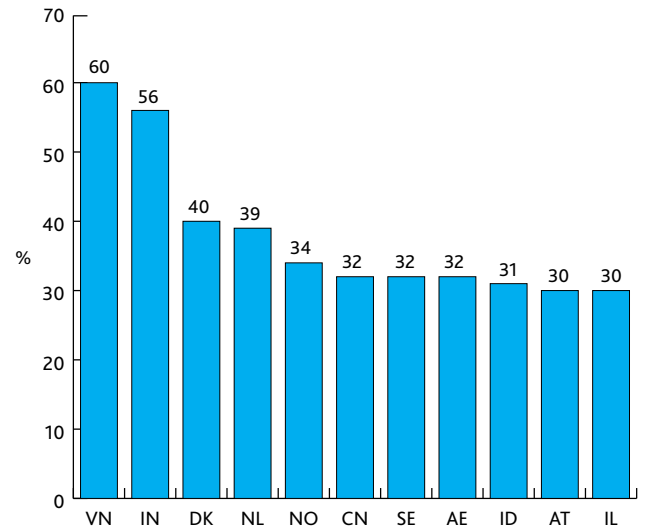
Not everyone is prepared to suffer a prolonged recession however – some consumers are already planning their post-recession party. Among current recessionistas, nearly one in five (23%) online consumers believes their country will be out of recession within the next 12 months, spearheaded by the Vietnamese (60%) and Indians (56%). Two in five Danish and Dutch consumers also believe they'll be out of recession within a year, along with one in three Norwegians, Chinese, Swedes and UAE consumers.

### Unemployment fears very real

At the same time as global consumer confidence plummeted to new lows, fears of unemployment and job uncertainty reached new heights. Job security was cited as one of the leading concerns among internet consumers in 31 of 50 countries surveyed by Nielsen.

Global concern for job security jumped from nine to 22 percent globally since the October survey, ranking it only one percentage point behind 'The Economy' as the biggest concern globally. Among other growing concerns since the last Nielsen survey were increasing food prices and utility bills. Six months ago, global consumers cited the economy and work/life balance as their two top concerns in life - but consumers' priorities have rapidly changed along with the economic deterioration.

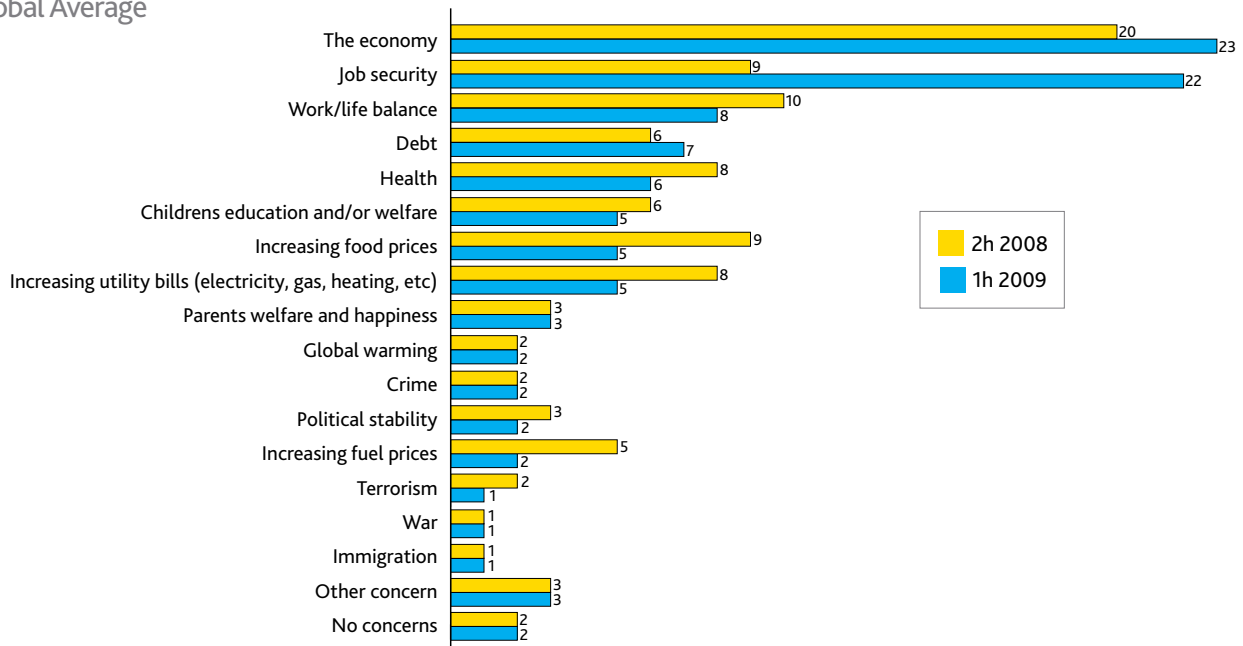
### Do you think your country will be out of an economic recession in the next 12 months? Top 10 Yes



