



4th Quarter, 2010

**Global Consumer
Confidence, Concerns
and Spending**

A Global Nielsen
Consumer Report
January 2011

nielsen
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Global consumer confidence fell in 25 out of 52 countries in Q4 2010 amid unemployment and inflation concerns

- Global Consumer Confidence Shows Pessimistic End to 2010
- USA Consumer Confidence Reverses to First Half 2009 Levels
- Switzerland and Turkey Post Strongest Confidence Rebound in 2010 – Romania, Spain, Greece and Poland Record Steepest Declines
- Financial Squeeze in All Regions – 1 in 3 USA Consumers and 1 in 5 Europeans Have "No Spare Cash"

Consumer confidence fell in 25 out of 52 countries in Q4 2010 as hope for a global economic recovery evaporated at the end of last year, according to the latest edition of the Nielsen Global Consumer Confidence Index, which tracks consumer confidence, major concerns and spending intentions among online consumers. According to the survey, which polled more than 29,000 Internet consumers in 52 countries last November 2010, confidence levels fell in half of the countries surveyed as widespread concern for unemployment, job creation, rising food and utility costs eradicated any expectation of sustained economic recovery.

The Nielsen Global Consumer Confidence Index at the end of 2010 remained unchanged from the previous quarter at 90 and

finished the year two index points below the start of the year. Global consumer confidence in 2010 peaked in Q2 at 93 index points. Latin America was the world's most optimistic region at 100 points (+6 points year on year), followed by Asia Pacific at 97 points (+6 points year-on-year). North America ended 2010 at 83 index points, (-2 year on year) and Europe was the world's most pessimistic region at 78 index points (+2 year-on-year).

The Nielsen Consumer Confidence Index provides a single indicator of consumer sentiment towards the current economic situation as well as intentions and expectations for the future. Levels above a baseline of 100 indicate degrees of optimism.

Q4 2010 Nielsen Consumer Confidence Index

Consumer Confidence Fell in 25 of 52 Countries in Q4 2010

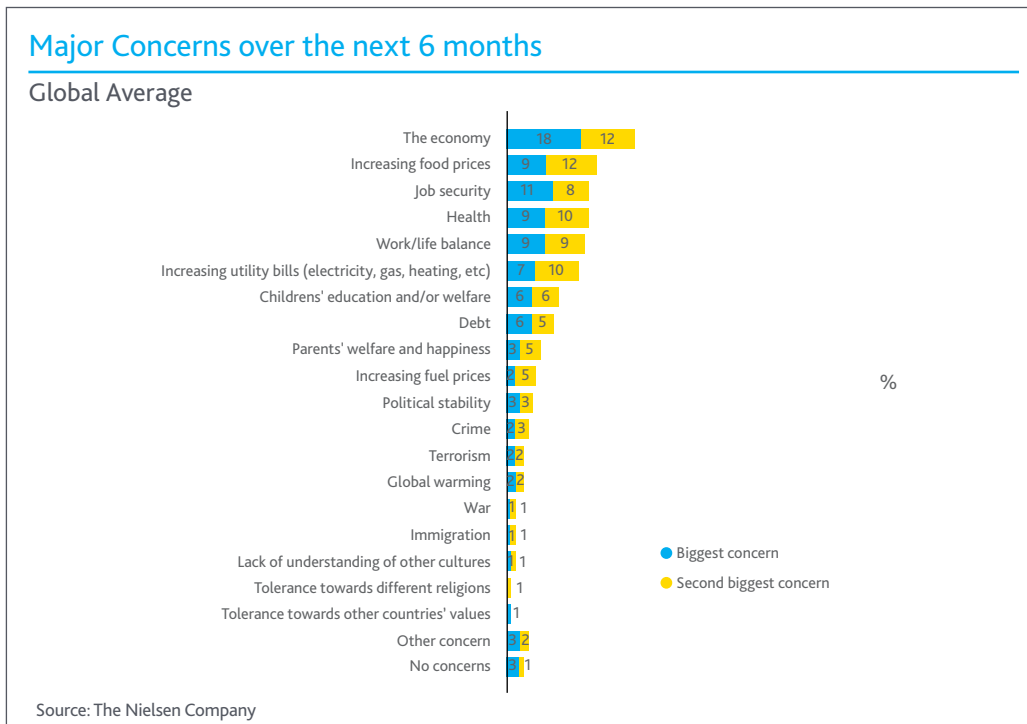
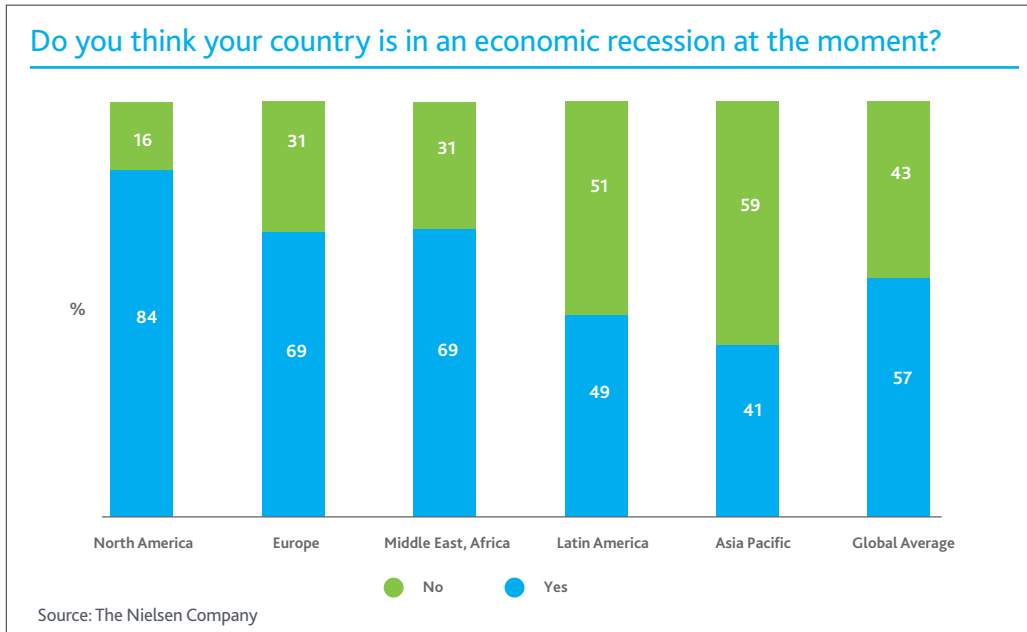


