



consumer insight

## Consumer Confidence, Concerns and Spendings in the Nordics - 3rd Quarter, 2009

Consumer confidence in the Nordics is on the rebound, with the Consumer Confidence Index increasing in Norway, Sweden and Finland. Denmark has a slight drop, but is still one of Europe's most optimistic nation, together with Norway. Overall, the Nordic consumers are more confident than the rest of Europe, with more positive outlooks regarding the state of their personal finances and their willingness to spend. However, major fear over jobs remain.



### How is the Consumer Confidence Index calculated?

We ask consumers three questions and used these to calculate the Nielsen Consumer Confidence Index:

- 1- Do you think job prospects in the next 12 months will be:
- 2- Do you think the state of your own personal finances in the next 12 months will be:
- 3- Considering the cost of things today and your own personal finances, would you say at this moment the time to buy the things you want and need is:

The scale of answers to all three questions is:  
Excellent, Good, Not so good or Bad.

The responses to each question are allocated a score between 0 for Bad and 200 for Excellent.

The average, neutral sentiment is set between Good and Not so Good, and has an index of 100.

The minimum possible value a question can return is 0, if all respondents answer Bad. The maximum possible value attained is 200 if all respondents answer Excellent. Each question is scored individually and an average of the 3 questions gives the final Consumer Confidence Index.

Other questions are asked as part of the survey but do not contribute to the actual index.

The Nielsen Global Consumer Confidence Survey was conducted between 28 September - 16 October 2009 among 30,600 consumers in 54 markets from Europe, Asia Pacific, North America and the Middle East. This edition summarises the results for the Nordic countries.

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## Nordic Consumer Confidence

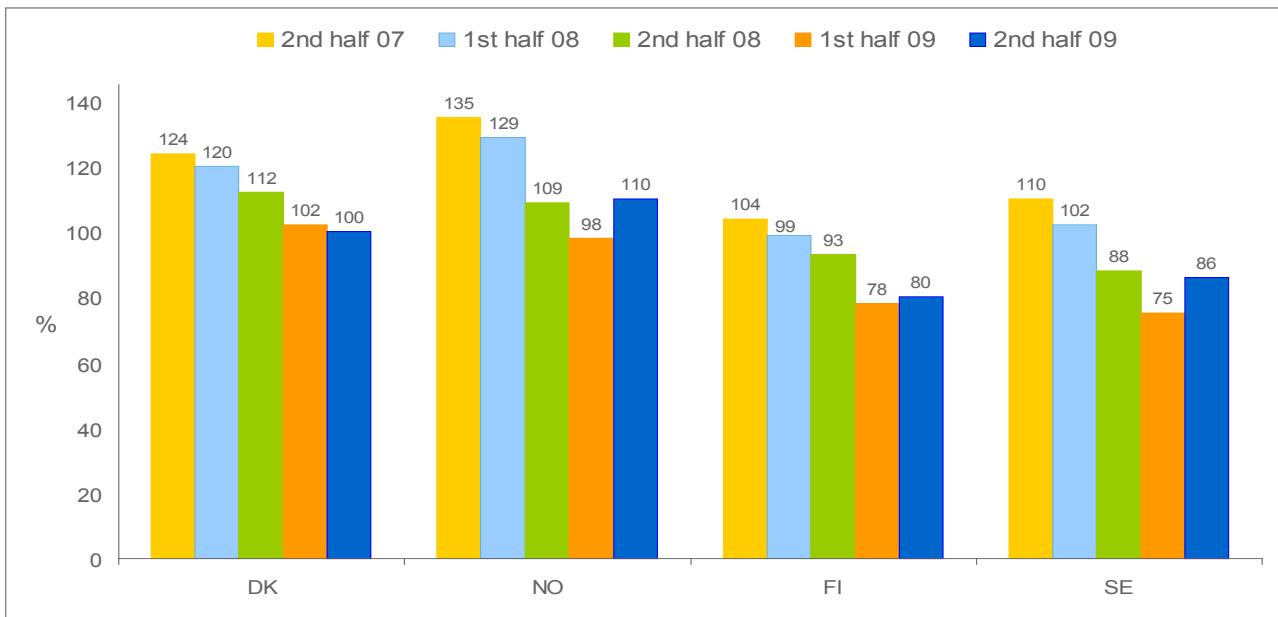
Consumer confidence in Europe climbed five index points to 76 between April and October 2009, but still remained 10 index points below the global average of 86 points according to the latest edition of the Nielsen Global Consumer Confidence Survey.

