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## News Release

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**CHINA'S CONSUMER CONFIDENCE CONTINUES TO BUILD GOING INTO 2010**

**CONFIDENCE REACHES HIGHEST LEVEL SINCE SECOND HALF OF 2007**

**GAINS LED BY CONSUMERS IN TIER 5 CITIES AND WESTERN REGIONS**

Shanghai, China – January 28th, 2010 –Chinese consumer confidence continues to strengthen, up three points in the latest survey and reaching highs not seen since the second half of 2007, according to the latest Chinese Consumer Confidence Report, which is jointly released by China Economic Monitoring & Analysis Centre (CEMAC) of the National Bureau of Statistics and The Nielsen Company.

### **Gains led by consumers in the West and in Tier 5 cities**

Consumers in the West recorded the greatest lift in optimism (+8 points), helping to close the gap in confidence between the regions. When looking at city tiers; Tier 5 consumers (i.e., consumers in smaller towns, villages, and rural areas) led the way, thanks in part to a strong food harvest at the end of 2009, along with a boost from some well-targeted government incentives. Consumers in tier 1 cities also grew more confident as their feeling toward local job prospects and the state of their personal finances improved. Confidence of consumers in tier two, three and four cities held steady in this latest survey.

### **Improved confidence, shifting priorities**

In early 2009, consumer morale was at an all time low, and 'job security' and 'the economy' were the biggest concerns. Now with less economic uncertainty as consumers head into 2010, concerns over work/life balance and health are once again more top-of-mind.

The Consumer Confidence Index (CCI) is calculated based on the level of confidence consumers have in job and financial prospects, as well as shoppers' willingness to spend over the next 12 months. This "Chinese Consumer Confidence 2010: Report Number One" was jointly prepared by The Nielsen Company and the China Economic Monitoring & Analysis Centre (CEMAC) of the National Bureau of Statistics.

Results from the "Chinese Consumer Confidence 2010: Report Number One" showed a positive turnaround compared to the same period in 2009. Results highlighted that the Chinese consumer confidence has grown fast from the economic slowdown in late 2008 / early 2009. In the largest survey of its kind, Nielsen and CEMAC researched over 3,500 shoppers across China's cities, towns and rural villages. Results show that the consumer confidence index in China has risen 16 points, to 104, over the last nine months. This jump in confidence is largely driven by the increasing trust in job markets (63% of Chinese consumers are confident about local job prospects, up 5% from the previous quarter) and the improvement in personal financial prospects (63% of Chinese consumers are confident about their personal financial situation within the next 12 months, up 4% from the previous quarter). It also has fueled a renewed willingness to spend by Chinese consumers as they head into 2010.

### **Chinese Consumers are now ready to spend more**

"Chinese Consumers' willingness to spend has increased, and the latest survey suggests that consumers have continued to regain their optimism about the economic future. This is just another sign that the economy is heading in the right direction. It also presents great opportunities for those businesses looking to drive more demand for their brands, especially during the upcoming Chinese New Year season," said Mitch Barns, Greater China President - The Nielsen Company.

The rebound in shopper confidence has not had much influence on saving habits. Over half continue to make it a high priority to put spare cash initially into savings, followed by investing it in their children's education and purchasing new clothing.

At the same time, though, "...we saw a strong rebound in consumers' willingness to spend, especially among Tier one and Tier five consumers. Tier one consumers' are more likely to be investing in stocks and bonds and planning holidays, compared to people in lower tier cities," said Barns.



Perhaps less occupied with reading travel brochures and following stock prices, shoppers in lower tier markets are more likely to be purchasing books & magazines and dining out than tier one shoppers. Tier two, three and four consumers have stronger intention to shop for new clothing.

“We also see continued strong interest in buying new technology products. With 338MM\* internet users, China is certainly experiencing a profound change in media consumption, and that is also having an impact on the formation of product and brand preferences and purchasing habits. It is estimated that 88MM\* Chinese consumers have purchased online, and almost two-thirds of these consumers bought products online within the last month. For many businesses, there is a great opportunity to increase their use of new media in order to drive faster growth in consumer demand for their brands,” said Barns.

### **Keep Moving Forward**

“At this time 12 months ago, many economies around the world were in decline and there was a lot of anxiety; consumer confidence hit an all-time low in our global index. As governments acted quickly to bail out banks and install massive stimulus programs, we started to see the first signs of recovery in our consumer measures late in Q1 and into Q2 2009, driven primarily by the emerging markets. By the third quarter, most of the world’s key markets had consumers who were feeling more positive about the future. While that optimism has continued to build as we begin 2010, many are still waiting to experience real economic improvement in their daily lives. In China, we are already seeing it to some extent, with job markets heating up and consumer sales again growing faster than GDP. Will it continue, will it be sustainable, and will inflation return to the headlines? These will be some of the key things to watch in the coming months,” said Barns.

### **About 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. The privately held company is active in approximately 100 countries, with headquarters in New York, USA. For more information, please visit, [www.nielsen.com](http://www.nielsen.com)

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