Source: The Nielsen Company

Recessionary Woes Live On

Global consumers – especially in the West, are bracing themselves for another year of flat to sluggish growth in 2011," said Dr. Bala. "Job creation and employment numbers have fallen below expectation and even though many countries are officially out of recession, many consumers are still living – and expect to continue living – a cautious recessionary lifestyle which is restricting domestic spend and demand. Going forward, rising prices in several emerging markets such as China and India have to potential to dent consumer confidence and spending, especially if their respective governments decide to expand policy actions to combat higher inflation."

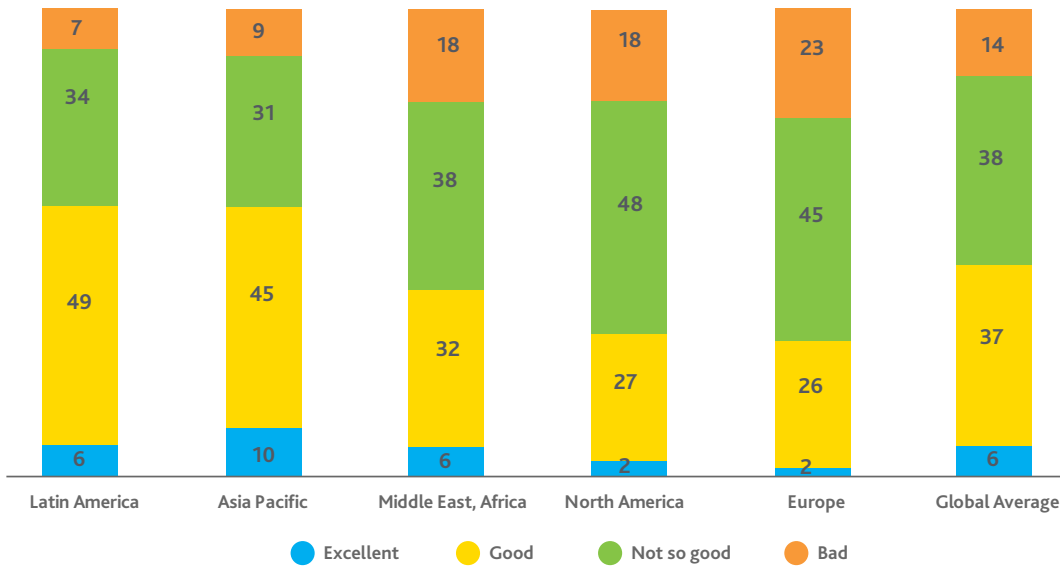
Forty-five percent of North Americans still expect the recession to last for another year, compared with 39 percent of Europeans and 19 percent of Asia Pacific consumers. "The U.S. jobless rate remains at the heart of the issue for Americans," said James Russo, Vice President, Global Consumer Insights at The Nielsen Company. "While the jobless rate dipped a meager 0.3 points in December to 9.4 percent – its lowest level in 19 months – it has topped nine percent for 20 months straight, which is the longest streak on record." U.S. Consumer confidence in Q4 2010 held steady from last quarter at 81 points, just one index point away from its lowest level on record in first half of 2009.



