



3rd Quarter, 2010

**Global Consumer
Confidence, Concerns
and Spending**

A Global Nielsen
Consumer Report

October 2010

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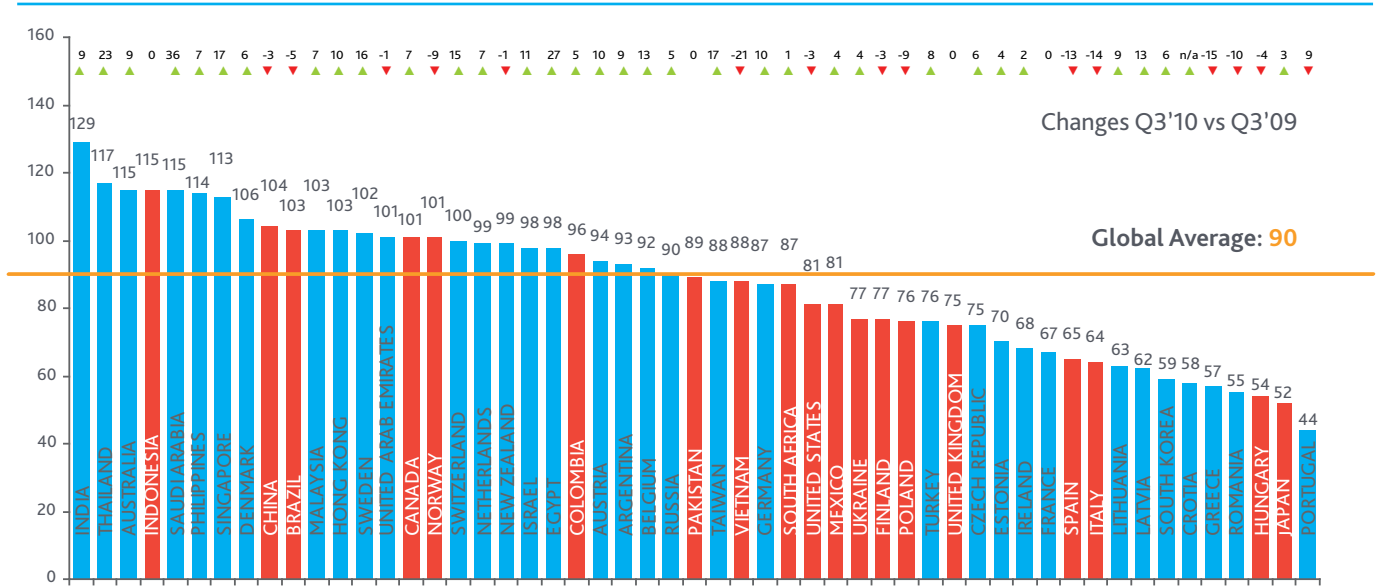
Hope for a full global economic recovery in 2010 diminishes as cash-strapped consumers are on the rise

- Consumer confidence declined in 19 of 53 global markets
- One in four North Americans and one in five Europeans have no discretionary income.
- Rising food prices top concerns for one in four Asians
- Increasing utility prices are biggest concern for Europeans
- Recovery is back on track in North Western Europe, while the recessionary mindset lives on in Southern Europe
- Nine of the top 10 most confident nations hail from Asia Pacific

After an upbeat start to the year with two consecutive quarters of increases in optimism, global consumer confidence fell three points in September to an Index of 90 as consumers' hopes for a full economic recovery this year fades in most parts of the world, according to the latest edition of the Nielsen Global Consumer Confidence Index. Consumer Confidence Index levels above and below a baseline of 100 indicate degrees of optimism and pessimism. The 90 Index mark reflects the reality that consumers around the world remain largely pessimistic about job prospects, personal finances and their ability to buy the things they want and need over the next year.

While positive sentiment drove confidence levels up in the first half of this year, consumer confidence declined in 19 of 53 global markets in the third quarter. There simply hasn't been enough consistent and positive news to sustain the positive outlook and momentum that consumers showed at the start of this year. The reversal of global consumer confidence in the third quarter highlights the fragility and uncertainty of the current global economy, and above all, the divergence in pace of recovery among international markets and regions.

3rd Quarter 2010 Nielsen Global Consumer Confidence Index



Source: The Nielsen Company, Global Online Survey, Q3 2010

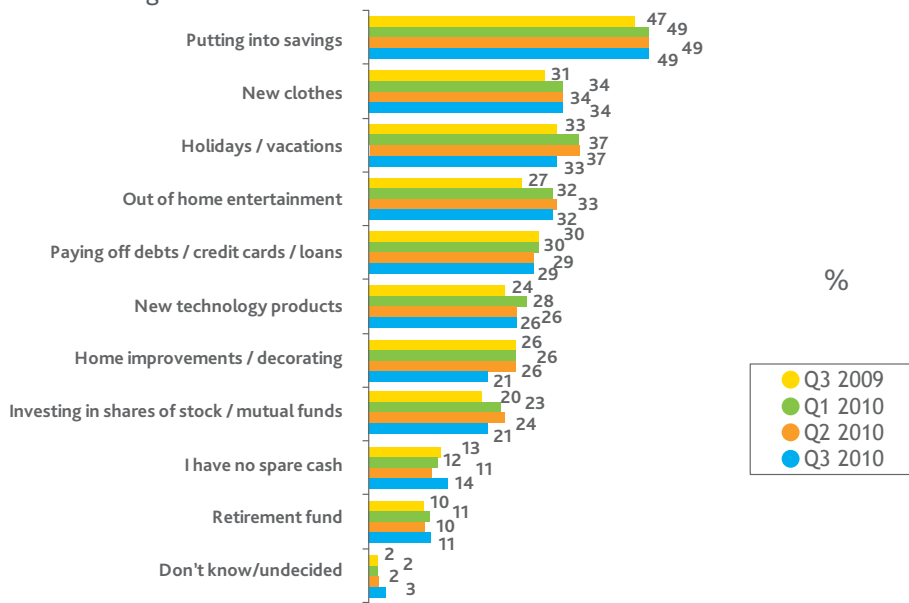
For many consumers, spending on non-essential goods has become more restrained this year compared to the height of the global recession two years ago. Discretionary income reached an all time low for many consumers in the third quarter, with 27 percent of Americans, 19 percent of Europeans, 17 percent of Middle Easterners/Africans and 16 percent of Latin Americans left with no spare cash after paying essential living expenses.

