

News Release

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CONFIDENCE TRICKLES BACK BUT BIG CONCERNS ABOUT JOBS AND ECONOMY

Consumer confidence has edged up to its highest level since November 2007 but many people are still concerned about the economy, jobs, bills and debt.

Those are the key findings of the latest survey of consumer confidence in Great Britain, released today (Friday) by market research company Nielsen and the British Retail Consortium (BRC). The Confidence Index increased for the fourth consecutive quarter. It was three points higher than when the survey was last polled in December 2009 and is 15 points higher than this time last year, when it hit its lowest point during the recession.

But some big worries are still affecting customers. Concern about jobs is not easing. Nearly three quarters of people (71 per cent) said they thought job prospects over the next twelve months were 'bad' or 'not so good'. That is virtually unchanged since December.

The economy is the biggest concern of shoppers followed by factors that directly affect household incomes. 84 per cent of Britain's shoppers believe the country is still in recession with only 29 per cent expecting that to end in the next twelve months (though that is up from 24 per cent in December).

27 per cent said the economy was their biggest or second biggest concern for the next six months. This is up slightly from 25 per cent in December. Increasing utility bills came next with 20 per cent citing it as their biggest or second biggest concern. But, even after the severe winter, that is three points down on the December survey.

Next on the list was increasing fuel bills. Worries about rising fuel prices produced a five percentage point increase, to 19 per cent, in the numbers citing fuel bills as either their first or second main concern.

Worries about health have increased and, after much attention during the run up to the general election, more people cited immigration as a main concern though these rank as sixth and eighth in the list of concerns.

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

“Increasing costs are coming to the fore once again with consumers feeling the recent fuel price increases. We have seen food inflation increase in the last couple of months also so we may find a situation going forward where people start pulling back on discretionary spending more as paying for the basics puts pressure on household budgets.

“For now, things are looking slightly better than they did last quarter but confidence is not coming back in leaps and bounds.”

Stephen Robertson, Director General British Retail Consortium said:

“A tentative recovery is underway but it needs nurturing. Customers feel better than they did a year ago but many people are still concerned about jobs, the economy and household bills. There’s a bit more willingness to spend than there was but one in five say they have no spare cash and most people believe we’re still in recession.

“Economic growth is the way out of the country’s difficulties. Retail is crucial to that. To build the recovery, consumer confidence needs to be helped to improve further not undermined.”

What has driven the increase in confidence?

- The increase in the overall Confidence Index has been driven by fewer consumers saying they feel ‘bad’ about prospects for their personal finances and fewer saying this is a ‘bad’ time to buy the things they want and need.

- The percentage saying personal finance prospects were 'bad' fell from 14 per cent in December to nine per cent while the proportion saying they were 'good' rose from 36 to 39 per cent.
- There was no significant increase in people feeling 'good' about this being the right time to spend; but there was a shift in respondents from the 'bad into the slightly better 'not so good' category. The percentage saying now was a 'bad' time to buy things fell from 19 per cent to 16.

What are people doing with disposable income?

- When asked what they do with their spare cash, saving dominates but there are signs that people are increasingly prepared to buy things that are important to them.
- Paying for a holiday has risen from a low of 28 per cent (October '08 & October '09) to 36 per cent. Though this figure is naturally boosted by seasonality at this time of year, it compares well with pre-recession levels. The number of people saying they are spending on new clothes has grown from 21 per cent to 25 per cent.
- 19 per cent say they have no spare cash; only a slight improvement on 21 per cent in December.
- The number of people saying they are putting spare money into savings, or are paying of debts, has decreased by a point each to 39 per cent and 28 per cent respectively but saving is still the number one thing people are doing with their spare cash. Saving rates remain very high compared with historical levels indicating that people are taking a cautious approach to their finances.