"A polarization appears to be taking hold as middle to lower income consumers feel the brunt of the recession, while households earning over \$100k increase their shopping trips and transactions. Overall, there's not enough good news to make consumers confident about spending again on a broad scale," said Russo. In Q4 2010, one in two global consumers (52%) described job prospects for 2011 as not so good/ bad, and 65 percent said that the present economic climate was not the time to buy discretionary items. "From Q4 consumer data, we foresee that in Western countries, domestic spending will remain restrained into 2011."

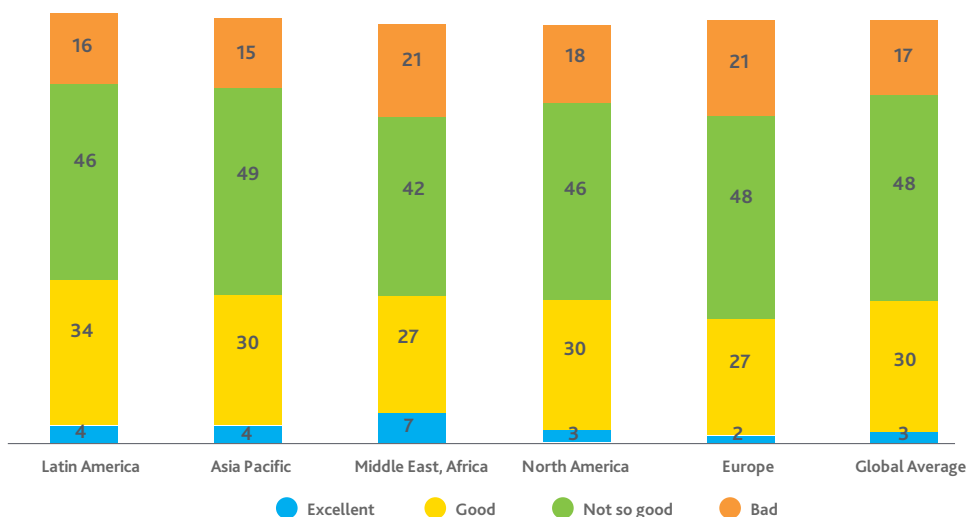
Among the world's pessimistic countries were the so-called "PIIGS" nations (Portugal, Ireland, Italy Greece and Spain) who collectively featured among the world's ten most pessimistic nations. "Violent protests and riots against International Monetary Fund austerity measures and bomb attacks against embassies in Athens at the end of last year added to Greece's faltering debt and economic woes – while confidence in Ireland plummeted to a 2010 low of 65 index points in the wake of the nation's IMF bailout," said Dr. Bala. Confidence levels also plummeted to new record lows in Croatia, Greece, Poland and Romania in Q4 2010.

Perceptions of local job prospects over the NEXT 12 Months



Source: The Nielsen Company

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



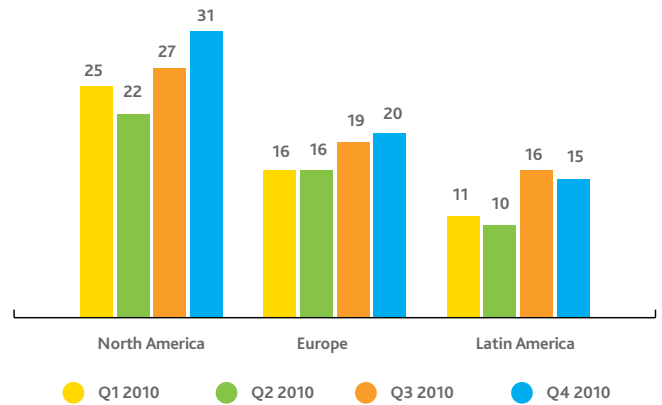
Source: The Nielsen Company

No Spare Cash

In the last six months of 2010, the number of consumers with no discretionary income rose from 22 percent to 31 percent in North America, from 16 percent to 20 percent in Europe and from 10 percent to 15 percent in Latin America. "Consumers in all regions are feeling the financial squeeze more than any other time during the global recession. In addition to concern for global and national economic issues, consumers are also struggling with rising daily costs such as food, utilities, petrol and transport prices. In Q4 2010, consumers found themselves with less disposable income than at any other time and the number of cash-strapped consumers globally peaked for two consecutive quarters at 14 percent – the highest number on record," said Russo.