In the Nordics, Norway and Sweden are posting double-digit increases in consumer confidence, while Denmark has a slightly lower consumer confidence index versus six months ago.

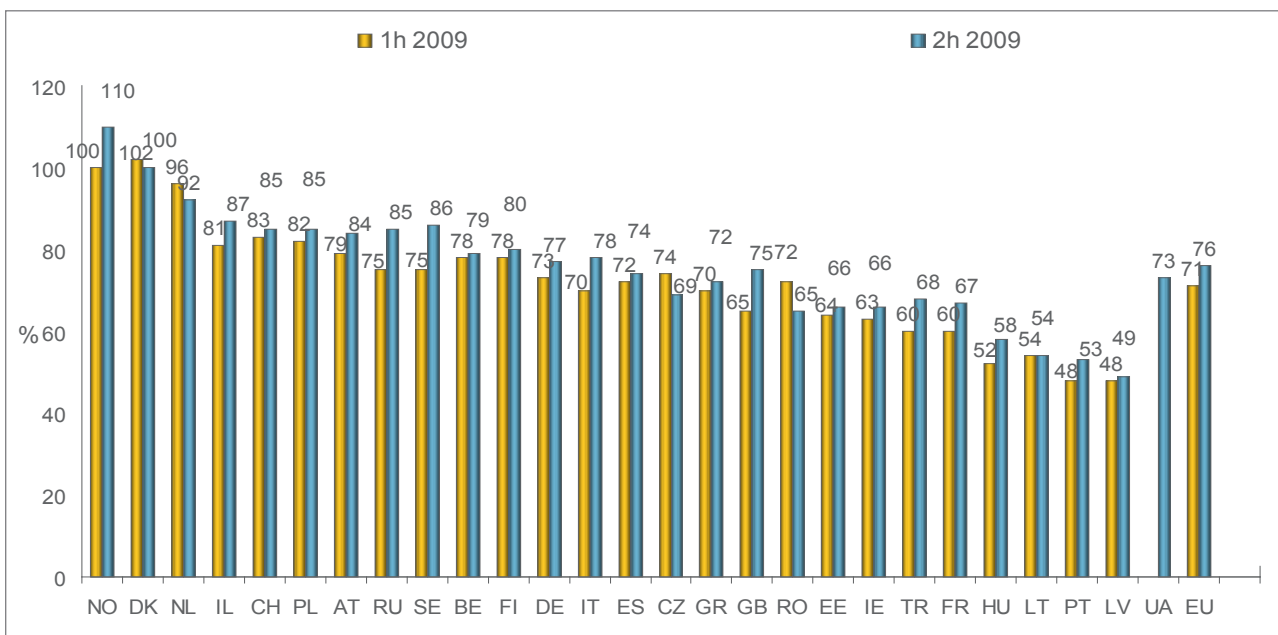
Finland has a slight increase but the lowest consumer confidence index in the Nordics, compared to the last Survey in April 2009.

Overall, Nordic consumers are more confident than the rest of Europe, with more positive outlooks regarding the state of their personal finances and their willingness to spend.

