



News Release

Embargo 00.01 Monday 26 July 2010

CONSUMER CONFIDENCE FALLS FOR FIRST TIME IN A YEAR

Economic concerns shoot up

Consumer confidence has fallen since March according to the latest Consumer Confidence survey, released today (Monday) by Market Research company Nielsen and the British Retail Consortium (BRC).

The quarterly survey asks consumers how they feel about job prospects, their own personal finances, spending intentions and major concerns. It shows the confidence index fell two points to 78 in the last three months – the first fall since April 2009.

Prior to this latest survey, confidence levels had made a slow, but steady improvement over the previous four quarters.

Concerns over the economy have shot up, with 39 per cent of people citing this as their first or second biggest concern (up from 27 per cent in March). The focus on the country's economic predicament during the election campaign in April and early May is likely to have brought this to the forefront of consumers' minds and driven the increase. The next biggest concerns were debt and job security.

Seventy-one per cent of respondents think their job prospects over the next year will be 'bad' or 'not so good'. Over half say the same about their personal finances.

The survey also reveals that 82 per cent of people believe the country is still in recession. While that is down slightly from 84 per cent in March, a much smaller proportion thinks we will be out of recession in a year's time. In March 44 per cent thought Great Britain would not be out of recession within 12 months. That figure has risen to 52 per cent in this survey.

Justin Sargent, Group Managing Director Nielsen Consumer, UK & Ireland, commented:

"Our survey tells us that consumers are starting to feel more worried about jobs and money and debt and this is a concerning turn of events. Many economists have talked about a 'double dip' recession and the results of this survey would

suggest we are at a crucial point in the consumer's mind. Hopefully sentiment will stabilise and this will turn out to be a minor fluctuation on our road to recovery.

“Recent employment figures were positive and interest rates remain low which helps people feel more secure but the fact that ‘saving’ remains the number one thing consumers say they do with their spare cash indicates that people are making concerted efforts to build themselves some additional security.”

Stephen Robertson, British Retail Consortium Director General said:

“Pre-election uncertainty has turned into post-election anxiety. Worries about the state of the economy and fears about the direct effect on individuals of measures to tackle the deficit have halted the revival in customers' mood that had been underway since this time last year.

“British consumer confidence is below the global average, suggesting we're more unsure about future recovery than other countries.

“But, though confidence has fallen, it's well up on this time last year and retail sales have proved reasonably resilient. The impending VAT increase will encourage some customers to buy this side of January.

“After that it's hard to predict the true impact of tax rises and spending cuts until they actually hit. For customers, there's a big difference between anticipating pain and actually feeling it.”

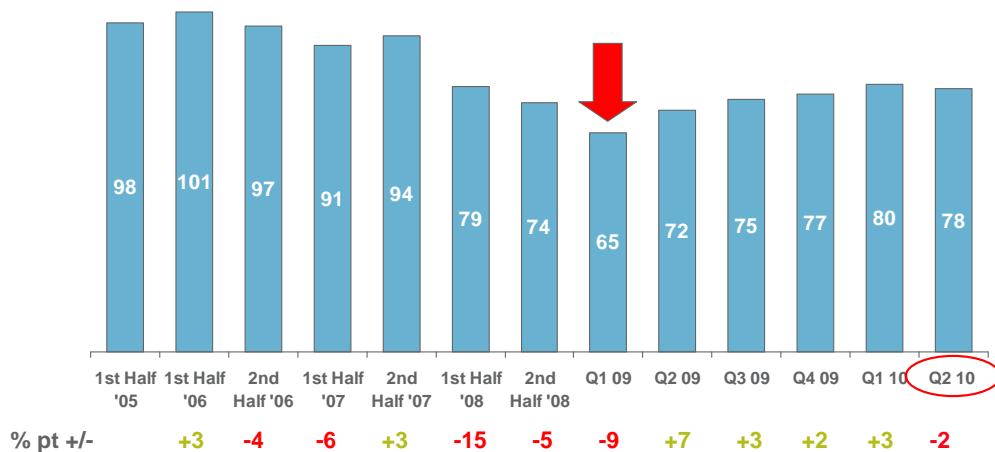
Other findings from the survey include:

- Sentiment over job prospects has hardly changed over the last 3 quarters with only 23% believing that job prospects in Great Britain will be excellent (3%) or good (20%) in the coming year.
- There has been a three percentage point jump in the number of people who feel very negatively about their own personal finances. 12% of people now believe their own personal finances will be ‘bad’ and a further 42% believe they will be ‘not so good’ over the year ahead.
- There has also been an increase in the number of people who believe that now is a ‘bad’ time to buy the things they want and need. 16% believed this in Q1 and now 19% think this. A further 46% believe that it is a ‘not so good’ time to be spending.
- After the economy (39%), debt (19%), job security (16%), increasing fuel prices (16%) and utility bills (15%) are cited as peoples' main concerns (total of first and second biggest concern).

- Savings and holidays are the most popular ways that people use their spare cash. But 22% of people said they have no spare cash, up from 19% in Q1.
- The most heavily cited strategies that consumers are using to stay in budget fall into two groups – firstly people are trying to spend less on everyday essentials (e.g. try to save on gas & electricity (63%), switch to cheaper grocery brands (62%), spend less on new clothes (62%). (NB. This is taken from a sub-sample of the 63% of respondents who said they had changed the way they spend in order to stay in budget.)
- Saving on Gas and Electricity and cutting down on take away meals are the two most heavily cited money saving strategies people intend to continue with after the economy has recovered.

Chart 1: GB Consumer Confidence 2005 – 2010

Nielsen Consumer Confidence Index GB Shoppers confidence is **wavering ..**

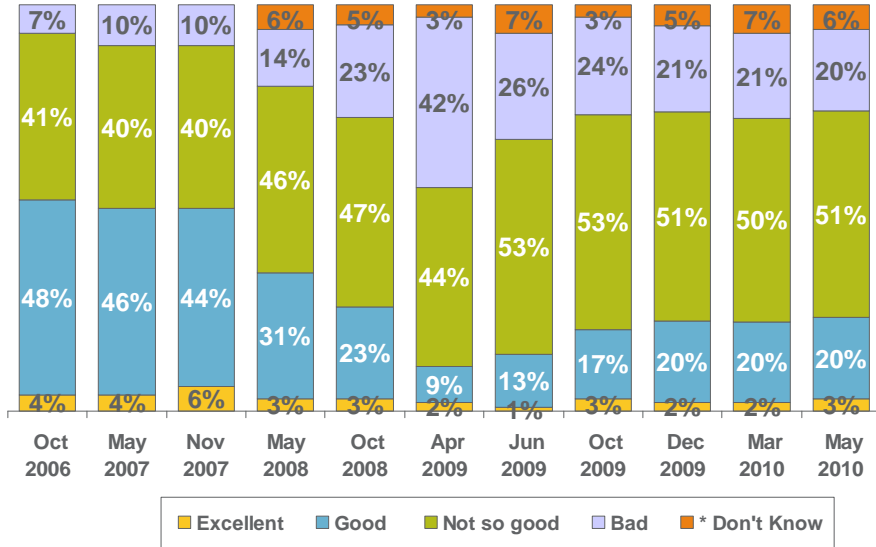


source: The Nielsen Company, Nielsen Global Consumer Confidence Survey 2005 – 2010 - GB