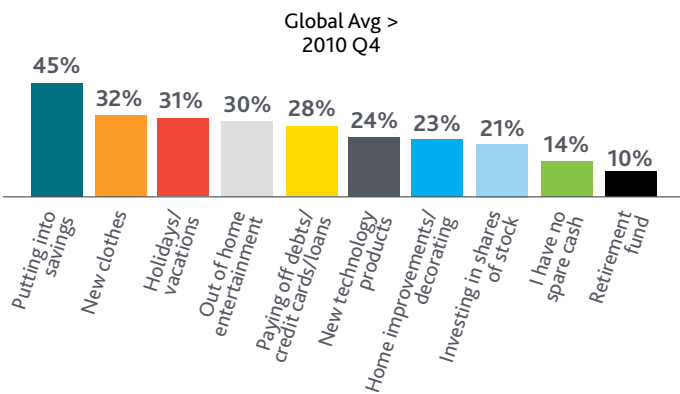
The latest survey showed that discretionary spending at the end of 2010 became more restricted in every category – consumers cut back spending from entertainment and holidays to clothes and technology spending. The number of consumers who put spare cash into savings also diminished from 49 percent to 45 percent quarter-on-quarter. Discretionary spend on investments in stocks and shares was the only category to remain stable quarter-on quarter, driven largely by bullish Asian consumers.

Consumers with "No Spare Cash" rise in North America, Europe and Latin America

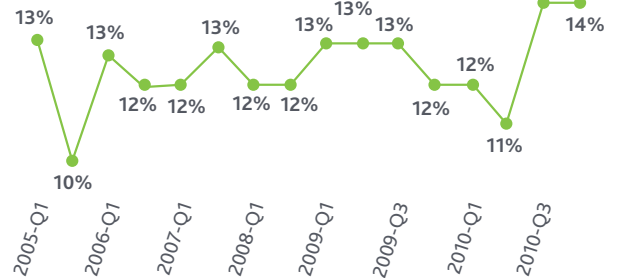


Source: The Nielsen Company

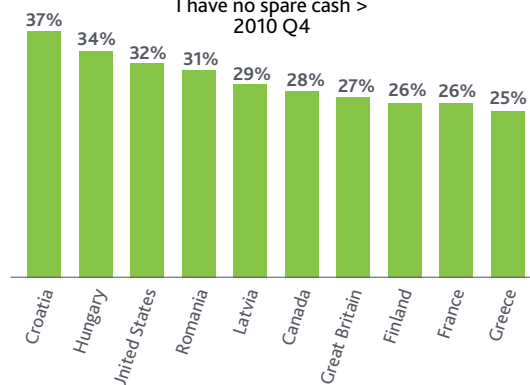
I Spend Spare Cash on (All Respondents):