Nielsen's Global Consumer Confidence Index tracks consumer confidence, major concerns and spending intentions among

more than 26,000 Internet users in 53 countries. In the latest round of the survey conducted between September 3 and September 21, 2010, consumer confidence in most markets showed continued spending restraint. More than half (56%) of global consumers believe they are currently in recession and 48 percent do not believe they will be out of a recession in the next 12 months. While slipping back into a full blown global recession is unlikely, in the last few months consumers accepted that there are no quick fixes to the persistent economic issues of unemployment and spiraling budget deficits that continue to dampen and constrain economic revival.

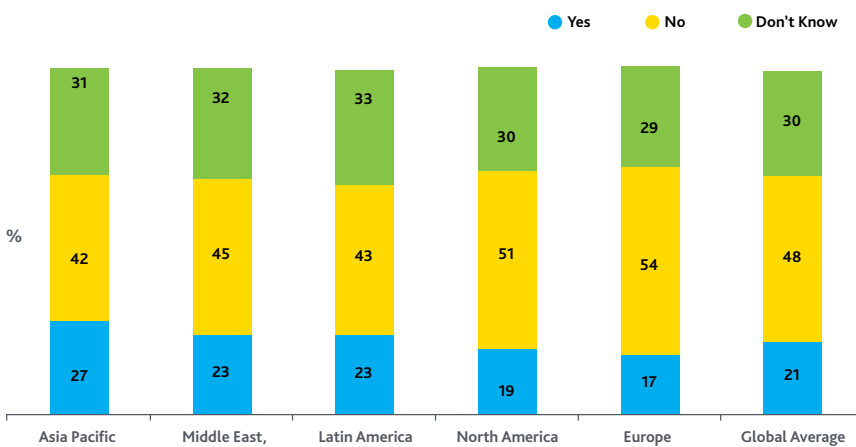
How to utilize spare cash after covering essential living expenses

Global Average



Source: The Nielsen Company, Global Online Survey, Q3 2010

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



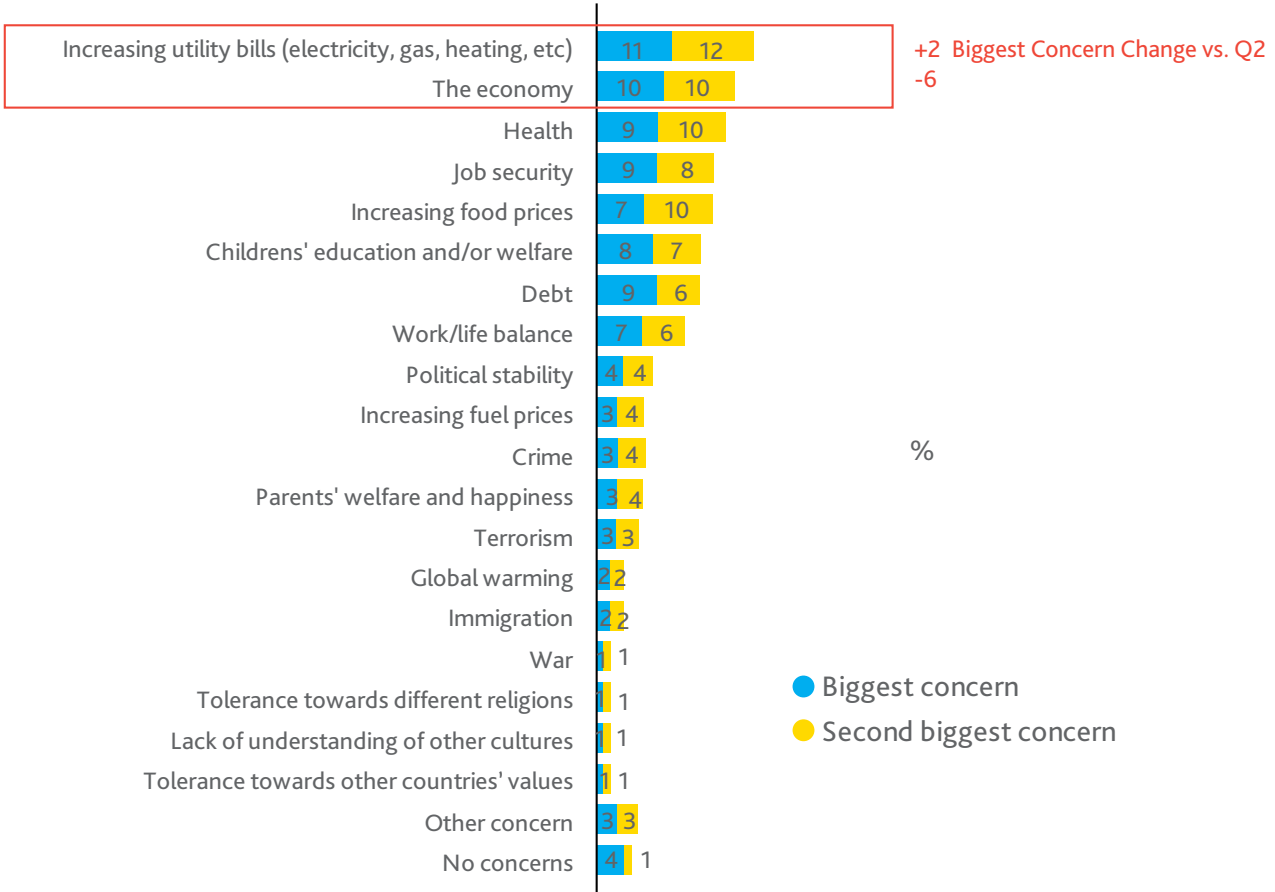
Source: The Nielsen Company, Global Online Survey, Q3 2010

