

News Release

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Third Consecutive Quarter of Consumer Confidence Increase but Caution Prevails

More people feeling positive about their job prospects and personal finances helped consumer confidence increase for the third consecutive quarter, although confidence levels remain well below pre-recession highs.

The latest Nielsen British Retail Consortium (BRC) Consumer Confidence Survey, published this week also reveals that half of respondents believe Britain will still be in recession by the end of 2010 and 70 per cent are adjusting their spending to save money.

When looking at consumers' biggest concerns 'debt' is the single biggest concern (12%[^] in October '09 up to 14% in December '09). Following that, increasing utility bills is again creeping up and is the nation's second main concern (12%) alongside 'the economy'. As the price of petrol continues to edge up, another growing concern is that of fuel prices. 7% of people cite fuel prices as their main concern and a further 9% as their second-most concern.

Concerns about debt levels resulted in over two-thirds of people (69 per cent) saying they put any spare cash they have, once they have covered their essential spending, into improving their personal finances. This is a combination of increasing savings (40 per cent) and paying off debts (29 per cent) – with the savings level the highest recorded since this survey began in November 2004. Just less than a third (29%) say they are paying off debts with spare cash.

When asked whether they think now is a good time to spend, only a third of respondents said they thought now was a 'good' or 'excellent' time to spend. This is unchanged since the Autumn survey. Slightly less people think now is a 'bad' time to spend, shifting to more citing to the less extreme 'not so good' time to spend.

Fewer people claim to be spending on:

- Home improvements
- New clothes



- New technology
- Out of Home entertainment

Justin Sargent, Managing Director, Nielsen Consumer UK commented:

“We are in the foothills of what will be a slow climb out of recession. While people are feeling ever so slightly better about job prospects and personal finances, a definite air of caution prevails. The number of people saying they are saving is at the highest the consumer confidence survey has ever recorded and people remain very concerned about the amount of debt they are shouldering.

“Nielsen expects continued hardship in the leisure industry as more consumers cut back on going out. We also expect to see high street trading muted as the Christmas hangover and recent bad weather further dissuade consumers to spend on areas they were already cutting back on – home improvements, clothes and technology.”

Stephen Robertson, British Retail Consortium Director General, said: “We’re heading in the right direction. It’s encouraging to see consumer confidence improve steadily since the survey’s low last April. But we’ve still got a long way to go before confidence levels hit their pre-recession highs.

“Strong Christmas sales showed customers felt more confident about spending than they have for some time but is that improved mood permanent? Customers are cautious about how their own finances will shape up in 2010, with the impending General Election adding to the uncertainty.

“They now want to cut their costs. That means spending less on things such as new clothes, saving on utility bills and buying more supermarket discount goods.

“And big concerns about the amount of personal debt that’s been racked up have made them more committed to paying off debt and saving, than shopping.”

