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News Release

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CONSUMER SENTIMENT IN ASIA AND BRAZIL POINT TO BOOST IN GLOBAL ECONOMIC RECOVERY ACCORDING TO LATEST NIELSEN GLOBAL CONSUMER CONFIDENCE SURVEY

Confident Asians Increase Investments in Stock Market and Funds; Spending on Out-of-home Entertainment, Holidays and New Clothes Also Rebounding

India, Indonesia and Brazil Are Most Confident Nations Heading into 2010; South Korea and Japan, Least Confident

Overall Global Consumer Confidence Remains Cautiously Optimistic

New York, NY – January 6, 2010 – An increase in consumer confidence in Asian markets, as well as Brazil, continues to reflect signs that the economy is emerging from a global recession and, in some markets, the recovery is accelerating, according to the latest Nielsen Global Consumer Confidence Index released today. Results of the Nielsen survey showed that confidence gains in markets recovering fastest from recession – including Hong Kong, China, Singapore, India and Brazil – have fueled renewed willingness to spend by many consumers as they head into 2010. More consumers are increasing savings and stock market investments, as well as spending more on “luxuries” such as entertainment, clothes, and vacations. The Nielsen survey, which tracks consumer confidence, major concerns and spending habits, was conducted among more than 17,500 Internet users in 29 markets between December 4 -18, 2009.

While eight of the top 10 most confident markets in the fourth quarter of 2009 came from Asia Pacific, including emerging markets Indonesia (ranked 1st) and India (ranked 2nd), consumers in two of Asia’s most developed markets, South Korea and Japan, were the least confident. Brazil (ranked 3rd) and Canada (ranked 10th) were the only countries outside of Asia to make the top 10. Hong Kong recorded the highest consumer confidence increase for the second consecutive quarter in Q4 – up seven index points from 93 in Q3 2009 to 100 (on a scale of 0 to 200 Index points) in Q4. Confidence in Hong Kong rose a total of 21 points since June 2009.



Globally, between June and December last year, the Nielsen Global Consumer Confidence Index rose five points from 82 to 87.

“The Nielsen survey shows that in the past six months, consumers have become more optimistic about their countries emerging from recession with better job prospects and personal finances. This is another sign that global recovery is heading in the right direction,” said James Russo, Vice President, Global Consumer Insights, The Nielsen Company. “However, while purse strings may be loosening in some markets, there is clearly a big difference in the pace of expected recovery between the emerging and developed markets, and consumers’ increased confidence is not yet translating into a widespread readiness to start spending.”

Recession Perception

Eighty-three percent of Chinese, 73 percent of Hong Kong consumers and 60 percent of Singaporeans surveyed said they came out of recession in Q4 2009 – in sharp contrast to more than 90 percent of consumers in Mexico, the U.S., UK, Ukraine, Spain and Turkey, who felt their economies were still deep in recession in the last quarter of the year.

Although Spain has one of the highest percentages of consumers who still believe they are in a deep recession, Spanish consumers are hopeful of recovery by the end of the year – 28 percent think they will be out of recession by this time next year, along with 23 percent of the UK’s consumers. Europe recorded the steadiest growth rates towards recovery – no major European market recorded a consumer confidence decline in Q4. The percentage of Germans who said they’re in recession dropped from 85 percent in June to 71 percent in December, and one in four consumers expects to be out of recession by the end of 2010. “Slow but steady is Europe’s mantra towards recovery in 2010,” said Russo.

In December 2009, the U.S. topped global rankings as the country most concerned about the economy – 47 percent of U.S. consumers cited the economy as their first or second concern. Consumers in Canada are becoming more optimistic about emerging from recession. While 70 percent of Canadians believed their country was still in recession in Q4, this was down from 85 percent in June.

“It’s going to take a lot for the U.S. consumer to come fully off the sideline as skepticism remains high regarding a recovery,” said Russo. “With a weak, but improving labor market, record foreclosures, and tight credit, the consumer has a lot to work through before a sustained recovery is seen.”

In Taiwan, which followed Hong Kong with the second biggest confidence gain of six index points (from 71 to 77 points), the stock market and property market show positive signs of rebounding. Most of the optimism is driven by expected wage increases in 2010, which will in turn drive domestic consumption. “In Q4, Taiwanese consumers finally felt that they are coming out of recession. Salary



levels have been stagnant for the past few years so news of wage increases led by the electronics and financial sectors is generating newfound optimism for the Taiwanese,” said Russo.

This is in sharp contrast to the United Arab Emirates which posted the biggest fall in consumer confidence (from 102 points in Q3 to 92 in Q4) – a result of the Dubai financial meltdown last year. “The Dubai economy and its consumers have been riding a volatile roller coaster ride in the past 18 months,” said Russo. “Despite the 10 index point fall in Q4 2009, however, consumers remain optimistic that the downturn will be over by the end of 2010.”

