



2nd Quarter, 2010

**Global Consumer  
Confidence, Concerns  
and Spending**

A Global Nielsen  
Consumer Report

July 2010

**nielsen**  
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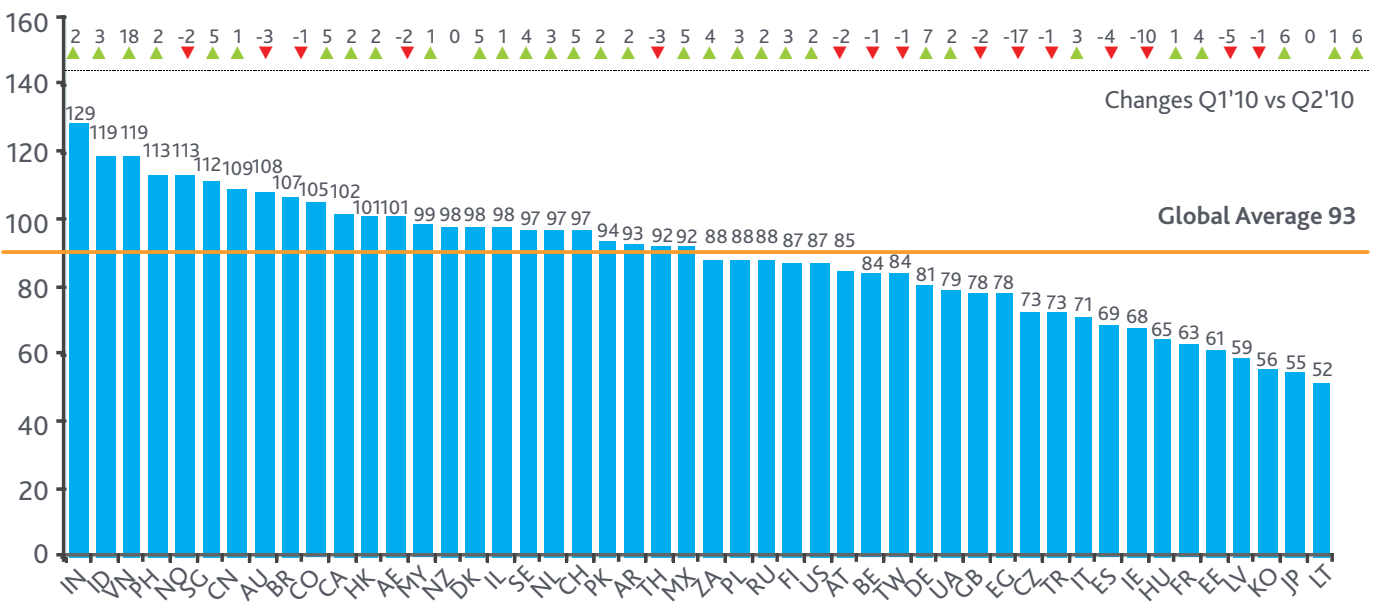
# Booming Asian markets offset escalating European concerns

- Global consumer confidence index edged up just one point to 93 from three months ago
- Six of the top 10 most optimistic nations came from Asia.
- India (129), Indonesia and Vietnam (119) were the most optimistic nations.
- Escalating European concerns battered confidence levels in Spain, Italy and France.
- Disparity in recovery sentiment is widening between developed and emerging markets.
- 58% of consumers globally say their country is in a recession now compared to 77% a year ago; 21% of those consumers say they'll be out of a recession within 12 months

Global consumer confidence cautiously edged up one index point to 93 in the second quarter as confidence increases in booming Asian markets were offset by European consumers' growing concerns of an escalating debt crisis, which battered confidence levels in Spain, Italy and France, according to the latest edition of the Nielsen Global Consumer Confidence

Index. Consumer confidence rose two points in the U.S. in Q2 to 87, where the world's largest economy continued on course for a slow, but steady climb out of the recession. Consumer Confidence Index levels above and below a baseline of 100 indicate degrees of optimism and pessimism.