Base: Those who thought they were currently in recession

### Biggest concern over the next six months

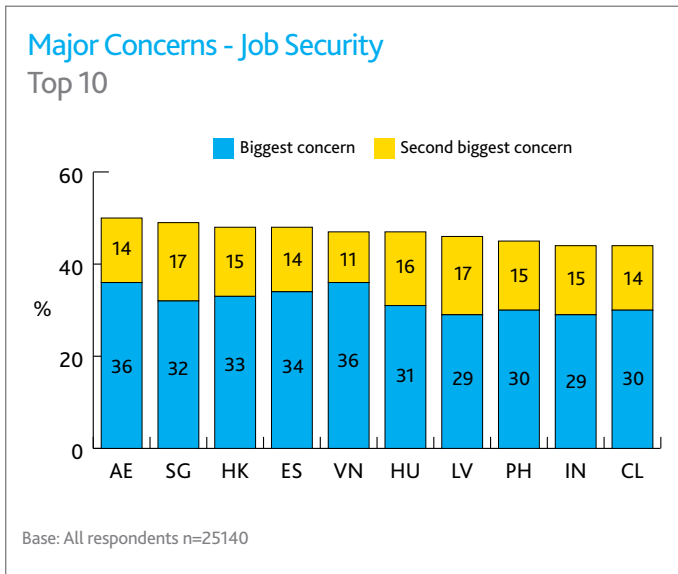
#### Global Average



Base: All respondents n=25140

Consumers who cited job security as their biggest concern in life today include UAE and Vietnam (36%), Spain (34%), Hong Kong (33%), Singapore (32%) and Hungary (31%).

Uncertainty in the labour force also remains a worry for the near future. Three quarters (76%) of consumers felt job prospects in their country over the next 12 months would be either not so good (50%) or downright bad (26%). Seventy-eight percent of Latvians said job prospects were bad for the next 12 months, along with 74 percent of Koreans, 60 percent of Japanese and 42 percent of British consumers.

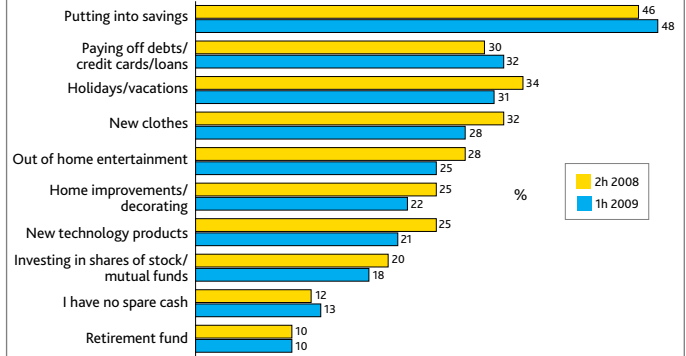


### All spare cash going into savings

As interest rates continue to fall, consumers appear to be less concerned with paying off their debts and more interested in bolstering their savings accounts. Nearly half (48%) of global consumers said they were putting any spare cash they had into savings while 32 percent were using spare cash to pay off debts, credit cards and/or loans, up from 30 percent in October 2008. Latin Americans seem particularly keen to pay down debt, with around half of Mexicans (56%), Colombians (51%), Venezuelans (49%) and Chileans (47%) opting to reduce their exposure during the current downturn. Nine of the top 10 markets putting their money into savings hailed from the Asia Pacific region.

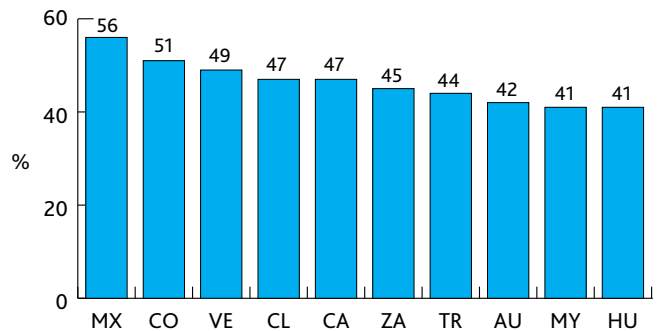
### How using spare cash after covering essential living expenses