Rising Concerns

In addition to economic issues, many consumers in Asia and Europe are grappling with additional concerns such as rising food and utility prices, which are squeezing already constrained family budgets. In Europe, increasing utility bills replaced the economy as the number one concern over the next six months and in Asia Pacific, one in five consumers are most concerned about rising food prices—an increase of 13 points compared to the second quarter.

The economy remains the number one concern for more than one in four North American's (27%) and worries about health jumped five percentage points as the number one concern among 10 percent of respondents in this region. Among Latin American consumers, consumers ranked work/life balance, job security, debt, crime and children's education ahead of the economy as the number one concern.

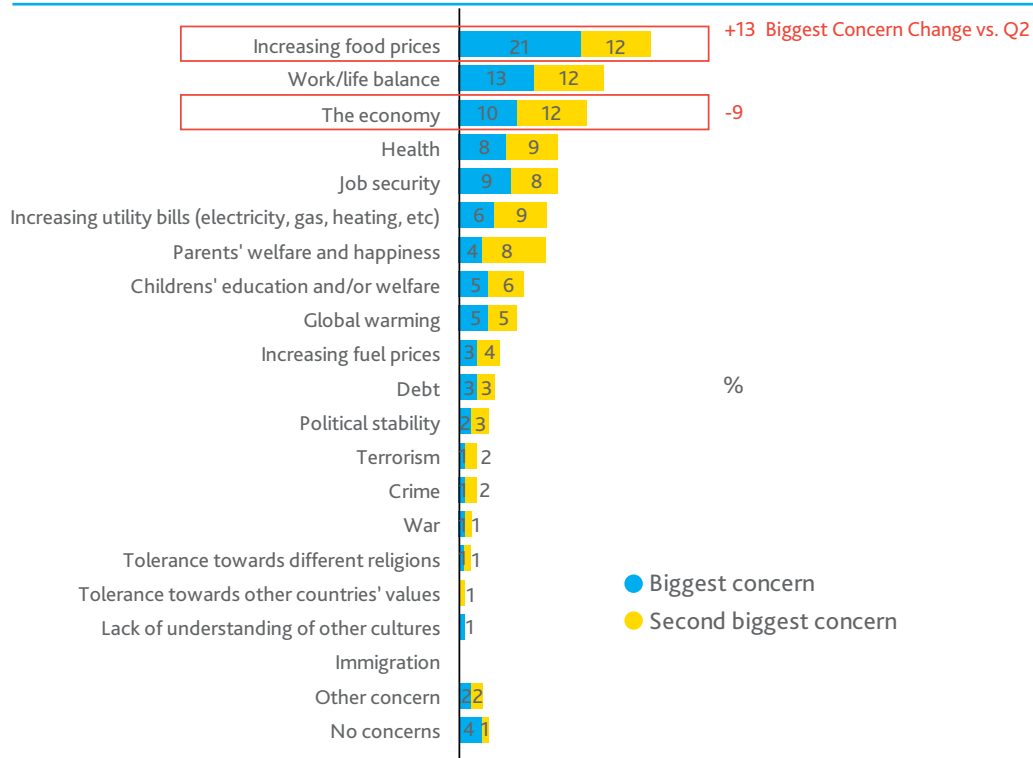
In Europe, increasing utility bills replace the economy as the biggest concern in the next 6 months



Source: The Nielsen Company, Global Online Survey, Q3 2010

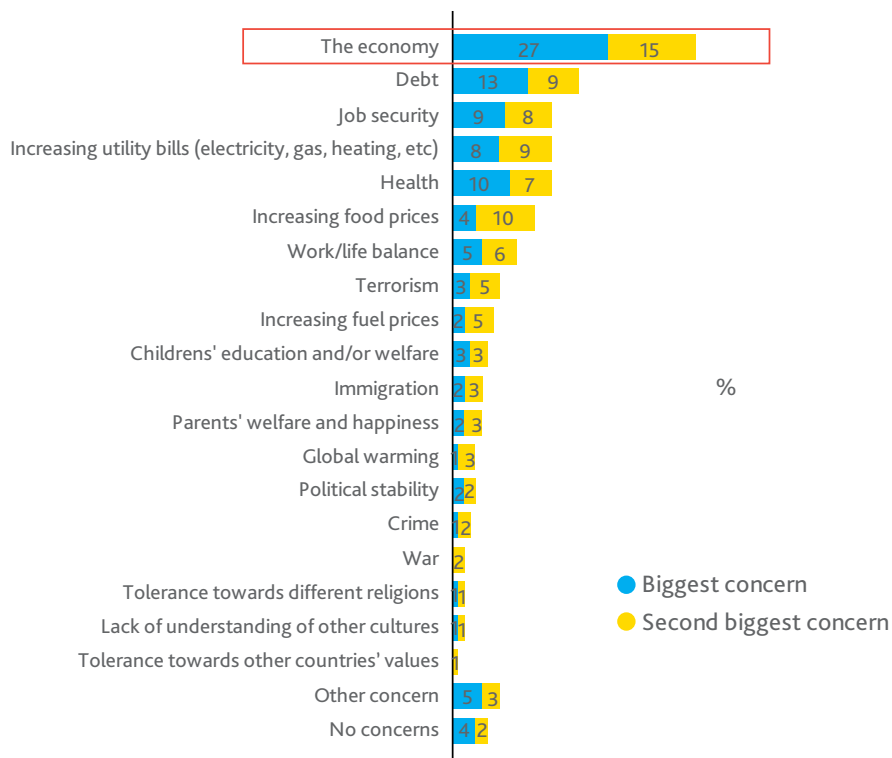
“Rising food and utility prices are squeezing already constrained family budgets.”