2nd Quarter 2010 Nielsen Consumer Confidence Index



Source: The Nielsen Company, Global Online Consumer Confidence & Spending Survey, Q2 2010

“While the global economy is in better shape than it was nine months ago, (+7 index points compared to Q3 2009), the ongoing European debt crisis is a major setback to the global economic recovery anticipated this year,” said Dr. Venkatesh Bala, Chief Economist at The Cambridge Group, a part of The Nielsen Company. “U.S. consumers closely watched unemployment numbers, while Europeans witnessed the government implement new and in some cases, severe fiscal austerity measures amid stagnant job markets and a weakening Euro. Consumers in Western developed economies realized that the road to full economic recovery is going to take a bit longer than expected. In the ongoing weak-to-moderate growth environment, there is some risk for businesses of deflationary pressure, requiring close attention to improving pricing power through more effective deployment of media, innovation and channel marketing efforts.”

“In the U.S., consumers are still focused on repairing their household balance sheets with 45 percent allotting any remaining income (once they have covered their essential living expenses) to savings and paying off debt (37 percent),” said James Russo, Vice President, Global Consumer Insights at The Nielsen Company. “Until the labor market shows continuous improvement, consumer spending will not be sustainable.”

Nielsen’s Global Consumer Confidence Index tracks consumer confidence, major concerns and spending intentions among approximately 27,000 Internet users in 48 countries. In the latest round of the survey conducted between May 10 and May 26, 2010, consumer confidence fell in nine out of 24 European

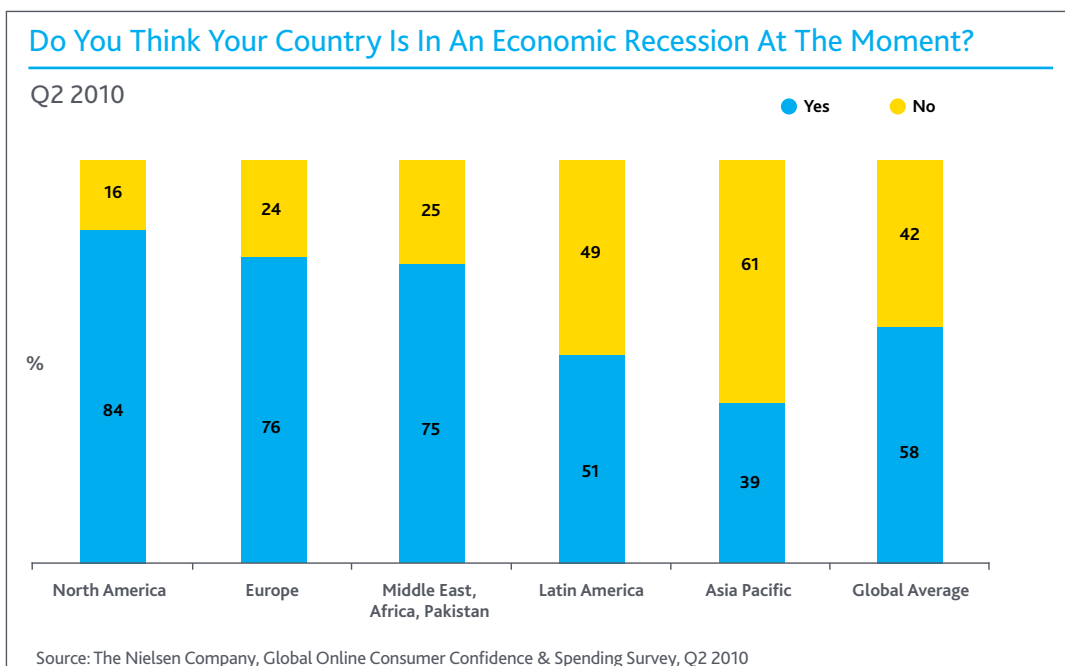
markets. The only non-European markets to post quarter-on-quarter declines were Australia, Thailand, United Arab Emirates, Taiwan, Brazil and Egypt.

### Disparity Widens Between Developing and Emerging Markets

India (129 index points), Indonesia and Vietnam (both 119 index points) were the most optimistic nations in Q2, while consumer confidence in Spain plummeted by 10 index points to its lowest level on record at 69 index points from 79 in Q1 of this year.