Global Avg > I have no spare cash



Top 10 Countries I have no spare cash > 2010 Q4



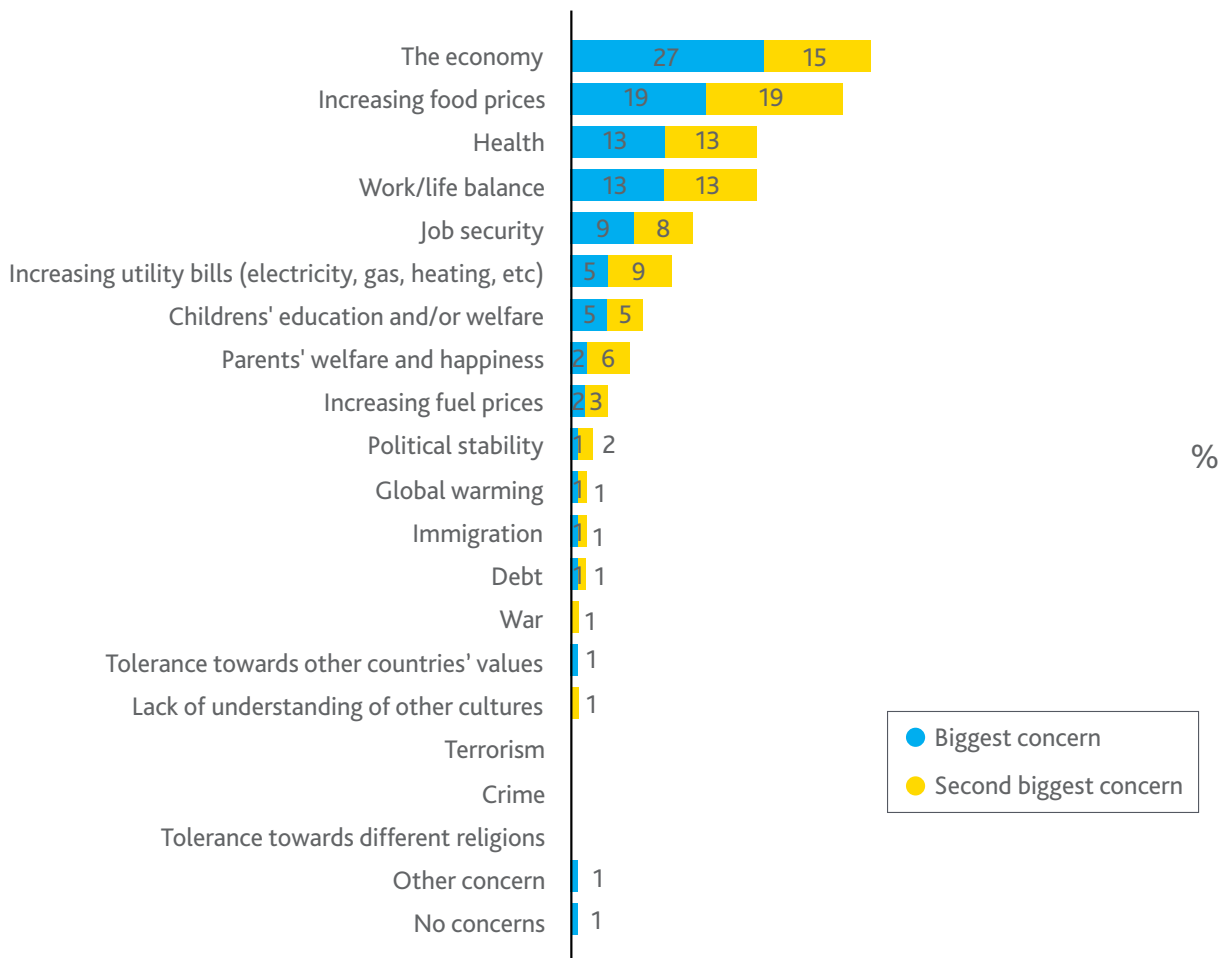
Source: The Nielsen Company

Down, But By No Means Out

"China was one of the first economies to emerge strongly out of the global recession 18 months ago and although consumer confidence declined during the second half of 2010, confidence levels still remain relatively high and in accordance with the country's overall economic growth and progress," said Mitch Barns, President, Greater China, The Nielsen Company. "The current concern for consumers in China is inflation and that is affecting their readiness to spend. Nevertheless, we still expect solid growth in the first half of 2011, especially in China's Tier 3 and 4 cities."

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The Economy and Rising Food Prices are among biggest concerns over the next 6 months for Chinese consumers