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Chart 2: Job Prospects

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

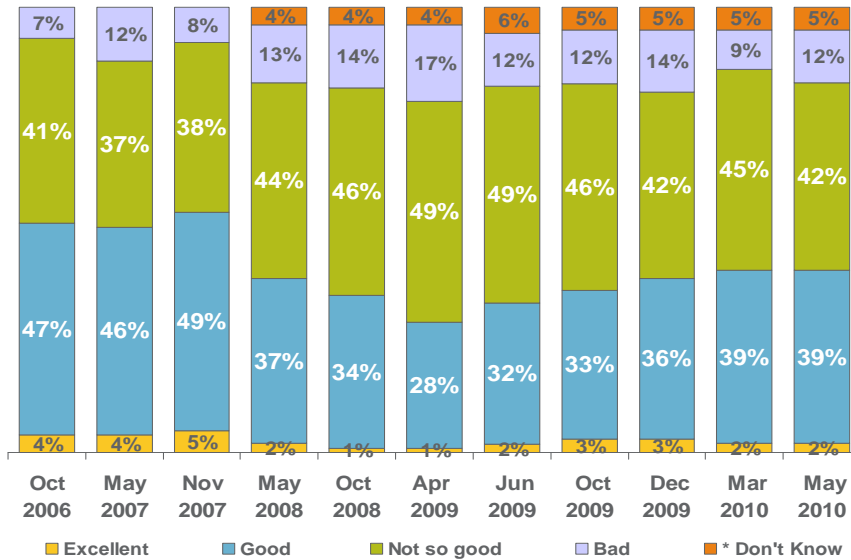


* new survey response option H1 2008

Source: Nielsen – Global Consumer Confidence Survey 2006 to 2010 GB results

Chart 3: Personal Finances

“Do you think the state of your own personal finances over the next 12 months will be..”

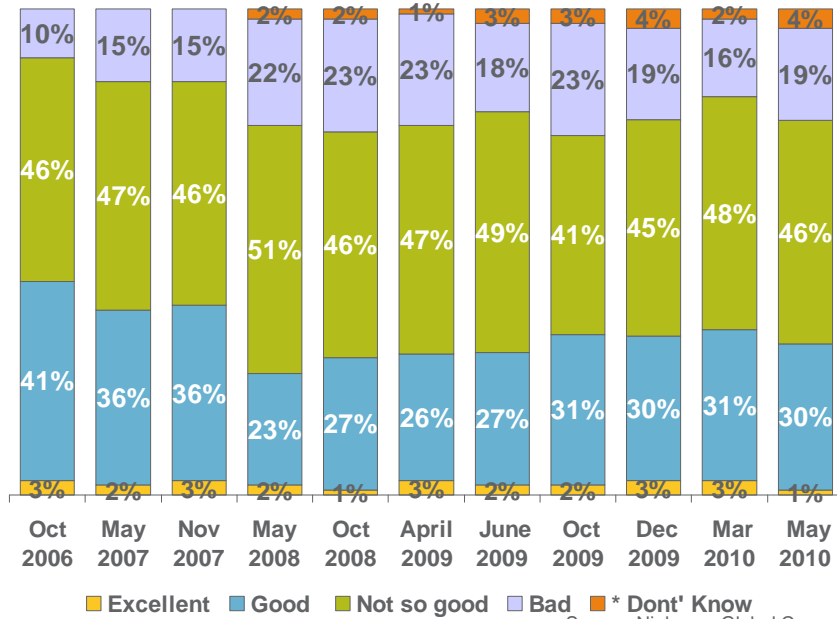


* new survey response option H1 2008

Source: Nielsen – Global Consumer Confidence Survey 2006 to 2010 - GB results

Chart 4 – Now a Time to Spend?

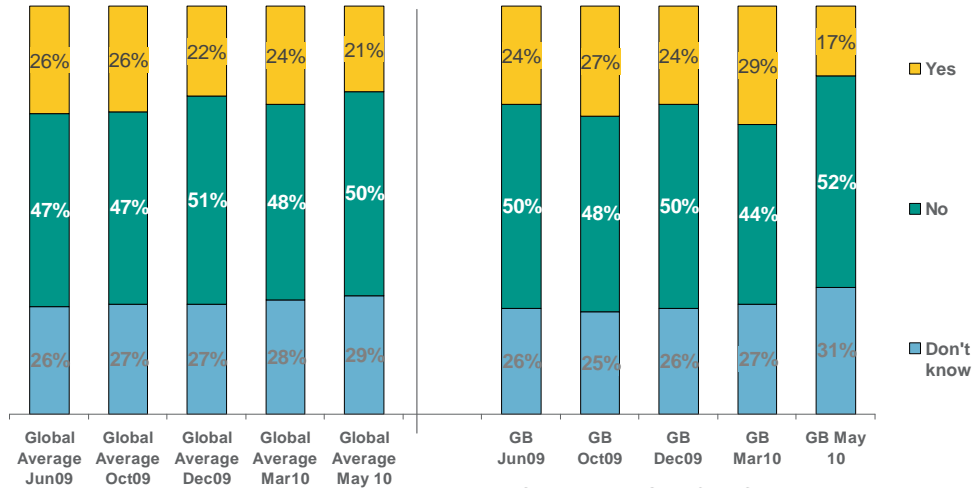
“Considering the cost of things today and your own personal finances, would you say at this moment the time to buy the things you want and need is...”