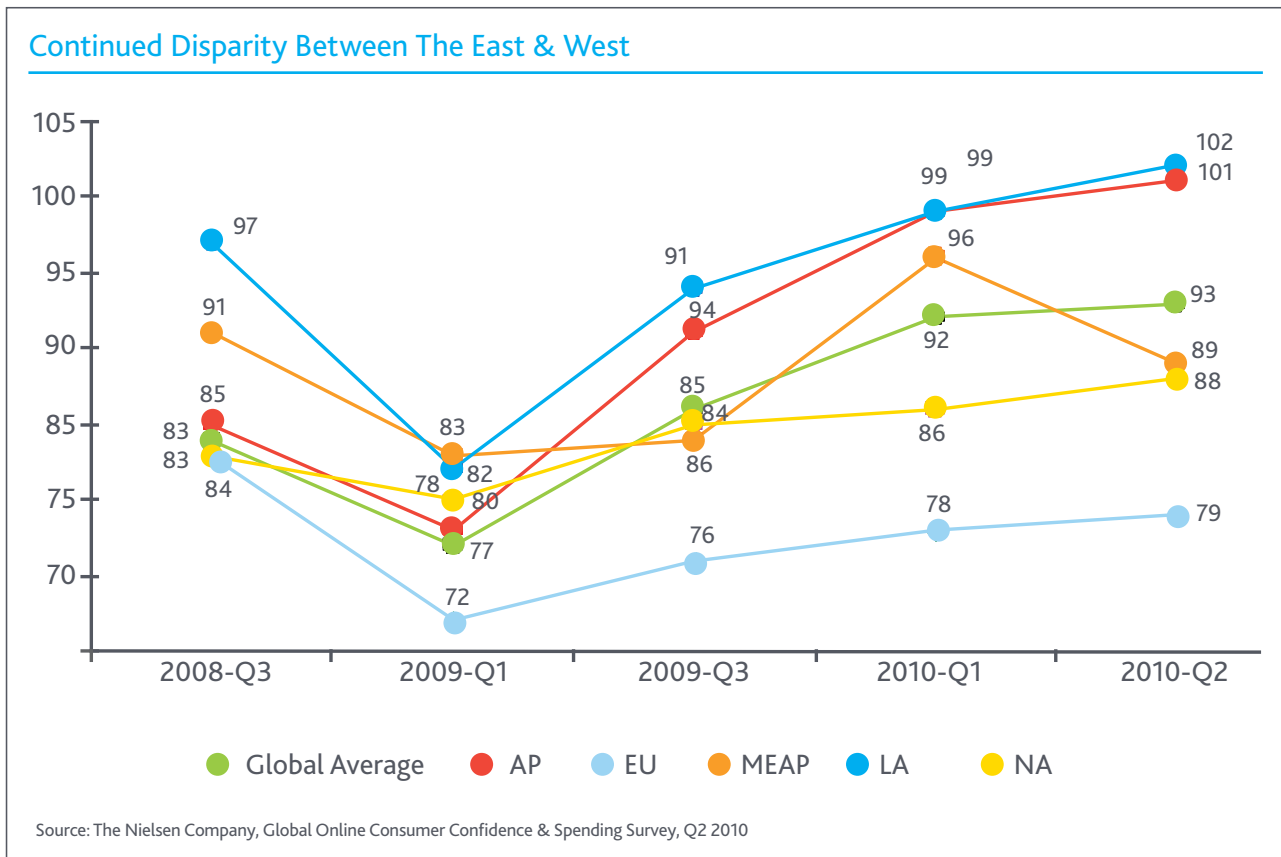
“In Asia, major economies are experiencing growth headwinds in the form of higher inflation and asset price declines. While overall growth in China, India and elsewhere in Asia will still be strong, some slowdown can be expected as governments and central banks tighten monetary and fiscal policy. Businesses therefore need to exercise more prudence in their resource allocation within Asia,” said Dr. Bala.

Globally, 58 percent of people—the same number as in the previous quarter—said they are still in recession with a disparity in recovery sentiment widening between developed and emerging markets. Thirty-nine percent of Asia Pacific consumers and 51 percent of Latin Americans said they are still in recession compared to 84 percent of North Americans and 76 percent of Europeans. Among those in recession, one in five (21 percent) global consumers thinks the recession will last another year. However, this number increases among North Americans where nearly one in four (24 percent) believes the recession will linger for more than 12 months.