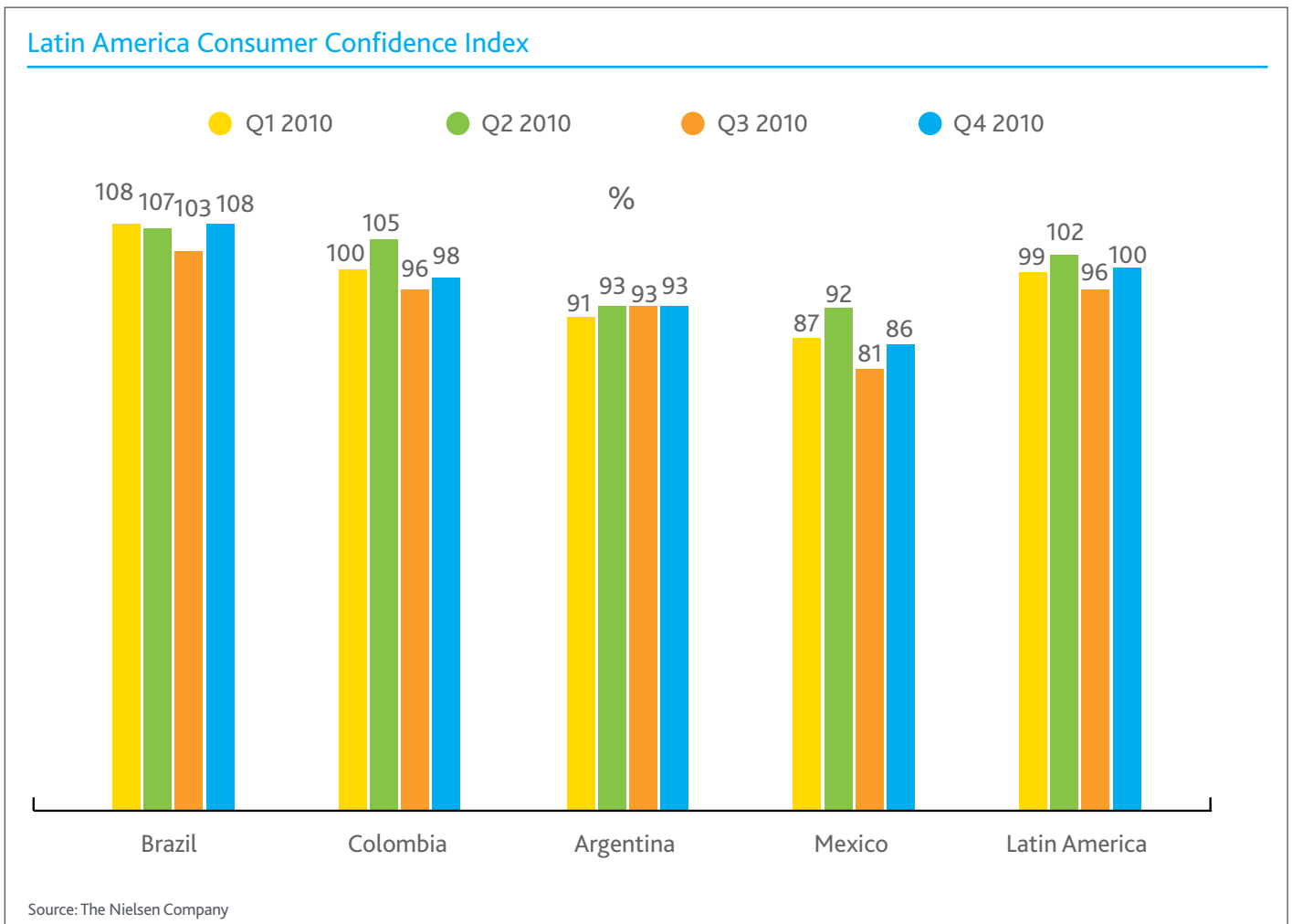
Source: The Nielsen Company

On the Rise

Earning rights as the most optimistic region, Latin America continued to deliver a consistent and strong year-end performance. Brazil ended the year with a Consumer Confidence Index of 108 – the highest in the region.

“The rise in Brazilian consumer confidence is a reflection of several factors, key among them is the positive performance of the Brazilian economy,” said Eduardo Ragasol, Managing Director, Brazil, The Nielsen Company. “The Country’s labor market has also remained upbeat, with the lowest unemployment rate since 2002 (6.1%). The intensification of the economy directly impacts retailing trade, which continues on a high, with wide availability of credit facilities.”

Colombia and Argentina also ended the year on a high, with index scores of 98 and 93 respectively. In Mexico, consumer confidence rose to 86, even though it continues to be one of the lowest in the region. “The Mexican economy was more dynamic in the second half of 2010 and the outlook is moderately positive,” said Germán Gutiérrez, Managing Director, Mexico, The Nielsen Company. “While volume sales continue to report growth, rising 4.3 percent in the last rolling year ending November 2010, sales in value show a slow down in their growing pace, but are still growing, 5.7 percent in the same period.”