In Asia Pacific, increasing food prices jumped 13 points, replacing the economy as the biggest concern in the next 6 months



Source: The Nielsen Company, Global Online Survey, Q3 2010

In North America, the economy remains the biggest concern over the next 6 months



Source: The Nielsen Company, Global Online Survey, Q3 2010

North American Consumers Adjust Expectations

Stagnant unemployment figures in the United States and increasing jobless numbers had a major effect on confidence levels in the third quarter. Sixty-four percent of North Americans describe their job prospects in the next 12 months as not so good or bad.

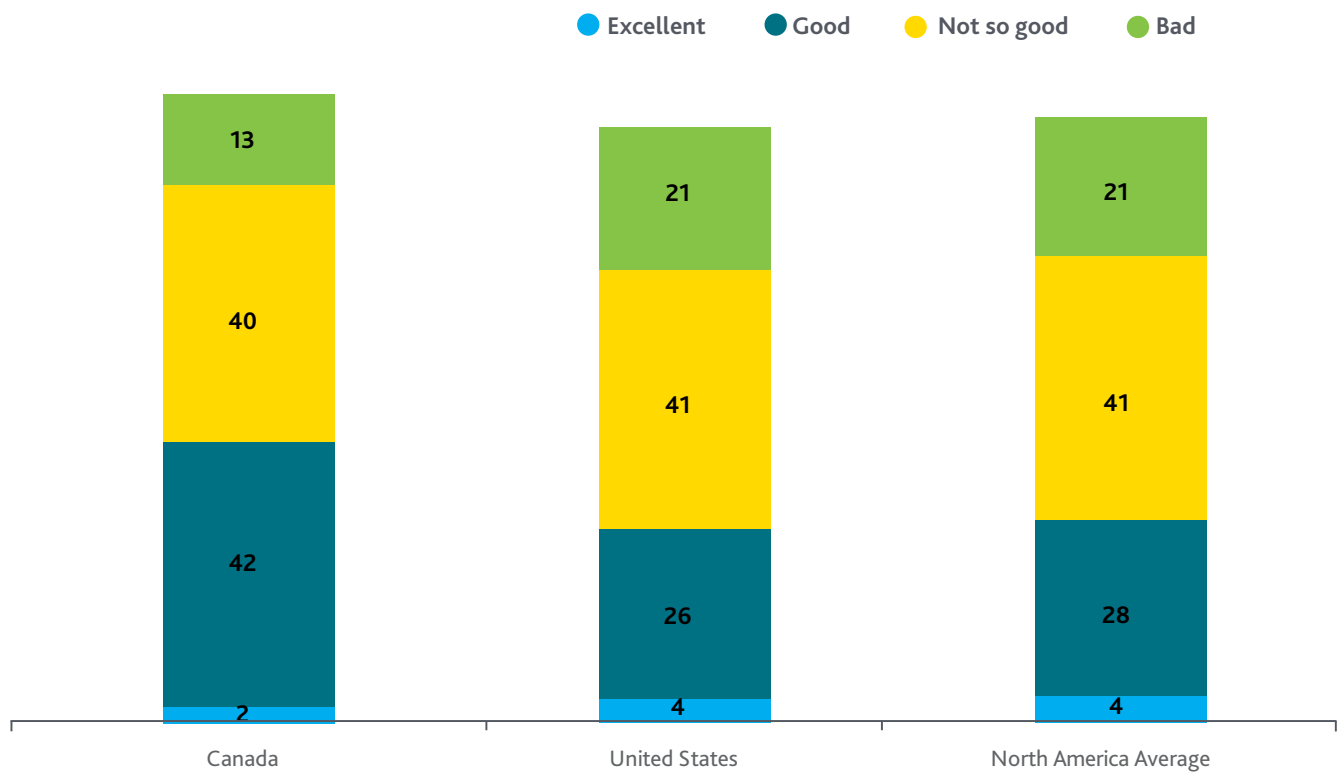
In the **U.S.**, the Consumer Confidence Index of 81 in the third quarter is below the average level of 83 achieved over the past two and a half years – and considerably less than the 104 Index average achieved between 2005 and 2007. The latest consumer confidence results confirm that U.S. consumers are clearly restrained by a lack of confidence. With a stubbornly weak labor market, consumers are concerned about the jobless recovery and managing their personal finances. As a result, consumers are closely planning spending and they continue to reduce shopping trips while placing more emphasis on value. Fewer shopping trips are making every retail interaction critical for retailers.

U.S. consumers are still very much in a holding pattern. The latest annual dollar sales trend across key retail departments shows no improvement in the most recent quarter within the

latest 52-week period. The U.S. economy is driving consumers to make trade-offs and buy less—and food matters most. Non-edible departments are leading the decline in unit sales, while unit sales for all edible departments are growing over the latest year. Not all non-edible categories are declining and edible private brands no longer dominate the list of categories driving the fastest growth in private brand unit sales. The U.S. has seen great innovation from manufacturers and retailers taking advantage of a weak away-from-home consumption sector and it remains a long-term opportunity for the industry. Consumers continue to seek out value, but innovation is still a huge driver for brands and retailers.