Chart 1 – GB Consumer Confidence Trend 2005-2009



Nielsen Consumer Confidence Index
GB Shoppers continue to feel more confident

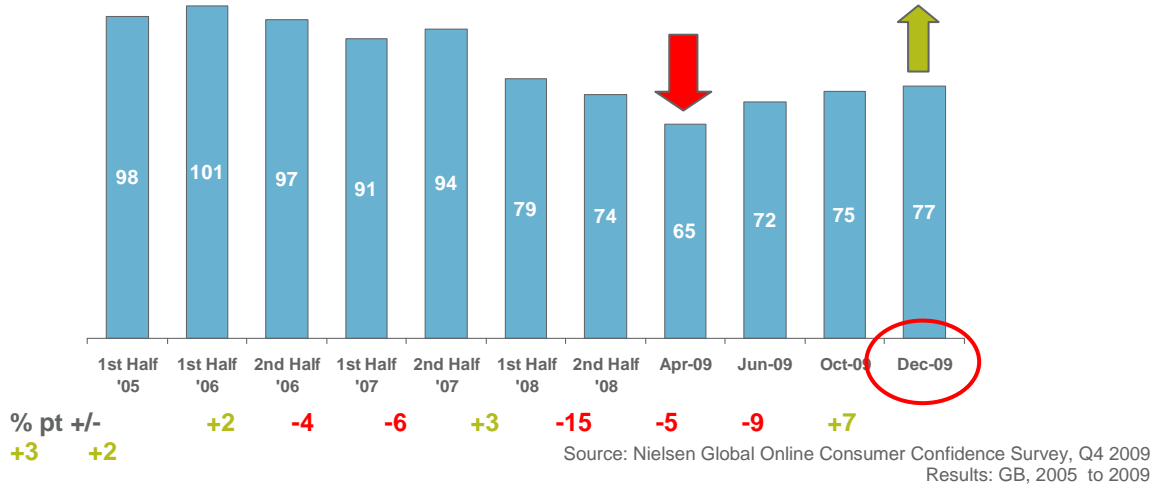
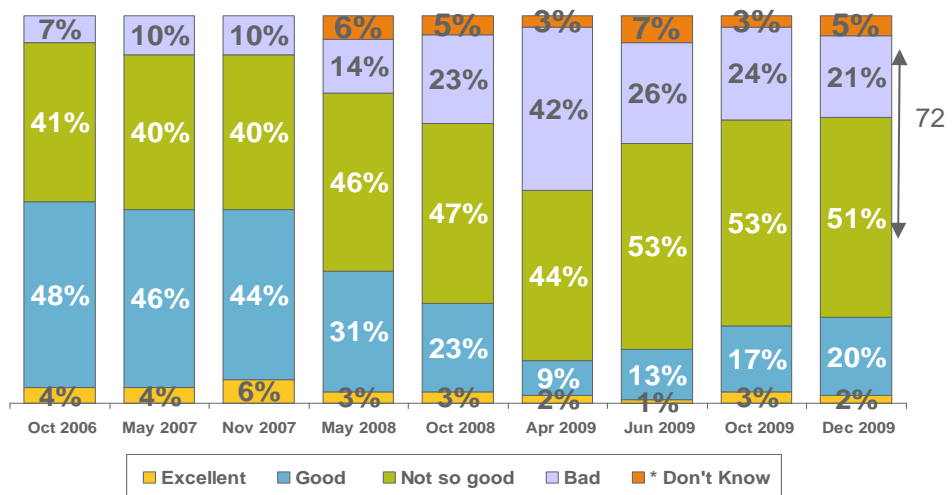


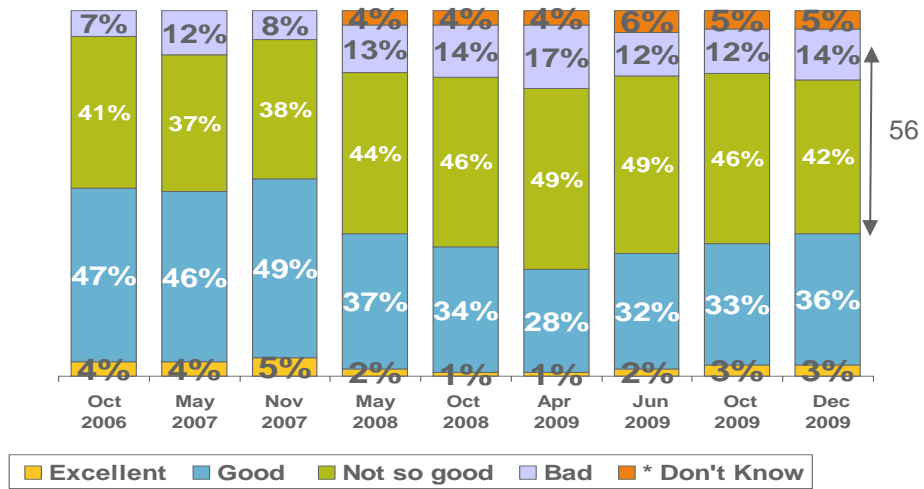
Chart 2 - Do you think job prospects over the next 12 months will be...