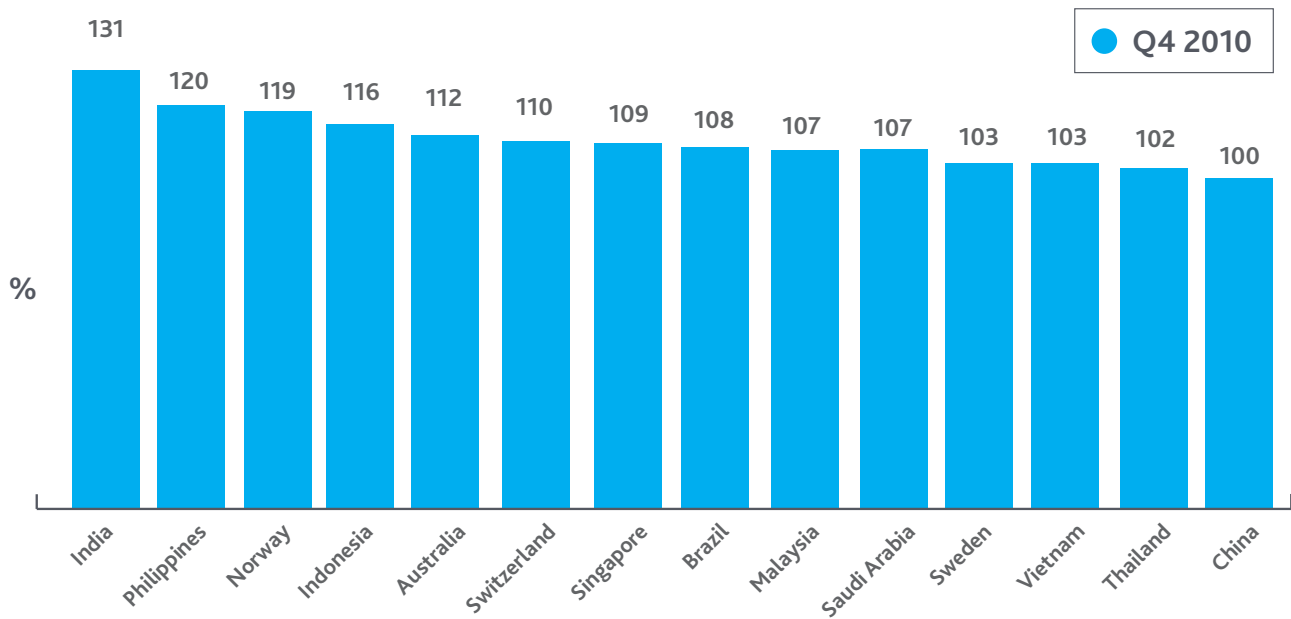
Positive Performance

In Q4 2010, 14 out of 52 countries ended the year positively with a consumer confidence index of 100 points or greater, nine of which hail from Asia Pacific: India, Philippines, Norway, Indonesia, Australia, Switzerland, Singapore, Brazil, Malaysia, Saudi Arabia, Vietnam, Sweden, Thailand and China. This is an increase compared to 11 countries who hit the 100+ index mark one year ago.

"Twenty-four out of the 52 markets finished 2010 with consumer confidence highs compared to the start of 2010:

Argentina, Australia, Austria, Belgium, Czech Republic, Denmark, Estonia, Germany, India, Latvia, Lithuania, Malaysia, New Zealand, Norway, Philippines, Russia, Singapore, South Korea, Sweden, Switzerland, Taiwan, Thailand, Turkey and Vietnam. These markets embarked on a steady road to recovery and consumers have gained confidence throughout the year," said Russo. Among these countries, Austria, Philippines and Switzerland exceeded their pre-recession confidence levels and posted record consumer confidence highs.

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



Source: The Nielsen Company

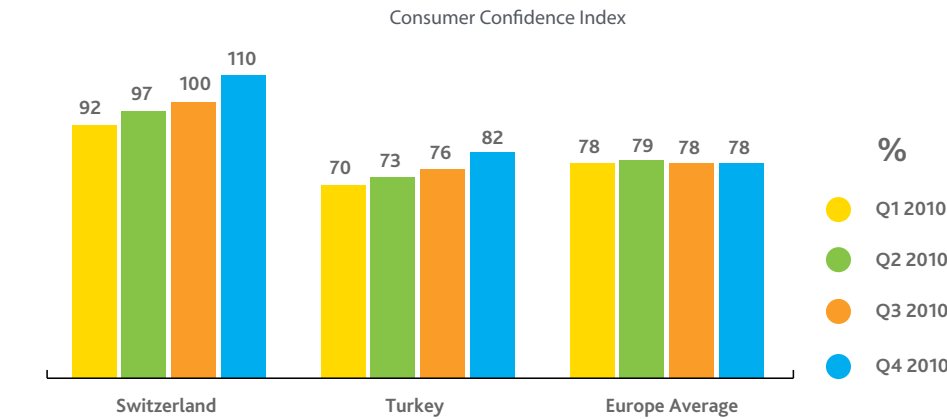
“14 of 52 countries ended the year positively...nine of which hail from Asia Pacific.”

Of the biggest consumer confidence gainers in Q4 were Switzerland and Turkey which increased 10 and six points respectively compared to the previous quarter. Switzerland's well-diversified economy has been largely protected from the problems that have plagued Eurozone countries. With unemployment levels below 4 percent, a strong currency and a solid government budget surplus, economic recovery beat expectations in 2010.