In **Canada**, despite the increase in consumer confidence over the past year, Canadians remain cautious when it comes to opening their wallets. Consumers are still focused on value, continuing to shop at discount retailers and buying on promotion at record levels. After a year of rising prices, we are now seeing a leveling of consumer-packaged goods (CPG) inflation as retailers continue to use price and promotions to win over the consumer. As a result, expect lower levels of retail sales for 2010, forecasting a potential 0.5-1.0% decline in CPG dollar sales, with unit sales expecting to hold.

Perceptions of Good/Bad time for people to buy the things they want and need over the NEXT 12 Months



Source: The Nielsen Company, Global Online Survey, Q3 2010

Divergent Recovery in Europe

Europe demonstrated the most divergent recovery patterns in the last quarter. Economic recovery was back on track in North Western Europe, while in Southern Europe, the recessionary mindset lives on. Recession-battered markets of Greece, Italy, Spain and Portugal have continued to decline. Hopes of recovery are becoming increasingly dim as consumers brace themselves for a new era of austerity measures.

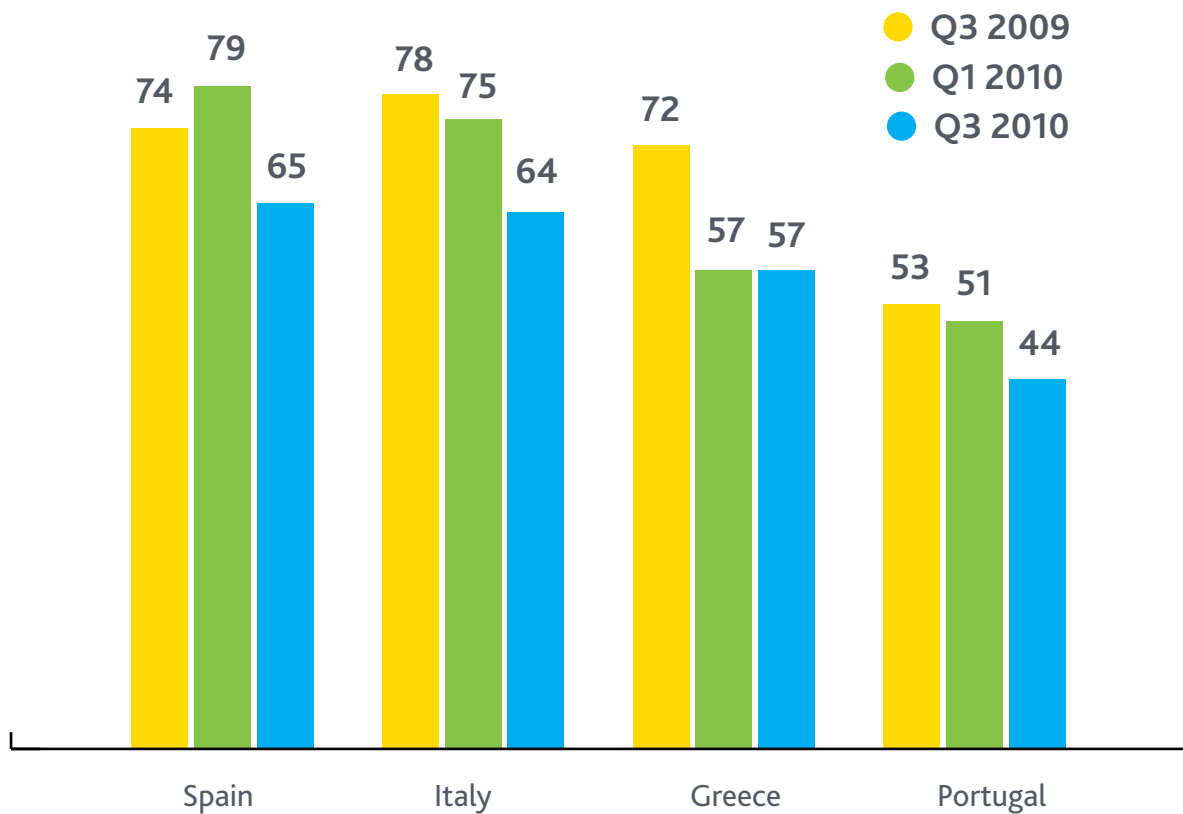
Italy plummeted to an all time low Index of 64 in the third quarter. Weak consumer spending, the highest unemployment figures since 2003, a slowdown in exports, political uncertainty and continued tight credit conditions have plunged consumer confidence to a new low. Fast-moving consumer goods sales,

like the rest of the economy remained flat in the third quarter. There's hardly any growth coming from any sector of the economy and Italians have resigned themselves to the reality that recovery, when it comes, will be a very slow ride.

In Spain, the high unemployment rate of 20% is leading to a significant slow down for both consumer confidence and consumption. Fast-moving consumer goods prices have not yet reached the level achieved in 2008, which is contributing to the slow consumption recovery. In the search for the best shopping options and value, consumers have increased the number of visits to food stores this year and private label purchasing, while slower than previous years, continues to grow reaching up to a 33 percent share.