### Consumer Confidence Index in the Nordics



### Europe: Consumer Confidence Index climbed five index points



Source: Nielsen – Global Online Survey October 2009 Consumer Confidence

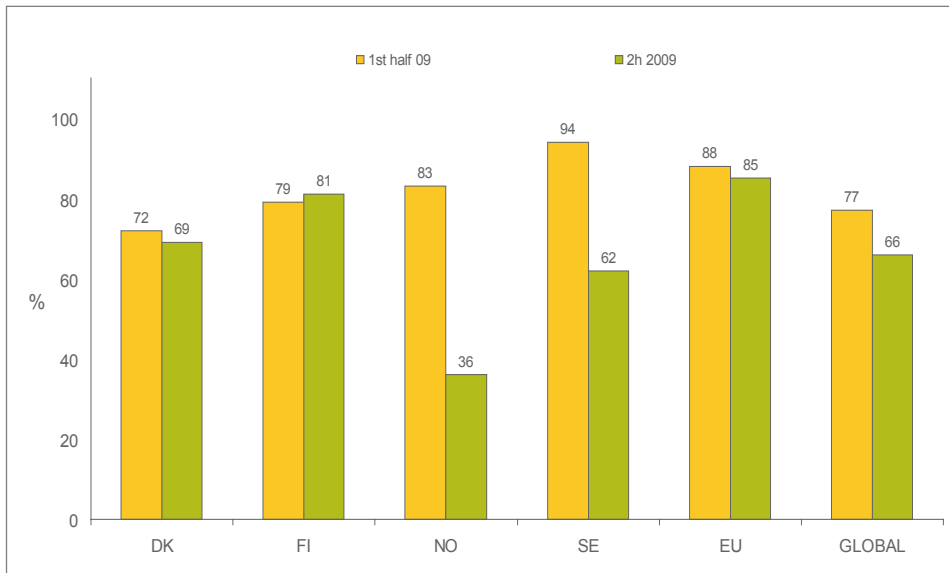
## Recession

85 percent of the European consumers think their economy is in recession, compared to a global average of 66 percent. The one exception in Europe is Norway where 64 percent of the consumers thought their economy not currently in a recession.

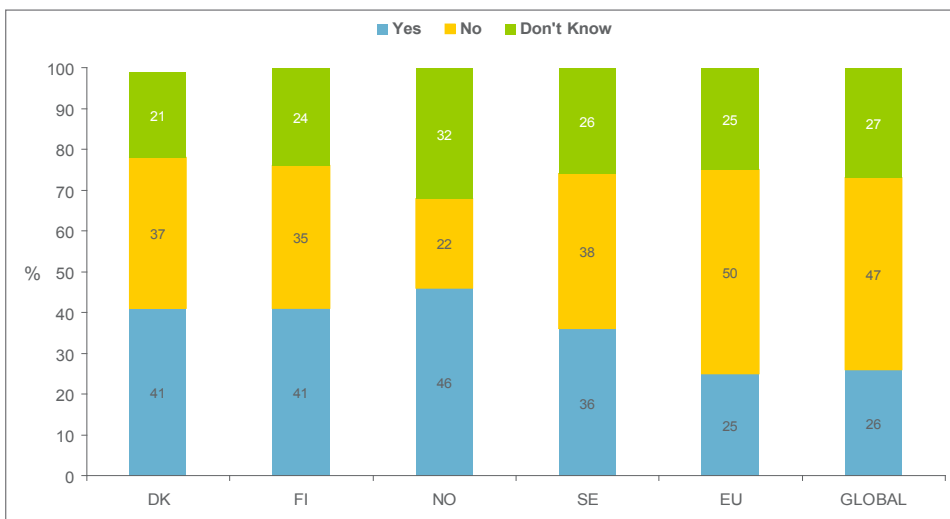
Even though the Nordic countries are the most optimistic nations in Europe when thinking beyond the recession, they are still uncertain about the future.



% who believe their country is in an economic recession at the moment, compared to six months ago



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



Source: Nielsen – Global Online Survey October 2009 Consumer Confidence

## Personal Finances

The Nordic countries top the European rankings for the most positive nations regarding their personal finances and their willingness to spend. On a Nordic average, 66 percent feel that the state of their personal finances will be 'good' or 'excellent', up two points since April.