"For most of 2010, the U.S. has seen improvement in the job and housing markets supporting the increases in U.S. consumer confidence, but consumers are still very much focused on value and they continue to reduce their overall shopping trips," said Todd Hale, Senior Vice President, Consumer & Shopper Insights, The Nielsen Company. "Retailers and manufacturers have responded with heightened promotional support and lower prices providing consumers with great deals. However, even with enhanced prices, consumer-packaged goods dollar and unit sales have declined in the latest three consecutive 4-week periods versus year ago."

Regionally, consumer confidence steadily climbed three index points in Latin America, two index points in Asia Pacific and North America and one index point in Europe. Latin America topped regional consumer confidence levels at 102 index points, followed by Asia Pacific (101 index points), and Middle East, Africa, Pakistan (MEAP) with 89 index points. In North America, consumer confidence reached 88 index points, while Europe lagged behind as the least confident region at 79 index points.



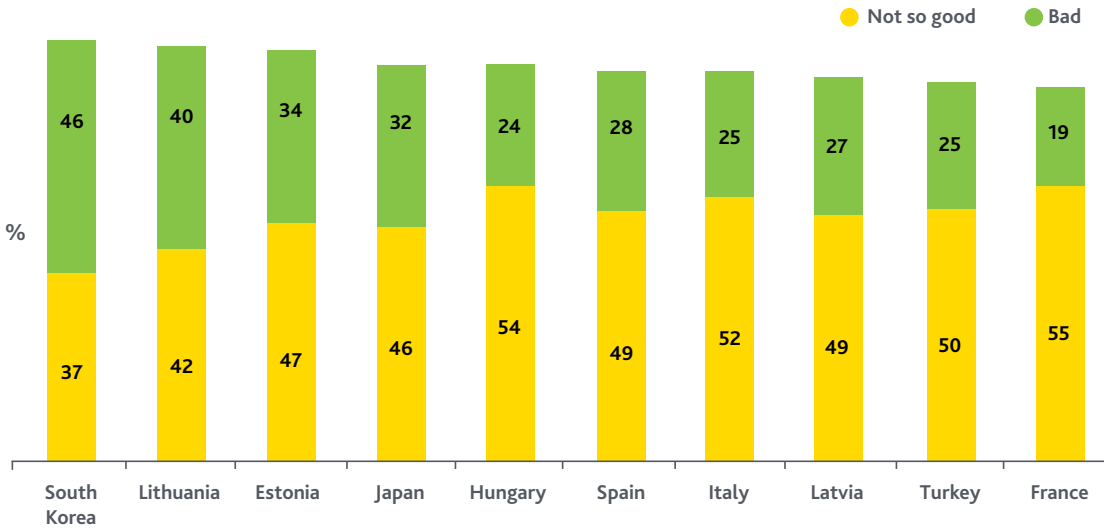
### European Debt Crisis Renews Uncertainty

While the pace of economic recovery accelerated in most Asian and Latin American markets, the spreading debt crisis in Europe resulted in consumer confidence reversing in most European markets. Consumer confidence fell in three out of the five biggest economies as European consumers came to grips with the extent of the debt crisis.

In Italy, consumer confidence retreated to its lowest level (71 index points) since Q1 2009 when it hit an all time low of 70 index points at the height of the global recession. "There is

strong evidence of a W-shaped recovery for Italy as consumer confidence in Q2 reversed back into recessionary sentiment," said Stefano Galli, Managing Director, Nielsen Italy. "High unemployment, economic stagnation and massive public spending cuts have caused consumers to further cut back on their discretionary spending and lifestyles. Budget-conscious Italians are continuing to turn to discounter shopping channels and private labels despite fast-moving consumer goods retailers and manufacturers intensifying promotions. We expect to see some signs of recovery starting from the second half of 2010."

## 8 of the top 10 Countries who Think it is a Bad Time to Buy the Things Wanted/ Needed Over the NEXT 12 Months Hail from Europe



Source: The Nielsen Company, Global Online Consumer Confidence & Spending Survey, Q2 2010

The economic situation in Spain is especially restrained, which is indicative of the 10 point index drop. With the highest unemployment in Europe (20 percent) and a reduction of government employees, Nielsen experts estimate the possibility of economic growth will move further out to 2012.

However, Germany—the region's largest economy—posted a welcomed rebound with an increase of seven index points

up to 81 from 74 index points in Q1, the highest increase in the region. In the second quarter, newly confident Germans began to open their wallets again and were among the world's top 10 discretionary spenders on clothes and out-of-home entertainment. In fact, the German job market showed a rather robust upward trend and possible sign that consumers now believe that the worst has passed.