Recessionary mindset lives on in Southern Europe

Consumer Confidence Index



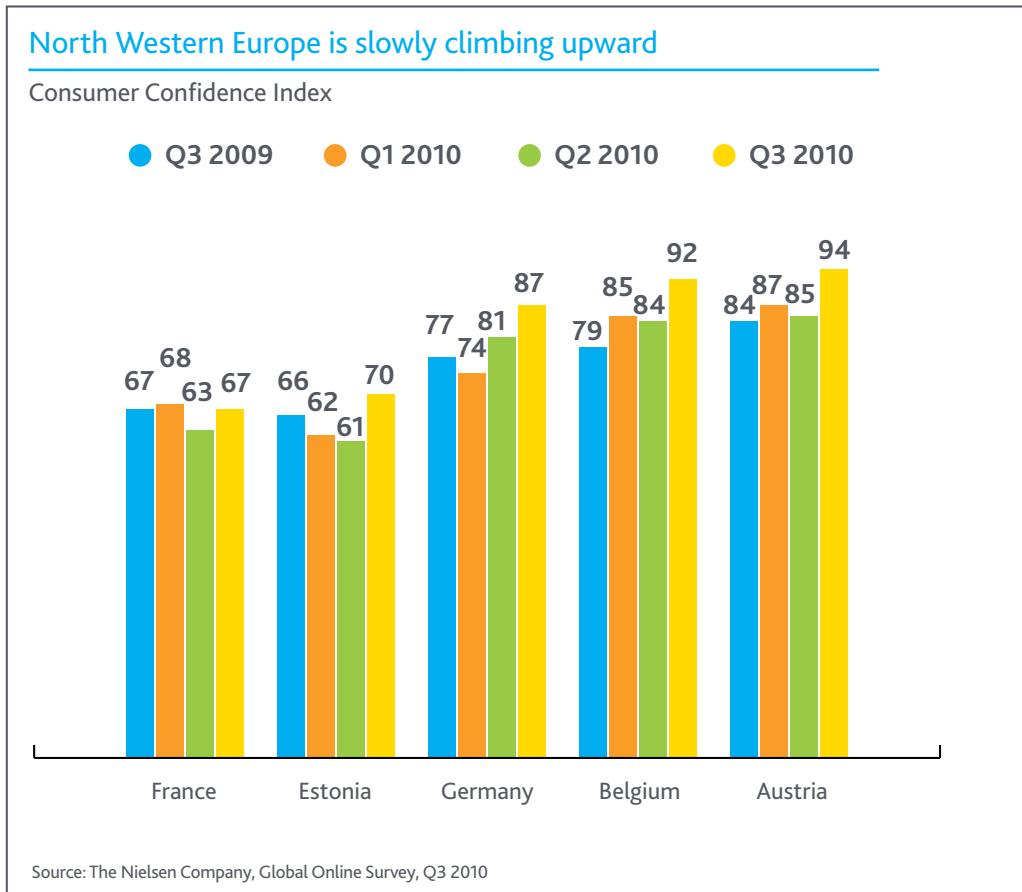
Source: The Nielsen Company, Global Online Survey, Q3 2010

North Western Europe Making Upward Climb

In contrast, countries in North Western Europe are delivering the strongest and steadiest return to economic growth in the region. Consumer confidence in **Germany** hit its highest level since Q3 2009, **Austria's** consumer confidence rebounded to the same level in Q3 2006 and **Belgium** continued its upward climb started in Q3 2009. While **France** and **Estonia's** Index levels are still well below average, both have reported a slow upward climb since the end of 2009.

In **France**, the social climate was quite tense in September with two national strikes linked with the pension system.

Additionally, the government's announced 2011 financial plan includes an increase in taxes and a drop in fiscal advantages. This perspective of tighter fiscal policy should reinforce the lack of confidence amongst French households. Purchases, however, are on a positive trend—though moderately—with a loss of buyers for the discount channel on one hand and the dynamism of increased promotions on premium brands on the other one. Overall, private label remains an attractive option for consumers and strongly pushed by retailers. If uncertainty continues in the next few months, expect to see a greater push for private label and a renewal for the discount channel.



Asia Pacific is Resilient and Optimistic

Regionally, Asia Pacific was the world's most confident region reporting an Index of 98, followed closely by Middle East/Africa at 97 points. Nine of the top 10 most confident nations hailed from Asia Pacific countries: **India, Thailand, Australia, Indonesia, Philippines, Singapore, China, Malaysia and Hong Kong.**

The latest quarter's Chinese consumer confidence experienced a "soft landing", which is expected as the **China** government has largely engineered a controlled deceleration of growth and prices without having the bottom fall out to make sure

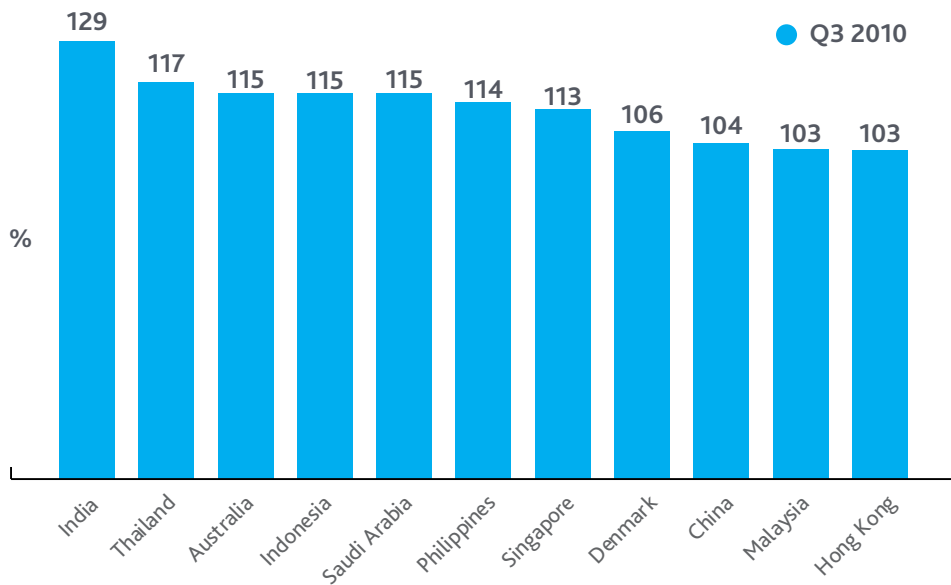
the economy is heading in a healthy direction. With the newly launched housing policies to cool down the real estate market and the discussion of the new policies to accelerate income and urbanization, consumers are in the "watch" mood for big item purchases. While the government is taking effective steps to ensure domestic demand weighs more heavily in the GDP balance, the rise of China's Middle Class and the potential of the lower tier cities in China deserve more attention for those who want to win in China.