* new survey response option

Source: Nielsen - Global Online Survey Oct 2006 to December 2009
 Consumer Confidence - GB results

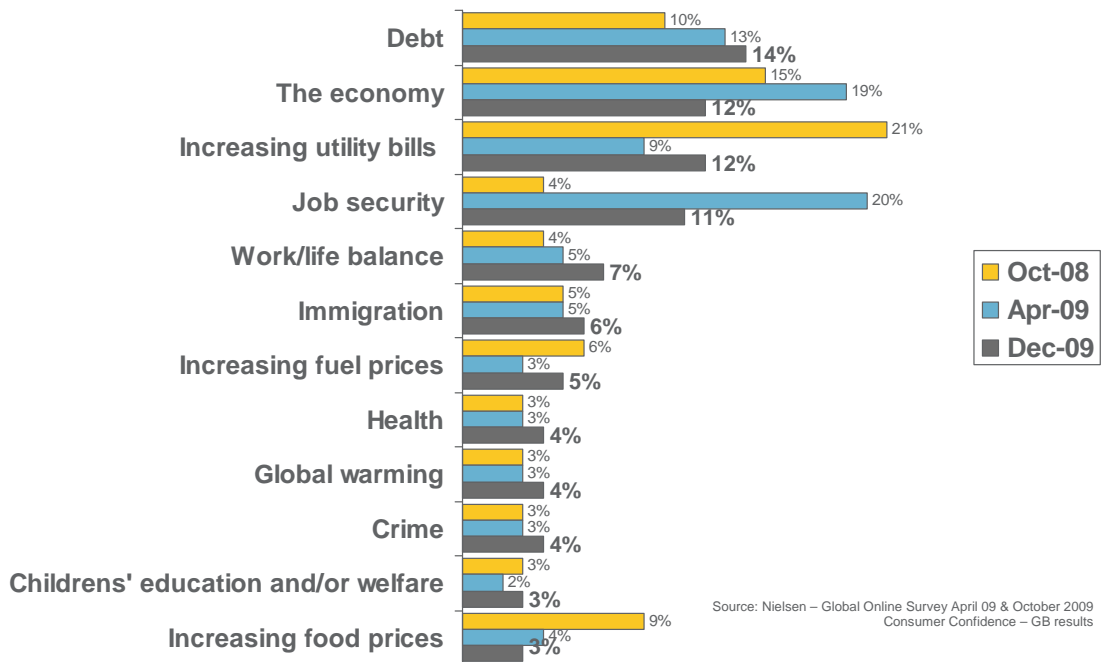
Chart 3 - Do you think the state of your own personal finances over the next 12 months will be..



* new survey response option

Source: Nielsen – Global Online Survey Oct 2006 to December 2009
Consumer Confidence – GB results

Chart 4 – What is your single biggest concern over the next 6 months?



Source: Nielsen – Global Online Survey April 09 & October 2009
Consumer Confidence – GB results

Chart 5 – What are your biggest and second biggest concerns over the next 6 months?

