Global Online Consumer Confidence, Concerns and Spending Intentions
3rd Quarter, 2011
A RECESSIONARY MINDSET IS GROWING AMONG CONSUMERS

Economy re-emerges as top global concern
Global online consumer confidence declines one point to 88
U.S. consumer confidence index decreases one point to 77
Confidence declines in 11 of 18 European markets
France and Denmark report double-digit confidence declines
Brazil, Saudi Arabia and the Baltics show improvement

Global online consumer confidence fell for the seventh consecutive quarter as confidence in 31 of 56 global markets measured declined, according to third quarter global online consumer confidence findings from Nielsen, a leading global provider of insights and analytics into what consumers watch and buy.

“Third quarter was volatile and challenging for global economies and financial markets amid stagnant U.S. unemployment figures and a worsening euro zone debt crisis,” said Dr. Venkatesh Bala, Chief Economist at The Cambridge Group, a part of Nielsen. “A recessionary mindset is growing among consumers as more than half say they are currently in a recession—up four percentage points from last quarter and seven points from the start of the year. The result is continued spending restraint for discretionary expenses, which is expected to continue into the next year.”

The Nielsen Global Online Consumer Confidence Survey, established in 2005, tracks consumer confidence, major concerns and spending intentions among more than 28,000 Internet consumers in 56 countries. Consumer confidence levels above and below a baseline of 100 indicate degrees of optimism and pessimism. U.S. consumer confidence dropped one point to an index of 77. Consumer confidence also fell by one point last quarter in China from 105 to 104 and one point in Germany, Europe’s largest economy.

### A recessionary mindset is growing

| Do you think your country is in an economic recession at the moment? |
|--------------------|----------------|
| **GLOBAL AVERAGE**  |                |
| **YES**             | **NO**         |
| Q1 2011             | 55%            |
| Q2 2011             | 58%            |
| Q3 2011             | 62%            |

Source: Nielsen Global Online Consumer Confidence Survey, Q3 2011
Concerns regarding economy and job security mount

In the latest round of the survey, conducted between August 30 and September 16, 2011, the economy re-emerged as the top concern among 18 percent of online consumers around the globe. The economy last topped concerns in Q4 2010, before it was replaced by worries over increasing food prices in the first half of this year. Job security follows close behind for 14 percent of consumers, rising five percentage points from three months ago. Managing a work/life balance, increasing food prices and concerns about health round out the top five most stressful issues for respondents.

“Driven by a stalled job market and uncertainty about the future course of the global economy, concerns over job security and other economic risks rise to new heights in the third quarter in many parts of the world,” said Dr. Bala. In North America, one-in-three are concerned about the economy—up seven points from second quarter and more than one-in-10 (12%) are worried about job security—an increase of five points from three months ago.

In Latin America, concerns over job security (15%) and crime (12%) took a slight edge over the economy (11%). In Middle East/Africa, while job security retained the top spot in this region, the quarter-on-quarter increase is noteworthy—jumping nine points to 20 percent and up from 11 percent in second quarter. In Asia Pacific, the economy (18%) and job security (15%) rose eight and seven points, respectively.

Source: Nielsen Global Online Consumer Confidence Survey, Q3 2011
Future spending intentions

For the first time, Nielsen asked global respondents how they allocate their monthly budget and where they would increase or decrease spending if their budget expanded or contracted by 10 percent. "The results are very revealing," said Dr. Bala. "Overwhelmingly, there is a sense of weariness and pent-up desire for a respite; when households contemplate a 10 percent increase in budget, we see a desire to expand allocation to indulgent categories like 'pleasure travel/vacations' (+29%) and 'recreation and entertainment' (+20%). There is also a sense of economic uncertainty and a need for a safety net, so consumers also add to their 'savings/investments' (+25%)."

On the flip side, when budgets are reduced by 10 percent, discretionary spend—especially in the areas of 'apparel' (-21%) and dining out' (-18%)—are reduced. Consumers also indicated a spending cut back on 'electronics and appliances' (-14%). "If the global economic climate worsens, these three sectors appear to be particularly vulnerable," continued Dr. Bala.

In the event of having to make do with a smaller budget, respondents also indicated a reduction in savings/investment by 10 percent. "The asymmetry with expansion suggests that while respondents would like to preserve or add to their savings and investments, they also recognize that they may be bumping up against harder economic realities," said Dr. Bala.