Thailand posted the biggest quarterly confidence jump to an Index of 117 in the third quarter. **Thailand's** significant rebound is testament to the country's resilience to return to normalcy

after the political unrest that mired the nation in the second quarter. A separate Nielsen online study conducted in June indicated that 70 percent of Thais expected life to return to normal immediately or within one month following the May

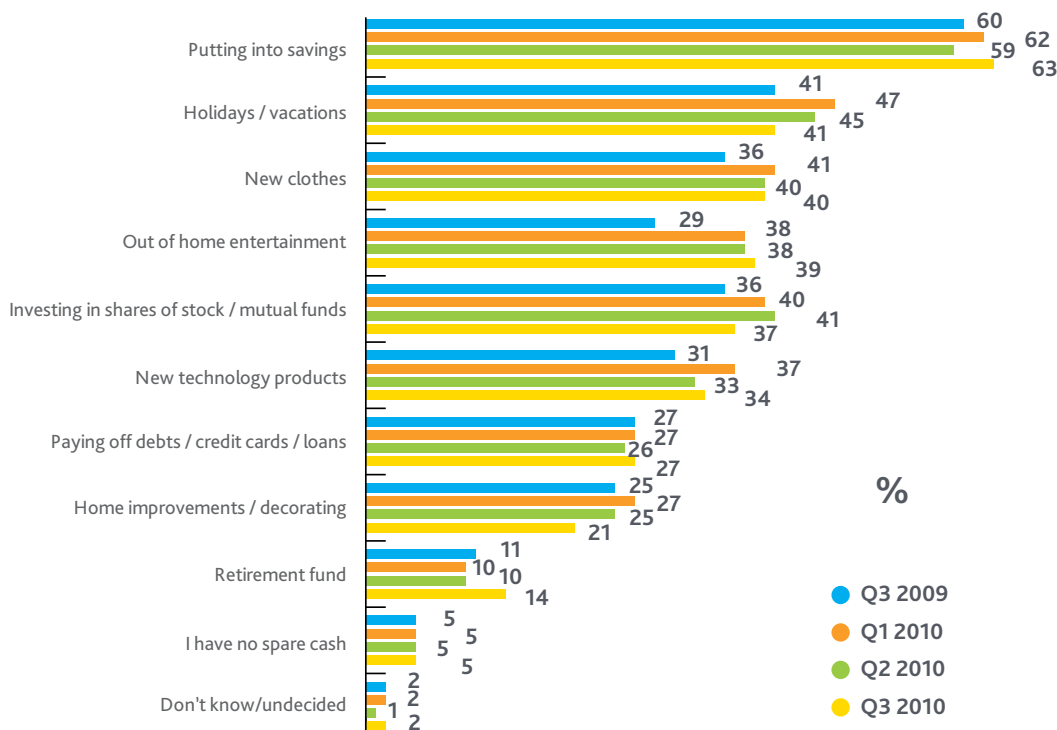
political unrest. Economic and business confidence increased as soon as the immediate political situation was brought under control. Strengthening of the Thai Baht and significant gains in the Thailand Stock Exchange has also helped to boost optimism.

Nine of the top 10 most optimistic countries come from Asia Pacific



Source: The Nielsen Company, Global Online Survey, Q3 2010

Once essential living expenses are paid, saving is a high priority for consumers in Asia Pacific



Source: The Nielsen Company, Global Online Survey, Q3 2010

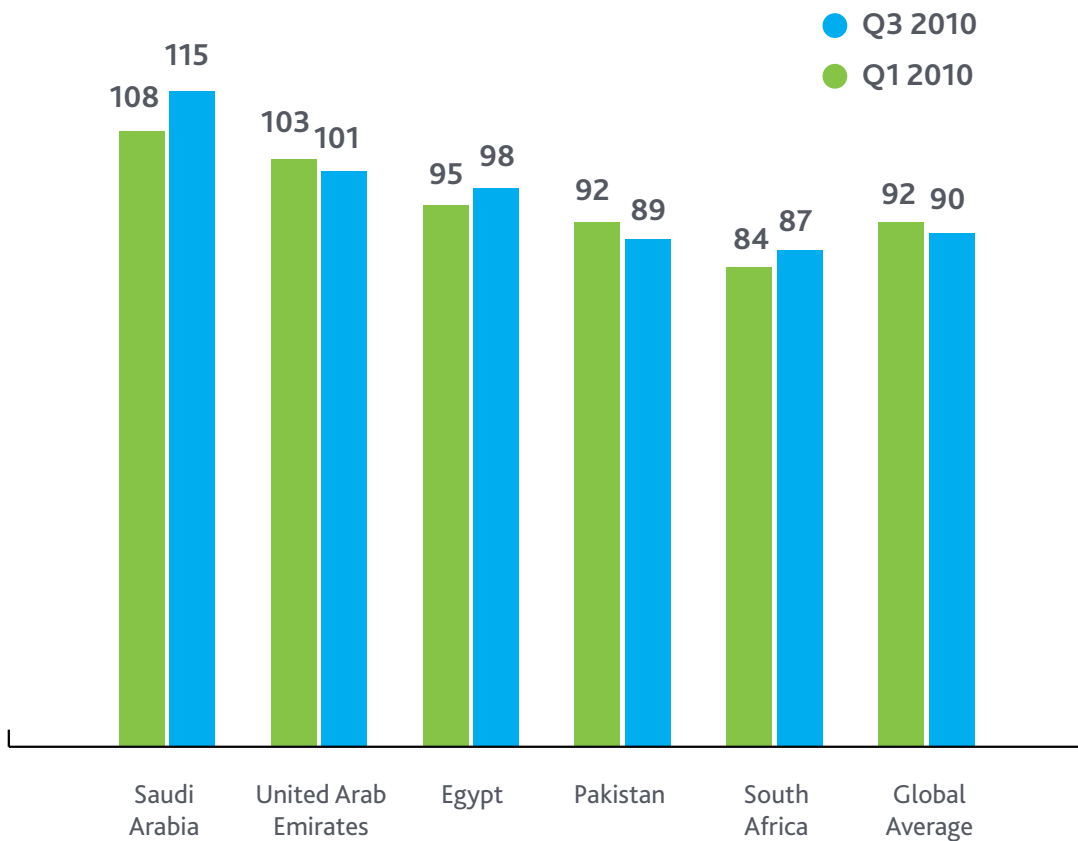
Middle East/Africa/Pakistan is Stable and Consistent