Chart 1: GB Consumer Confidence Index

Nielsen Consumer Confidence Index GB Shoppers are feeling more confident

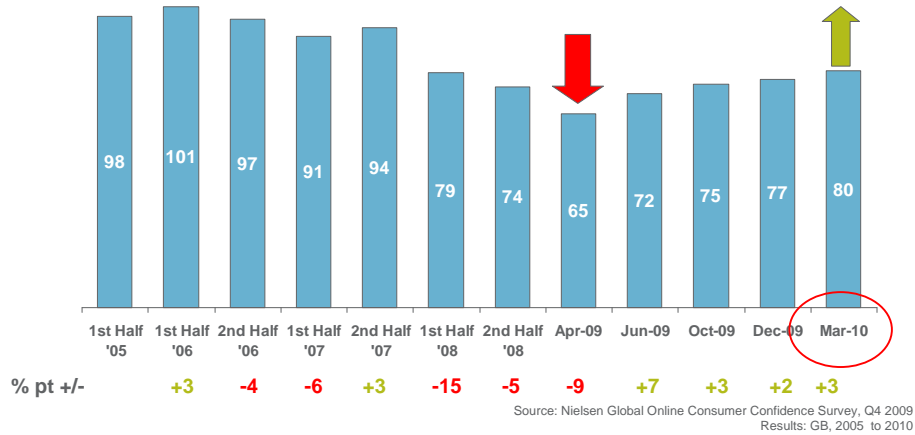
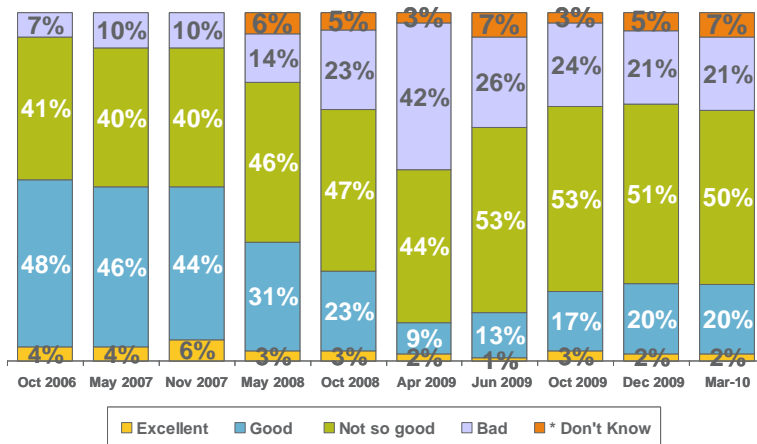


Chart 2: Job Prospects

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



* new survey response option H1 2008

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

Chart 3: Personal Finances

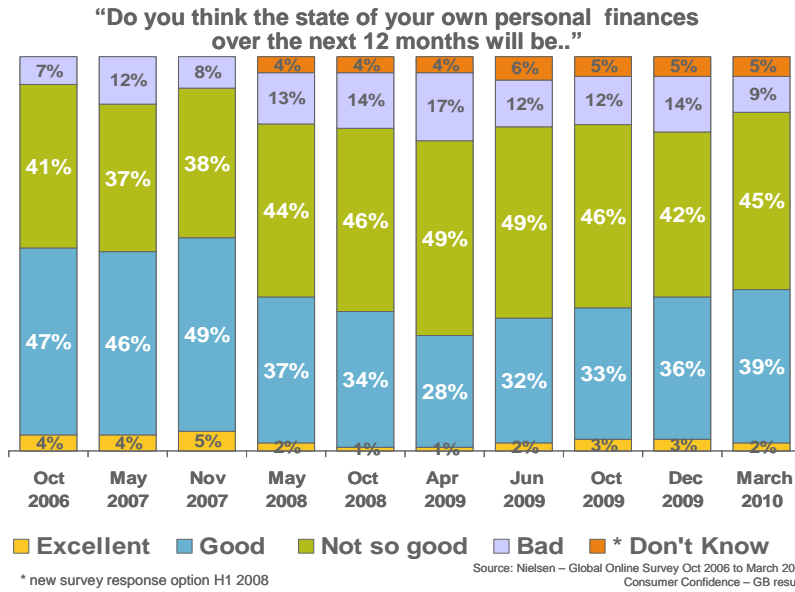
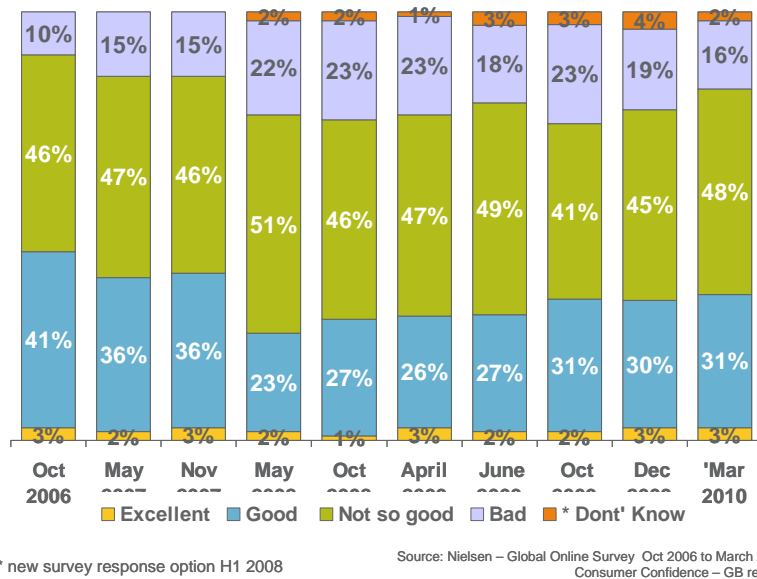


Chart 4: Time to Buy

“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...”



NOTES TO EDITORS

The Nielsen Global Online Consumer Survey, conducted by The Nielsen Company, was conducted between 8th–26th March 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

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About The Nielsen Company

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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.