* new survey response option H1 2008
 Source: Nielsen – Global Consumer Confidence Survey 2006 to 2010 - GB results

Chart 5 – Recession

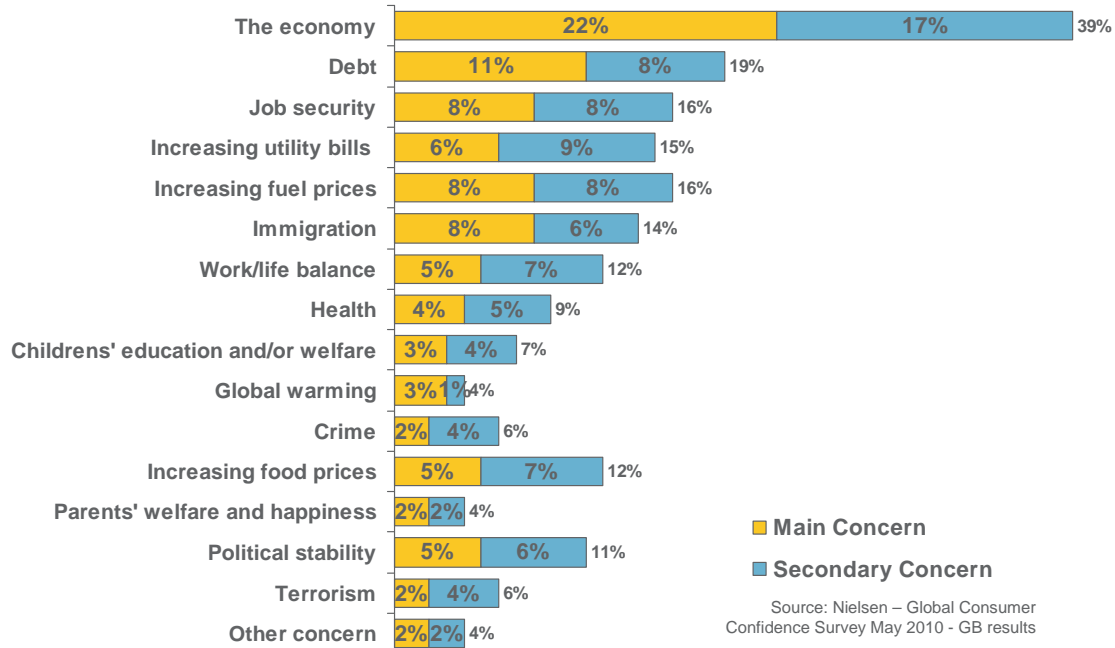
“Do you think your country will be out of an economic recession in the next 12 months?”



Source: Nielsen – Global Online Survey 2009-2010 Consumer Confidence

Chart 6 – Major Concerns

“What is your biggest and second biggest concern over the next 6 months?”



NOTES TO EDITORS

The Nielsen Global Online Consumer Survey, conducted by The Nielsen Company, was conducted between 10 and 30 May 2010 and polled over 27,000 consumers in 55 markets from Europe, Asia Pacific, North America, Latin America, Africa and the Middle East. The largest half-yearly survey of its kind, the Nielsen Global Online Consumer Confidence and Opinion Survey provides insight into current confidence levels, spending habits/intentions and the major concerns of consumers across the globe. The Nielsen Consumer Confidence Index is developed based on consumers' confidence in the job market, status of their personal finances and readiness to spend. 501 respondents were polled in the UK.

Copies of the full survey results are available to journalists from the BRC Press Office

Media contacts

Danielle Tolson - Nielsen
 01865 732343
 07977 236204
danielle.tolson@nielsen.com

Richard Dodd - BRC
 020 7854 8924
 07921 605544
richard.dodd@brc.org.uk

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 approximately 100 countries, with headquarters in New York, USA. For more information, please visit, www.nielsen.com.

About the British Retail Consortium

The British Retail Consortium is the UK's leading retail trade association. It represents the entire range of retailing from large multiples and department stores, small independents, food and non-food, store-based and online.