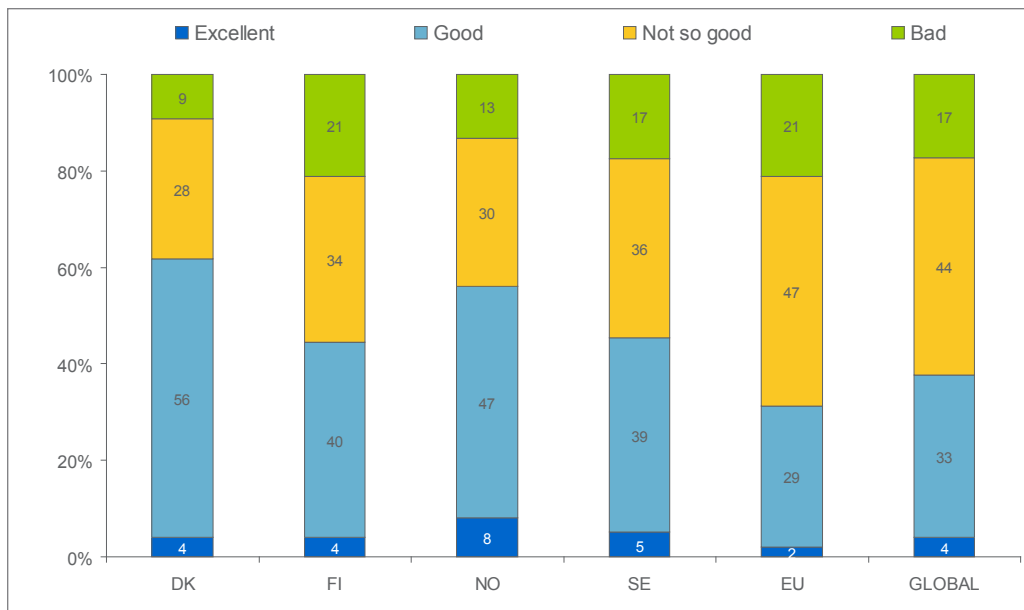
Considering costs today, and their personal finances, 51 percent of the Nordic consumers say it is a 'good' or 'excellent' time to buy the things they want and need. This is much higher than the European average.

## Job Prospects

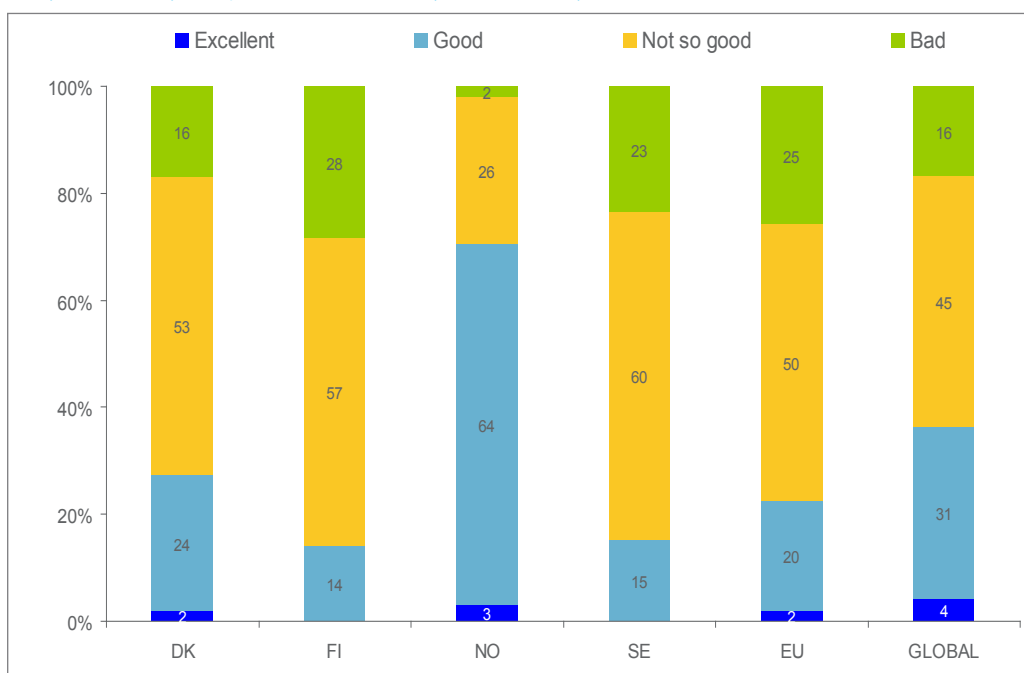
The Norwegians are the exception in the Nordics when it comes to job prospects. 64 percent of the Norwegians believe job prospects will be 'good' or 'excellent' over the next twelve months, compared with 30 percent in April.