## The Desire to Spend Varies Widely Across Countries

Once you have covered your essential living expenses, what do you do with your spare cash? I spend it on...

### Spending

Country	Category	Percentage
Germany	Apparel	41%
	Out-of-Home Ent.	39%
Russia	Apparel	62%
	Vacation	46%
Brazil	Out-of-Home Ent.	47%
	Apparel	42%

### Spend & Save

Country	Category	Percentage
Italy	Savings	37%
	Vacation	31%
China	Savings	57%
	Vacation	56%
U.K.	Savings	38%
	Vacation	34%
France	Savings	40%
	Out-of-Home Ent.	35%

### Saving

Country	Category	Percentage
India	Savings	63%
	Investing	46%
U.S.	Savings	45%
	Pay Off Debt	37%
Canada	Pay Off Debt	37%
	Savings	27%

Source: The Nielsen Company, Global Online Consumer Confidence & Spending Survey, Q2 2010

Struggling Baltic nations of Lithuania and Latvia both posted consumer confidence increases of six points each in Q2, although both remain among the most pessimistic nations in the world with low consumer confidence index scores of 52 and 56 respectively. "After two years of a deep economic recession in the Baltic countries, local financial institutions are forecasting a slow recovery at the end of 2010," said Arturas Urbonavicius, Managing Director, Nielsen Baltics.

### Brighter Asian and Latin American Prospects

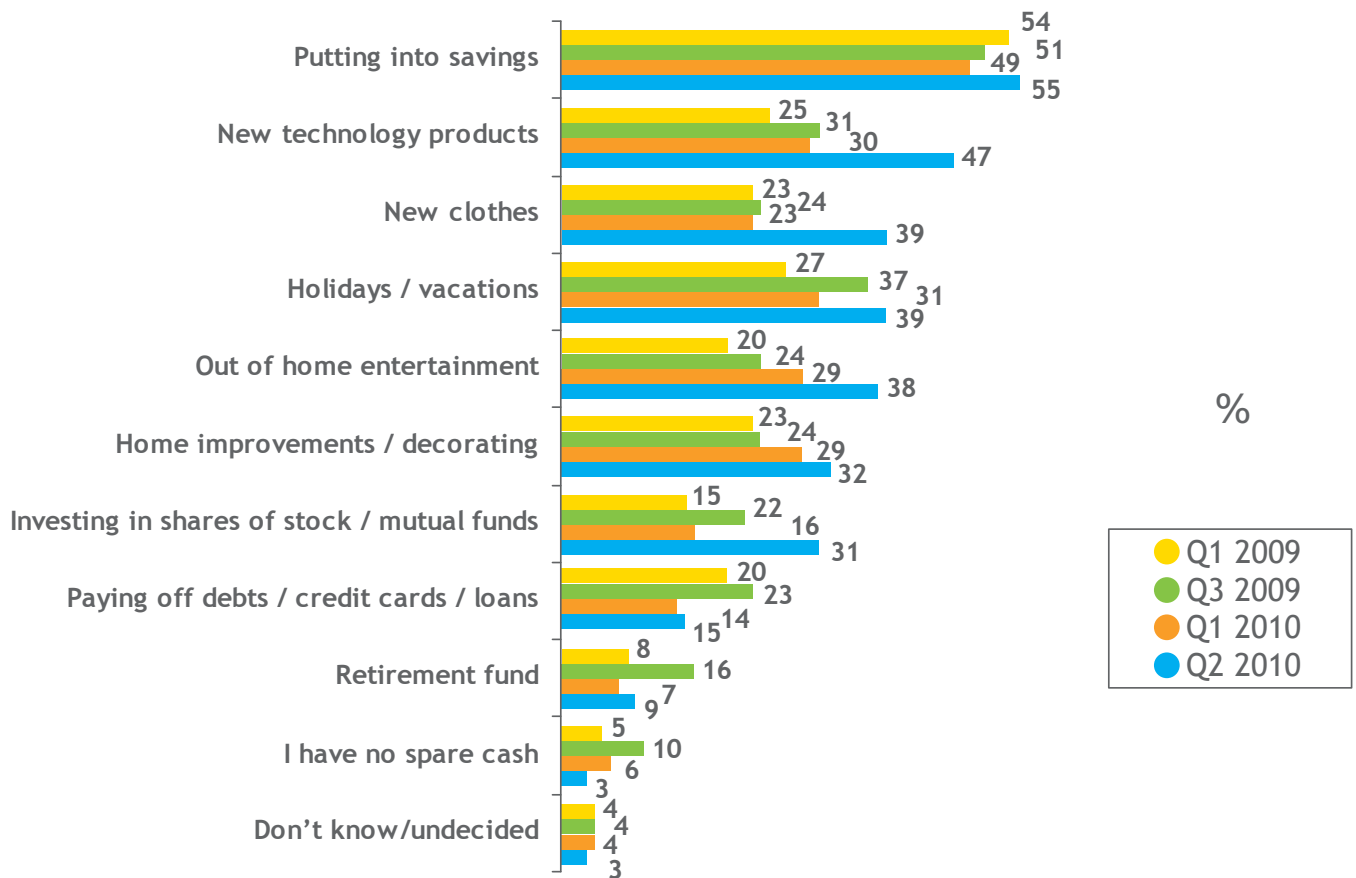
Six out of the top 10 most optimistic nations in the second quarter came from Asia and all these markets posted consumer confidence increases quarter-on-quarter. Vietnam recorded the highest consumer confidence increase in Q2 soaring 18 index points to 119, while Singapore (which recorded the highest