#### Global Average



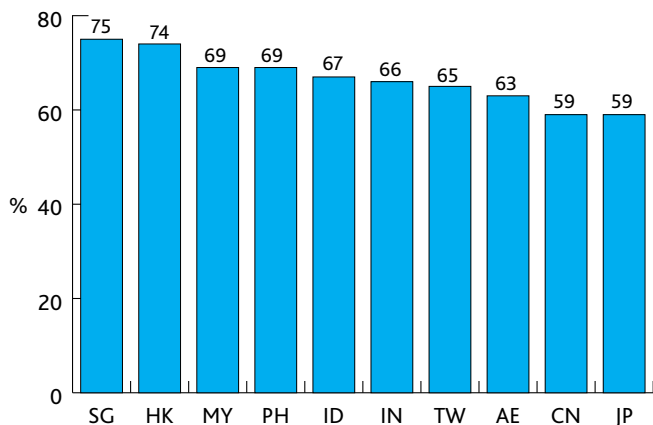
### How using spare cash after covering essential living expenses

#### Top 10 Paying off debts/credit cards/loans



## How using spare cash after covering essential living expenses

### Top 10 Putting into Savings



Base: All respondents n=25140

## What actions have you taken to save on household expenses? (All Respondents)

Spend less on new clothes	56%
Cut down on out-of-home entertainment	53%
Try to save on gas and electricity	51%
Cut down on take-away meals	45%
Switch to cheaper grocery brands	41%
Delay upgrading technology, eg. PC, Mobile, etc	39%
Cut down on telephone expenses	34%
Cut down on holidays / short breaks	34%
Delay the replacement of major household items	34%
Use my car less often	29%
Cut out annual vacation	23%
Cut down on at-home entertainment	22%
Look for better deals on home loans, insurance, credit cards, etc	22%
Cut down on or buy cheaper brands of alcohol	17%
I have taken other actions not listed above	13%
Cut down on smoking	12%

## Changing spending habits to make ends meet

To save on household expenses, 70 percent of consumers have changed their spending habits. The biggest casualties of this new-found thrift for over half of all consumers are new clothes, out of home entertainment and gas and electricity bills. The only one of these new habits consumers felt they were likely to maintain once the economic crisis had passed was saving on utility bills, where four in 10 said they would continue to try and save in this area.



## When economic conditions improve, what will you continue to save on? (All Respondents)

Try to save on gas and electricity	40%
Cut down on take-away meals	24%
Spend less on new clothes	22%
Switch to cheaper grocery brands	21%
Cut down on telephone expenses	21%
Cut down on out-of-home entertainment	20%
Use my car less often	17%
Look for better deals on home loans, insurance, credit cards, etc	16%
Other actions not listed above	16%
Delay upgrading technology, eg. PC, Mobile, etc	14%
Cut down on holidays / short breaks	11%
Delay the replacement of major household items	10%
Cut down on smoking	9%
Cut down on at-home entertainment	8%
Cut down on or buy cheaper brands of alcohol	8%
Cut out annual vacation	7%
None	7%

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## Country Abbreviations

AE	United Arab Emirates	IN	India
AR	Argentina	IT	Italy
AT	Austria	JP	Japan
AU	Australia	KO	South Korea
BE	Belgium	LV	Latvia
BR	Brazil	MX	Mexico
CA	Canada	MY	Malaysia
CH	Switzerland	NL	Netherlands
CL	Chile	NO	Norway
CN	China	NZ	New Zealand
CO	Colombia	PH	Philippines
CZ	Czech Republic	PK	Pakistan
DE	Germany	PL	Poland
DK	Denmark	PT	Portugal
EE	Estonia	RU	Russia
ES	Spain	SA	Saudi Arabia
FI	Finland	SE	Sweden
FR	France	SG	Singapore
GB	United Kingdom	TH	Thailand
GR	Greece	TR	Turkey
HK	Hong Kong	TW	Taiwan
HU	Hungary	US	United States
ID	Indonesia	VE	Venezuela
IE	Ireland	VN	Vietnam
IL	Israel	ZA	South Africa

## The Nielsen Global Online Consumer Survey

A twice-yearly online study, the Nielsen Online Global Consumer Confidence survey polled 25,140 consumers in 50 markets in Europe, Asia Pacific, North America and the Middle East from March 19 to April 2, 2009 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 Nielsen Company

The Nielsen Company is a global information and media company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, 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 New York, USA. For more information, please visit, [www.nielsen.com](http://www.nielsen.com)