Sweden and Denmark have a very low perception of job prospects for the next 12 months, and Finland even lower. However, on a Nordic average 17 percent now think job prospects will be 'bad' compared with 26 percent in April.

### Perceptions of good or bad time for people to buy the things they want and need over the next 12 months



### Do you think your job prospects in your country over the next 12 months will be...?



## Major Concerns

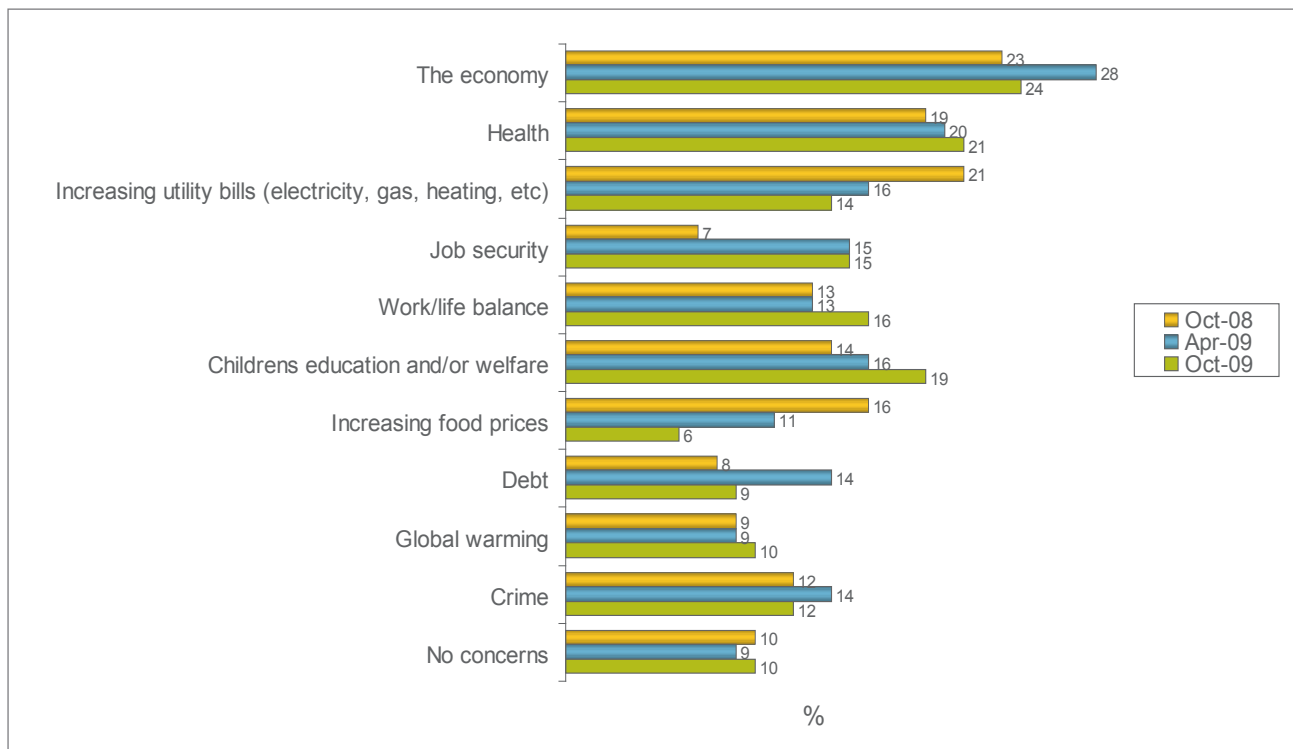
While Nordic consumers continue to voice concern about the economy and health, many have started to focus on other issues.

Issues such as work/life balance and childrens education and/or welfare both increased by three percentage points in October compared with six months ago.