Source: Nielsen Global Online Consumer Confidence Survey, Q3 2011
Outlook is pessimistic in the U.S. and Europe

The majority of respondents (64%) agree that now is not a good time to buy the things they want and need, with one-in-five Europeans and one-in-three North Americans reporting they have no spare cash. The outlook for consumers in these regions is more pessimistic now than it was at the height of the 2009 recession. Among those respondents who believe they are in a recession, 63 percent of Europeans and 60 percent of North Americans believe it will continue into the next year—up from 54 percent and 53 percent, respectively in Q1 2009.

“With high gas prices, food inflation, bad weather, distressed housing market, troubling government debt, weakening financial markets, and little improvement in the job market, U.S. consumer confidence dropped in the second and third quarters of 2011,” said Todd Hale, SVP Consumer & Shopper Insights, Nielsen U.S. “Unlike some other countries around the globe, U.S. consumer confidence has not shown improvement. This pattern of continued low confidence paints a picture of a slow and moderate economic recovery.”

Nielsen’s analysis shows that while consumer confidence remains in decline, affluent U.S. households have exited the recession and are shopping and spending. “The bifurcation of U.S. shopping habits shows up in retail performance among retailers who appeal to more affluent shoppers such as high-end department stores, specialty and warehouse club chains,” continued Hale. “And value retailers like dollar stores who are attracting an expanded array of shoppers, continue to post higher same-store-sales results than their peers.”

Growing belief among Europeans and North Americans that recession will continue

Do not think country will be out of an economic recession in the next 12 months

<table>
<thead>
<tr>
<th>Region</th>
<th>Q1 2009</th>
<th>Q3 2011</th>
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<tbody>
<tr>
<td>Europe</td>
<td>54%</td>
<td>63%</td>
</tr>
<tr>
<td>North America</td>
<td>53%</td>
<td>60%</td>
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Source: Nielsen Global Online Consumer Confidence Survey, Q3 2011
Asia Pacific dominates the top; Europe the bottom

Asia Pacific continues to dominate the list of most optimistic countries with seven of the top 10 highest consumer confidence scores hailing from this region. India, despite a decline of five points, retains the top spot with an index of 121, followed by Saudi Arabia, Indonesia, Brazil, Philippines, Thailand, United Arab Emirates, China, Hong Kong and Malaysia.

Hungary (37) was the most pessimistic country in third quarter, together with Portugal (40), South Korea, Romania and Croatia (49).

Asia Pacific and Latin America were the world’s most optimistic regions in the third quarter at 97 points, while Asia Pacific posted a one point regional decline from 98 points in Q2. Middle East/Africa followed closely at 96 index points with a two point quarterly gain. North America declined two points to 79 and Europe remained the most pessimistic region, remaining flat at 74 points.

Top 10 Consumer Confidence Index Countries

Source: Nielsen Global Online Consumer Confidence Survey, Q3 2011
Europe's struggling west

European nations remain among the most pessimistic. “Across the euro zone, the looming debt crisis and extreme volatility of financial markets is driving consumer confidence levels down, particularly in Portugal (40), Ireland (64), Greece (51) and Spain (56), each reporting consumer confidence index scores well below the European average of 74,” continued Dr. Bala. Several markets posted double-digit confidence declines last quarter with the largest decrease from France, dropping 13 index points to 56.

“During the summer, the European debt crisis caused a strong uncertainty among consumers, especially in France where the budget deficit is close to 5.8 percent of the GDP and the unemployment rate is close to 10 percent,” said Philippe Guerrieri, Country Manager, Nielsen France.

The Nordic region also reported a drop in confidence, with Denmark, Finland and Sweden declining in third quarter. Denmark saw the biggest decline, dropping 12 points—straying from a 97 average index performance registered since the 2009 recession. “A major factor in this latest decline is largely attributed to an uncertain economic future due to a heated national election, whereby duelling party positions resulted in one of the closest races in more than 10 years,” said Peter Schelde, Managing Director, Nielsen Denmark. “With increasing unemployment, Danes are worried for the future and are reticent to spend money.”

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8 of 10 most pessimistic countries hail from Europe

Lowest Consumer Confidence Index Countries

Source: Nielsen Global Online Consumer Confidence Survey, Q3 2011
Europe's improving east

While Western Europe experienced a challenging quarter, several Eastern European nations defied the downward trend and nine of 10 markets tracked by Nielsen enjoyed confidence rebounds. Russia, the largest economy and economic engine of Eastern Europe, posted a healthy seven point increase to an index score of 89. “Since 2008, Russian consumers have put their spending on hold and have accepted a ‘here and now’ strategy towards their global economic woes,” said Paul Walker, Group Managing Director, Nielsen Russia and North Eastern Europe. “In the third quarter, Russian respondents have strengthened confidence in the state of their personal finances, although purchasing power has not yet been fully restored and Russians remain cautious in their expectations about the future.”