consumer confidence increase in Q1), posted another solid five index point gain from 107 in Q1 to 112 points in Q2.

"The enormous rise in optimism seen in the latest survey has taken 'cautious' out of Vietnam's previous footing of 'cautious optimism'," said Darin Williams, Managing Director, Nielsen Vietnam "Vietnamese consumers are ready to spend, with new technology being the focus for many after they have paid for essential living expenses."

Forty-seven percent of respondents in Vietnam stated they would spend excess cash on new technology—the highest percentage in Asia; 39 percent stated they would spend spare cash on new clothes—a huge jump from 23 percent in the last survey. In Q1, only 16 percent of Vietnamese stated they would invest their excess cash, this has increased to 31 percent in Q2.

### Vietnamese Consumers Are Ready to Spend - How Spare Cash Is Utilized After Covering Essential Living Expenses



Source: The Nielsen Company, Global Online Consumer Confidence & Spending Survey, Q2 2010

“Financial product awareness and intent to use is also rising dramatically as banks and insurance companies have increased their advertising and Vietnamese have more spare cash on their hands,” Williams added.

“In Singapore, there is a significant drop in the percentage of people who think they are in a recession—just 17 percent in Q2 versus 28 percent in Q1,” said Joan Koh, Managing Director, Nielsen Singapore. “Almost one in two feels that now is a good time to buy things. After putting spare cash into savings, Singaporeans will spend on holidays, invest in shares of stocks/ mutual funds, new clothes and pay off debts.”

Prospects also look brighter in the Philippines (113 index points), China (109 index points), and Columbia (105 index points), which all recorded consumer confidence highs in their respective markets. Economic recovery and consumer

confidence also accelerated in Mexico, which posted a consumer confidence increase of five index points compared to the first quarter of the year. “While positive shopping basket trends in Mexico and Colombia show a slow reactivation in consumption, the population is still concerned about economic and job prospects,” said Felipe Urdaneta, Managing Director, Nielsen Colombia.

Denmark (+5), Switzerland (+5), South Africa (+4) and the Netherlands (+3) also posted consumer confidence increases. For Denmark, the rise is a welcomed change for a country that has shown a steady decline, although the Danish market continues to be volatile and vulnerable. Switzerland's own currency removes them from the Euro crisis and the Swiss are now ready to spend on postponed investments, apparel, travel and electronics.

**Country Abbreviations**

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

**Region Abbreviations**

AP	Asia Pacific
EU	Europe
LA	Latin America
MEAP	Middle East, Africa, Pakistan
NA	North America

### About the Nielsen Global Consumer Confidence Survey

The Nielsen Global Consumer Confidence Survey was conducted online between May 10 and May 26, 2010 and polled approximately 27,000 consumers in 48 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 presence in approximately 100 countries, with headquarters in New York, USA. For more information, please visit, [www.nielsen.com](http://www.nielsen.com).