### What is your major (biggest and second biggest) concern over the next six months

	Den mark		Finland		Norway		Sweden	
	Apr 09	Oct 09	Apr 09	Oct 09	Apr 09	Oct 09	Apr 09	Oct 09
The economy	24%	21%	34%	23%	20%	19%	33%	28%
Increas ing utility bills	9%	9%	25%	21%	10%	12%	18%	15%
Health	17%	14%	23%	25%	21%	20%	20%	23%
Childrens' education and/or welfare	15%	23%	15%	17%	19%	14%	16%	21%
Work/life balance	13%	13%	12%	16%	12%	14%	13%	19%
Increas ing food prices	7%	7%	17%	8%	9%	3%	11%	5%
Crime	24%	15%	6%	7%	13%	14%	11%	12%
Global warming	9%	12%	6%	8%	10%	12%	10%	9%
Debt	8%	7%	10%	13%	10%	12%	3%	5%
Increas ing fuel prices	2%	2%	2%	5%	4%	3%	5%	4%
Job security	12%	18%	15%	15%	15%	14%	17%	14%
No concerns	11%	10%	7%	5%	12%	14%	7%	10%

### Major concerns over the next six months - Nordic average



## Spending Intentions

Sentiment towards economic recovery remains moderate, and with it, consumer spending. When it comes to utilising spare cash, financial security is still a priority, with 42 percent of the Nordic consumers preferring to put their spare cash into savings. Paying of debt, credit cards and loans held flat compared to the last survey (23 percent).

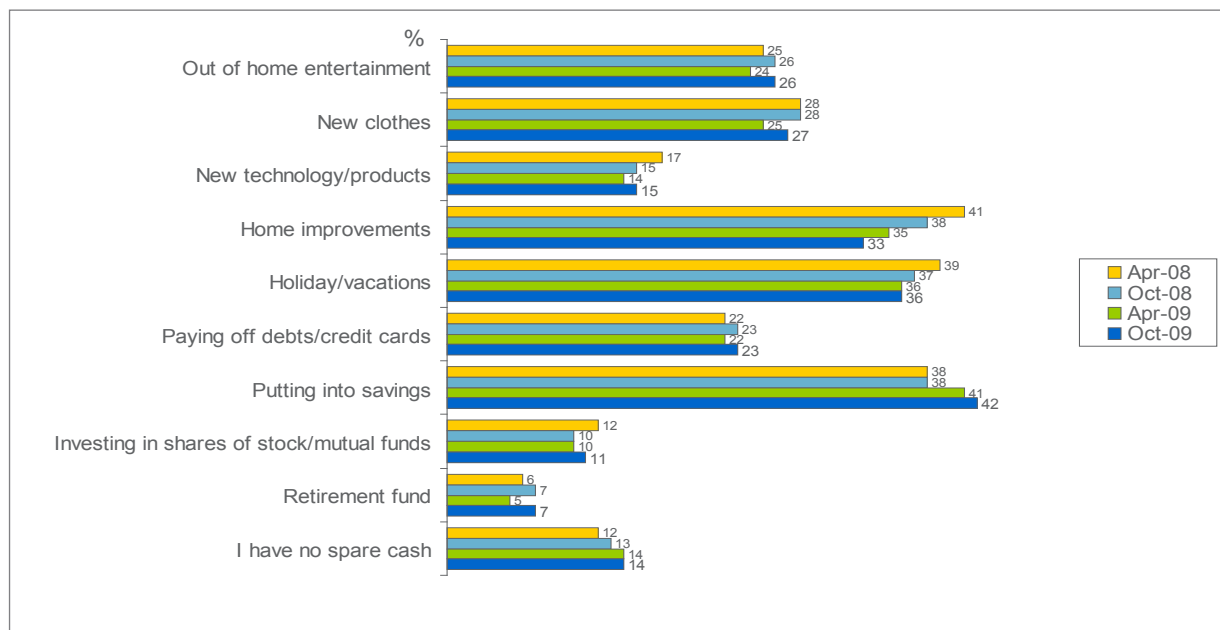
When it comes to spending, holidays/vacations is the top category (36%) followed by home improvements (33%).



Once you have covered your essential living expenses, which of the following statements best describes what you do with your spare cash?