In the **Middle East, Africa and Pakistan**, consumer confidence is stable, consistently reporting steady Index levels at or above the global average. Consumers in this region are cautiously optimistic and as such show little variations in spending intentions and concerns compared to the previous quarter.

In the **United Arab Emirates**, consumer spending on fast-moving consumer goods grew a healthy 9 percent versus year ago—a good indicator of consumers' stabilizing confidence. There has been a light increase in recreation and cultural activity during this quarter, driven in part by Ramadan, suggesting a timid rise in out-of-home entertainment spending. On the whole, consumers are still very cautious with discretionary spending and have a greater propensity to save compared to pre-crisis years.

Saudi consumers, on the other hand, are characterized by solid optimism, which sets them apart from their counterparts in the rest of the world. Saudi consumers' bullish sentiments are resulting in more spending and less saving. There is 8 percent growth in non-food categories and 4 percent growth in food categories compared to last year. Given its young population (66% under 29 years) and the high discretionary income of families, Saudi Arabian consumers are considered early adopters and they are receptive to new products, brands and stores. However, when it comes to households' grocery shopping, Saudis are informed and selective—their sensitivity and receptiveness to promotions is amongst the highest in countries where Nielsen conducts its Global Shopper Trends Study.

Consumer confidence levels in the Middle East, Africa and Pakistan are stable and consistent



Source: The Nielsen Company, Global Online Survey, Q3 2010

Latin America is Returning to Normal

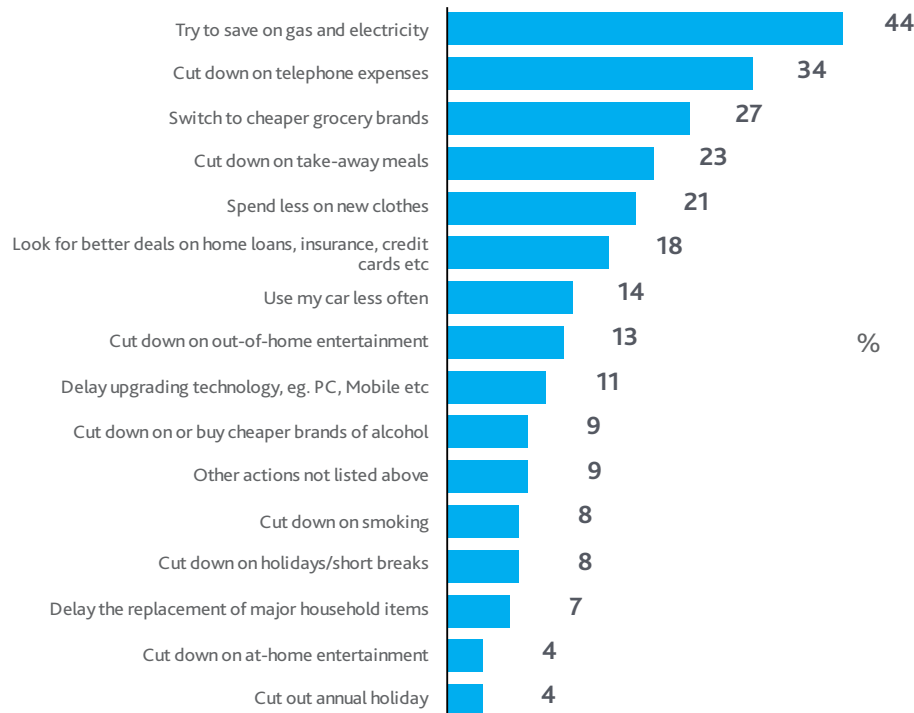
Consumer confidence in Latin America continues to report steady levels, which are normalizing after hitting a low point at the beginning of 2009.

Brazilian consumers continued to advance fast-moving consumer goods market growth, rising to 6 percent during the first half of 2010. Positive economic conditions together with new product introductions that focused on value and improved price fueled the sustained growth, which is expected to continue throughout the rest of the year.

In Mexico, recovery continues on the path to growth, with volume and value trends moving forward, 3.1 percent and 5.9 percent, respectively during the rolling year ended in July 2010 compared to the previous year. On the other hand, variable price continues its downward trend, which is being absorbed by manufacturers and retailers in their efforts to boost consumption. This aggressive price dynamic is triggering growth in the basket volume.

When economic conditions do improve, which of these do you expect you will continue to do?

Latin America Average



Source: The Nielsen Company, Global Online Survey, Q3 2010

“Consumer confidence in Latin America continues to report steady levels.”

Country Abbreviations

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

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 between September 3 and September 21, 2010 and polled over 26,000 consumers in 53 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.