While still below the European consumer confidence average, the Baltic States of Latvia (69), Lithuania (71) and Estonia (72) registered some of the biggest increases in the region, rising 12, 11 and six points, respectively. “The increase in consumer confidence is due to improving macro-economic indicators. GDP growth rates across Europe are best for the Baltic States where unemployment is gradually decreasing,” said Martti Muna, Consumer Research Manager, Nielsen Baltics. “However, as food inflation is around nine percent, shopping basket volume growth is marginal compared to last year and consumers continue to be very cautious and are opting to save rather than spend.”

Poland also rebounded from the previous two quarters of declining confidence scores and increased eight points in the third quarter to an index of 74. "Poland was the only European country that did not experience a recession in 2009, but was recently hit by economic uncertainty," said Kyriakos Kyriakou, Regional Managing Director, Nielsen Eastern Europe. "People feared for the worst because of growing unemployment and rising petrol, food and utility prices, but now they realize that fears may have been exaggerated and they are becoming more optimistic."

8 of 10 biggest consumer confidence gainers hail from Europe

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<thead>
<tr>
<th>Country</th>
<th>Gain</th>
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<tbody>
<tr>
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<td>Russia</td>
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<td>Estonia</td>
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Source: Nielsen Global Online Consumer Confidence Survey, Q3 2011
Mixed results in Latin America

Latin America’s largest economy, Brazil, continues to lead the region with a reported consumer confidence index score of 112 in the third quarter. “With consistently above average consumer confidence index scores, Brazilian consumers maintain an optimistic viewpoint despite recent reports of a potential economic slowdown amid a slide in economic activity,” said Eduardo Ragasol, General Manager, Nielsen Brazil. “Consumers are confident due to the overall positive employment conditions. However, consumers are indebted and cautious to further expand current leverage levels. Durables, cars and goods heavily dependent upon credit may suffer a contraction versus the previous year.”

Venezuela (75), Chile (85) and Argentina (88) reported a decline in consumer confidence in the third quarter, while Colombia (90) and Mexico (83) increased one and three points, respectively. Peru held steady with an index score of 99 for two straight quarters.

“In Venezuela, a decline in optimism is the result of reduced consumption caused by the restriction of imported goods and the expropriation of companies, factories and lands,” said Martha Giraldo, Client Service Director, Nielsen Venezuela. “Additionally, currency restrictions by the government have reduced an external investment in the country.”

“In Argentina, there are signs of decelerated consumption growth and high inflation rates,” said Gustavo Mallo, Country Manager, Nielsen Argentina. “Additionally, in this election period, there is fear and uncertainty among consumers because the overall context could produce deep deceleration in macroeconomic indicators.”

Latin America Consumer Confidence Index

Source: Nielsen Global Online Consumer Confidence Survey, Q3 2011
Asia Pacific savers and investors

Asia Pacific continues to deliver solid consumer confidence results despite a one-point index decline regionally in the third quarter to a score of 97. The region boasts the largest percentage of savers, with 61 percent indicating that they plan to put spare cash into savings compared to the global average of 46 percent. One-in-three Asia Pacific online consumers also plan to invest in stocks/mutual funds—almost double the global average of 18 percent.

India has reported the highest consumer confidence index score for seven straight quarters. Prior to that, only Indonesia or Norway had occasionally taken the number one spot from India. Despite the overall positive economic conditions in Asia Pacific, 10 of the 14 countries measured reported declines from three months ago. Singapore and Malaysia saw the biggest confidence declines of nine points each.

“Singaporean consumers turned into a more pessimistic group over the third quarter due to a confluence of factors,” said Joan Koh, Managing Director, Nielsen Singapore. “These include the prospect of a more pronounced global macroeconomic malaise, continuing inflationary pressures and the subtle shift in local politics. Consumers have also witnessed the higher volatility in asset prices, which contributed to a higher level of uncertainty about how to protect their wealth.”