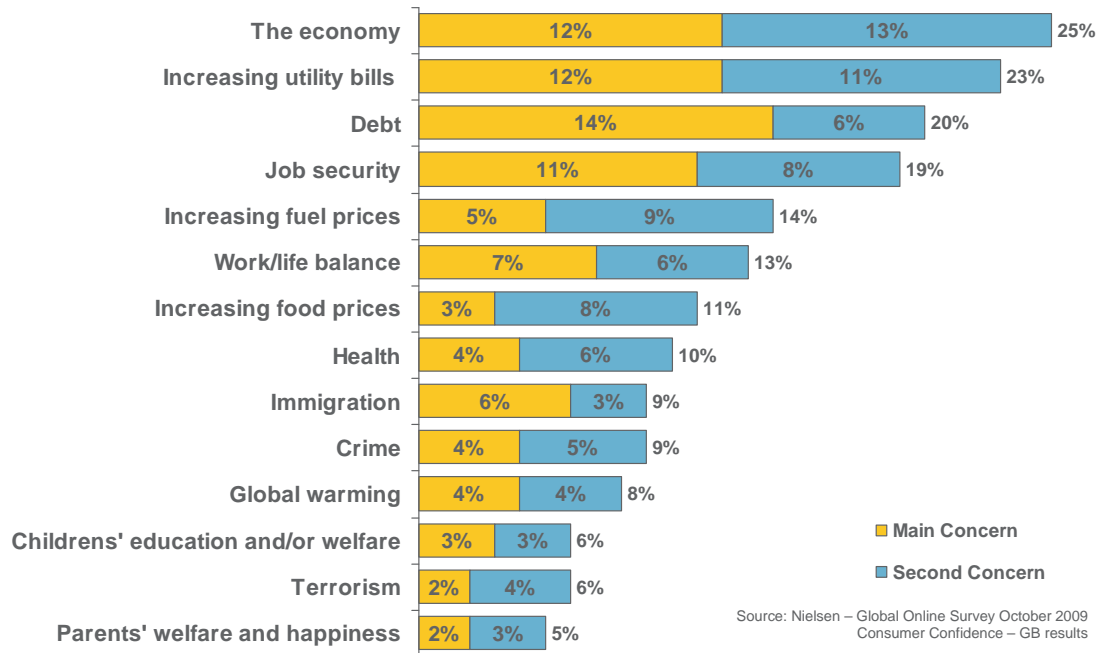
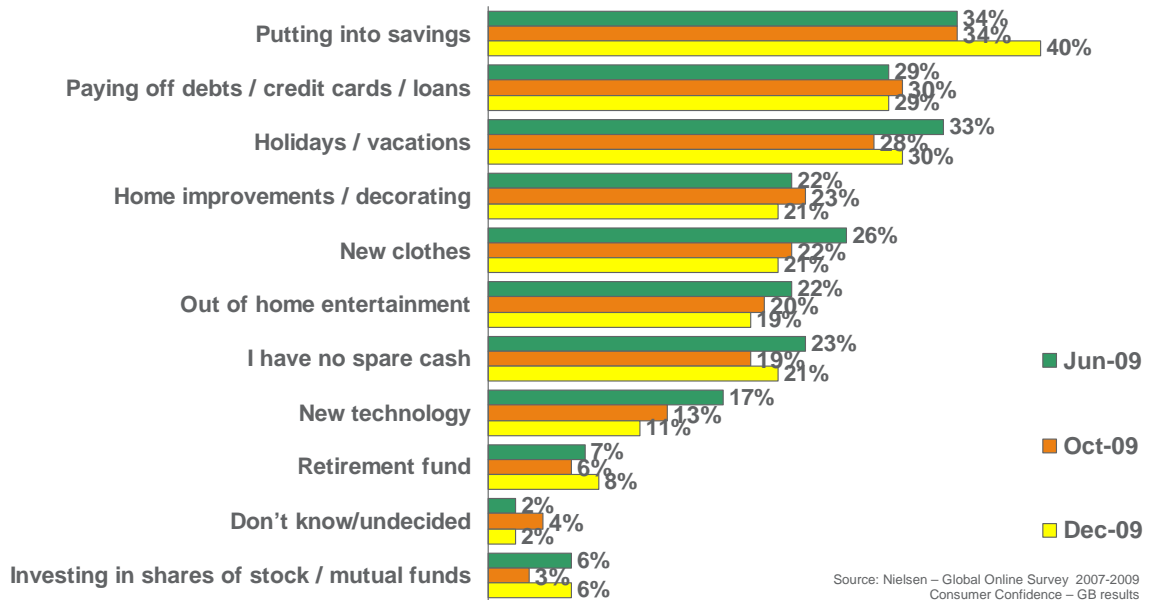


Chart 6 – Once you have covered essential living expenses what do you spend your spare cash on?



Notes



Survey field dates 4th December to 18th December 2009

About The Nielsen Company

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