Consumers in Japan and Korea also became more pessimistic about their economies in Q4. More consumers in Japan believed they were in recession in Q4 than in Q3 (88 percent in Q4 compared to 80 percent in Q3) as the Japanese economy grew at a slower rate than expected and consumers remain concerned about rising unemployment rates and deflation.

Among South Koreans, 86 percent said their country was in recession in Q4 compared to 82 percent in Q3, and 47 percent of Koreans do not expect to be out of recession within a year compared to 41 percent in Q3.

“While Asian economies continued to pull the rest of the world out of recession, confidence in two of the world’s largest markets reversed slightly in Q4, and Japanese and South Korean consumers have extended their expectations of full economic recovery beyond 2010,” said Russo.

Global Consumers More Optimistic About Personal Finances

Nearly one in two (48 percent) of all global consumers surveyed said their personal financial outlook for 2010 will be excellent or good compared to 43 percent last June. Indonesians are the most optimistic consumers about their personal finances with 27 percent describing their 2010 financial outlook as excellent. India and Brazil follow with 12 percent and 10 percent respectively saying their financial outlook is excellent.

Asia is also leading the way in increased discretionary spending. Chinese consumers topped global rankings (in discretionary spending) for investing in stocks and mutual funds (57 percent) and new technology products (44 percent), and are ranked second globally for spending on new clothes (53 percent) and holidays (50 percent). Hong Kong consumers are also opening their wallets more and continuing to spend on out-of-home entertainment, new clothes, new technology and holidays. Between June and December last year, Hong Kong consumers increased their spending on out-of-home entertainment and new clothes by 12 percent, and are also increasing their savings and investments in the stock market as they pull out of recession.



Chinese consumers and Singaporeans are most likely to spend on holidays in the first half of 2010. “Spending on holidays and vacations in Hong Kong and Singapore rose almost 10 percent between June and December last year,” said Russo. “Asian consumers cut their travel and holiday budget quite drastically during the downturn, so this year they’re planning on taking that delayed, well-earned vacation.”

However, in India, where food accounts for 58 percent of household expenditure compared with only 10-15 percent in the wealthiest Western countries, rising food prices are becoming a major concern and affecting Indian consumers’ spending power. “Although the Indian economy is expected to grow in 2010, India has experienced a bad monsoon season resulting in increased food prices and higher grocery bills for consumers. This has had an immediate impact on consumer confidence and the availability of discretionary income,” said Russo.

In Latin America, while Mexico’s consumers still believe they are in a recession, they are cautiously beginning to loosen their purse strings as Mexico saw a consumer confidence increase of six points in the fourth quarter of 2009. Brazil also quickly bounced back from recession making Brazilian consumers among the most likely to go on a spending spree in 2010.

Canadians are also becoming more optimistic about their personal finances with 39 percent saying now is a good time to spend. Other countries most willing to spend in 2010 include Australia and Indonesia – economies that have bounced back from the global recession fastest.

Job Prospects Looking Up

In December 2009, 37 percent of global consumers described job prospects for 2010 as excellent or good compared with 30 percent in June 2009.

The economy and job security remain top global concerns, however the concern for job security continued to decline in Q4 2009. In June 2009, one in four (20 percent) of consumers cited job security as a main life concern but this decreased to 13 percent in the last month of 2009.

Seven out of the top 10 most optimistic markets about job prospects in 2010 come from Asia, spearheaded by India where 83 percent of consumers said job prospects will be excellent or good, followed by 70 percent of Indonesians.

Spain, which currently has the highest unemployment rate in Europe at 19 percent topped global rankings for most concerned about job security.

Keep Moving Forward



“A year ago the world was in free-fall and consumer confidence hit an all-time low in Nielsen’s global index. As governments acted quickly to bail out banks and install massive stimulus programs, we started to see the first green shoots of recovery at the end of Q1 2009, driven primarily by the emerging markets, said Russo. “Global consumers crossed an important psychological milestone in Q3 2009 and began to believe the worst was over. While global consumers are beginning 2010 feeling even more certain that the worst is over, their next burning question is ‘when are things really going to get better?’. Until consumers have stronger reassurances that recovery is going to accelerate, they are going to err on the side of caution.”

About the Nielsen Global Consumer Confidence Survey

The Nielsen Global Consumer Confidence Survey was conducted between December 4 -18, 2009 and polled over 17,500 consumers in 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 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 more than 100 countries, with headquarters in New York, USA. For more information, please visit, www.nielsen.com

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