“In Malaysia, the drop in consumer optimism echoes the discouraging economic data released during the quarter,” said Kow Kuan Hua, Managing Director, Nielsen Malaysia. “The majority of fast-moving consumer goods categories tracked by Nielsen also showed a month-on-month decline in sales value in September, reflecting consumers' 'wait-and-see' attitude. Fourth quarter results will show if this is a one-time slowdown or otherwise. For now, consumers are deferring plans to purchase discretionary items such as major durable goods and are starting to become more concerned about job prospects and the unabating inflationary pressures.”

Asia Pacific consumers are savers/investors

"GLOBAL AVERAGE" PUT INTO SAVINGS ASIA PACIFIC

46% 61%

18% 33%

INVEST IN STOCKS/ MUTUAL FUNDS

Source: Nielsen Global Online Consumer Confidence Survey, Q3 2011
Middle East/Africa concerns

Following close behind India, confidence in Saudi Arabia rose 13 points in the third quarter to an index of 120. "In Saudi Arabia, state spending, bolstered by high oil prices and a boost in crude oil output remains a central driver of economic activity," said Arslan Ashraf, Managing Director, Nielsen Saudi Arabia. "The surge in Saudi consumer optimism comes as the impacts of the massive budget allocations and increases in public spending announced earlier this year by the government begin to trickle down, reaching the average citizen. The aggressive job nationalization program announced at the end of the second quarter combined with generous handouts, salary increases, housing loans, and welfare programs has translated to improved personal finances and promising job prospects for Saudi consumers."

Egypt also reported an increase in consumer confidence in the third quarter, rising five index points to 97. And despite a five point dip in confidence from three months ago, United Arab Emirates’ index of 105 exceeds the regional average of 96. Pakistan (86) and South Africa (78), posted the lowest confidence scores in the region, declining two and eight points, respectively. While concerns about job security and the economy top the issues most distressing to consumers throughout the region, other worries vary. Concerns about political stability in Egypt, rising food prices in Saudi Arabia, crime in South Africa and parent’s/children’s welfare in Pakistan are also fears.

Putting spare cash into savings is a top priority throughout the region, with consumers in United Arab Emirates the most diligent savers as over half (54%) indicate they plan to save. Paying down debts is also important in UAE, South Africa and Saudi Arabia. One-in-three Egyptians and one-in-four Pakistanis plan to spend spare cash on new clothes and new technology, respectively.

Source: Nielsen Global Online Consumer Confidence Survey, Q3 2011
Global Online Consumer Confidence Survey

56 Countries – 3-Month Trend
Q3 2011 Nielsen Consumer Confidence Index

Source: Nielsen Global Online Consumer Confidence Survey, Q3 2011

*Chile, Peru and Venezuela are new markets in Q2 2011. Japan and Pakistan did not field in Q1 2011 due to insufficient sample.
Country abbreviations:
Argentina  AR
Australia  AU
Austria  AT
Belgium  BE
Brazil  BR
Canada  CA
China  CN
Chile  CL
Colombia  CO
Croatia  HR
Czech Republic  CZ
Denmark  DK
Egypt  EG
Estonia  EE
Finland  FI
France  FR
Germany  DE
Greece  GR
Hong Kong  HK
Hungary  HU
India  IN
Indonesia  ID
Ireland  IE
Israel  IL
Italy  IT
Japan  JP
Latvia  LV
Lithuania  LT
Malaysia  MY
Mexico  MX
Netherlands  NL
New Zealand  NZ
Norway  NO
Pakistan  PK
Peru  PE
Philippines  PH
Poland  PL
Portugal  PT
Romania  RO
Russia  RU
Saudi Arabia  SA
Singapore  SG
South Africa  SA
South Korea  KO
Spain  ES
Sweden  SE
Switzerland  CH
Taiwan  TW
Thailand  TH
Turkey  TR
United Arab Emirates  AE
Great Britain  GB
Ukraine  UA
United States  US
Venezuela  VE
Vietnam  VN

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

About the Nielsen Global Online Survey
The Nielsen Global Online Survey was conducted between August 30 and September 16, 2011 and polled more than 28,000 consumers in 56 countries throughout Asia Pacific, Europe, Latin America, the Middle East, Africa and North America. 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 ±0.6%. This Nielsen survey is based on the behavior of respondents with online access only. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60 percent Internet penetration or 10M online population for survey inclusion. The Nielsen Global Online Survey, which includes the Global Online Consumer Confidence Survey, was established in 2005.

About Nielsen
Nielsen Holdings N.V. (NYSE: NLSN) 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 properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands. For more information, visit www.nielsen.com.

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