Consumer confidence in Turkey rebounded vigorously in 2010 as the country achieved the highest annual economic growth

rate in Europe and one of the highest growth rates in the world. "Turkey's economic performance surpassed expectations throughout last year with strong domestic demand and purchasing power spearheading continued growth into 2011," said Paul Walker, Managing Director, Turkey, The Nielsen Company. "Nearly half of Turkish consumers said that personal finances for 2011 will be excellent/good and nearly one in three said that the present economic climate is an excellent/good time to buy things. This is a strong indication of continued domestic growth that is driving nearly every sector of the economy."

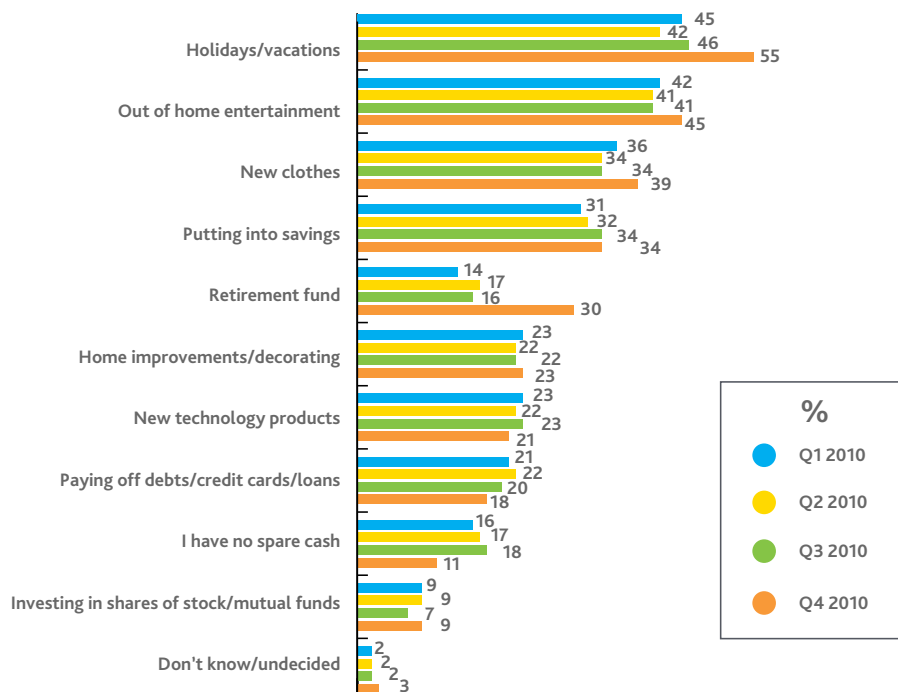
Switzerland and Turkey saw big consumer confidence gains in Q4 2010



Source: The Nielsen Company

Swiss consumers are ready to spend

How to utilize spare cash after covering essential living expenses



Source: The Nielsen Company

What to Watch

"Consumers have weathered the worst of the storm, but the pragmatic behavior prevalent in 2010 will continue into 2011 as headwinds to growth persist," said Russo. "Coping strategies will represent a combination of essential and discretionary spending, where the focus will be saving on gas and utilities, reducing spend on grocery, take-out, clothing and entertainment expenses. For emerging countries, consumers are focused more on discretionary strategies, such as reducing phone costs and spending less take away meals. For developed markets, basic and essential strategies like reducing grocery spend will dominate."

"A polarization of consumers is becoming increasingly evident as the recovery occurs. There is a growing disparity of behavior among income levels," reports Russo. "In the U.S. specifically, while the number of shopping trips declining by 4 percent for total households in 2010, they increased by 5 percent for households earning over \$100K. Subsequently, we are seeing discretionary spending start to increase among that affluent segment of consumers."

Pragmatic consumer behavior will continue

Did This Past Year

- 54% Spend less on clothes
- 53% Reduce entertainment
- 47% Save on gas & utilities
- 40% Reduce grocery spend
- 39% Reduce take - out
- 38% Delay technology upgrade
- 36% Cut down on vacations

Will Continue To Do

- 34% Save on gas & utilities
- 22% Spend less on clothes
- 22% Reduce entertainment
- 21% Reduce take - out
- 19% Reduce grocery spend
- 17% Cut down on telephone exp
- 15% Use car less

Source: Nielsen Global Online Consumer Confidence and Opinion Survey 4Q 2010 - Global Average

Country Abbreviations

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

Region Abbreviations

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

About the Nielsen Global Consumer Confidence Survey

The Nielsen Global Consumer Confidence Survey was conducted between November 10 and November 28, 2010 and polled more than 29,000 consumers in 52 countries throughout Asia Pacific, Europe, Latin America, the Middle East, Africa 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.

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