	Denmark		Finland		Norway		Sweden		European average
	Apr 09	Oct 09	Apr 09	Oct 09	Apr 09	Oct 09	Apr 09	Oct 09	Oct 09
Out of home entertainment	34%	32%	18%	20%	17%	25%	26%	27%	29%
New clothes	34%	28%	20%	24%	20%	27%	26%	29%	34%
New technology/products	18%	14%	12%	14%	12%	13%	15%	19%	21%
Home improvements	37%	40%	30%	23%	32%	31%	41%	38%	29%
Holidays/vacations	32%	32%	38%	34%	38%	43%	35%	34%	30%
Paying off debts/credit cards	15%	18%	29%	27%	25%	26%	18%	22%	28%
Putting into savings	36%	41%	38%	33%	44%	47%	44%	47%	37%
Investing in shares of stock/mutual funds	7%	4%	12%	11%	6%	12%	13%	15%	7%
Retirement fund	6%	10%	5%	6%	2%	4%	7%	9%	10%
I have no spare cash	12%	14%	14%	18%	14%	12%	14%	13%	16%

### How to utilise spare cash after covering essential living expenses - Nordic average



Source: Nielsen – Global Online Survey October 2009

## Changing spending habits

To save on household expenses, the following said that they have changed their spending habits:

Finland: 43% (+ 4% compared to April Survey)

Sweden: 38% (- 7%)

Norway: 37% (- 3%)

Denmark: 36% (+ 5%)

When asked how they cut down on spending in order to stay within the budget, the top answer on a Nordic average was spend less on new clothes (52%) followed by switch to cheaper grocery brands (49%).

Habits that consumer felt they were likely to maintain once the economic crisis has passed, was saving on utility bills, switch to cheaper grocery brands and cut down on takeaway meals.

### Actions taken to save on household expenses (of those who said they have changed their spending habits)

	Denmark		Finland		Norway		Sweden	
	Apr 09	Oct 09	Apr 09	Oct 09	Apr 09	Oct 09	Apr 09	Oct 09
Spend less on new clothes	38%	47%	51%	57%	54%	54%	55%	50%
Try to save on gas and electricity	47%	43%	51%	41%	48%	48%	38%	31%
Cut down on out-of-home entertainment	37%	47%	33%	41%	42%	40%	37%	39%
Delay upgrading technology	35%	30%	31%	35%	38%	41%	36%	39%
Cut down on take-away meals	50%	49%	40%	43%	38%	39%	40%	42%
Switch to cheaper grocery brands	40%	51%	58%	65%	47%	46%	35%	34%
Use my car less often	13%	18%	34%	32%	24%	23%	28%	32%
Cut down on holidays / short breaks	5%	13%	31%	42%	35%	30%	20%	30%
Delay the replacement of major household items	28%	26%	37%	40%	24%	27%	26%	24%
Cut down on telephone expenses	21%	27%	23%	23%	21%	21%	26%	33%
Cut out annual vacation	16%	23%	9%	16%	17%	10%	13%	21%
Look for better deals on home loans, insurance, credit cards	21%	21%	18%	12%	22%	21%	23%	25%
Cut down on at-home entertainment	14%	14%	22%	16%	17%	11%	16%	17%
Cut down on or buy cheaper brands of alcohol	16%	20%	19%	29%	20%	23%	13%	17%
Cut down on smoking	7%	8%	6%	9%	9%	7%	11%	12%
I have taken other actions not listed above	19%	17%	21%	20%	23%	22%	18%	24%

### When economic conditions improve, what will you continue to save on?

	Denmark	Finland	Norway	Sweden
Spend less on new clothes	13%	24%	17%	14%
Try to save on gas and electricity	35%	35%	41%	24%
Cut down on out-of-home entertainment	15%	13%	9%	7%
Delay upgrading technology	4%	11%	10%	6%
Cut down on take-away meals	33%	25%	28%	24%
Switch to cheaper grocery brands	28%	44%	26%	17%
Use my car less often	14%	23%	14%	20%
Cut down on holidays / short breaks	2%	11%	8%	5%
Delay the replacement of major household items	6%	11%	6%	5%
Cut down on telephone expenses	18%	11%	17%	19%
Cut out annual vacation	6%	4%	2%	4%
Look for better deals on home loans, insurance, credit cards	14%	7%	15%	15%
Cut down on at-home entertainment	2%	6%	4%	4%
Cut down on or buy cheaper brands of alcohol	11%	19%	13%	6%
Cut down on smoking	8%	8%	6%	8%
Other actions not listed above	21%	22%	25%	22%

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