



The Nielsen Company

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News Release

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CONSUMERS IN *DEVELOPING* MARKETS MORE OPTIMISTIC THAN COUNTERPARTS IN *DEVELOPED* MARKETS THAT GLOBAL RECESSION WILL BE OVER WITHIN THE YEAR: NIELSEN

**ONE IN TWO CONSUMERS WILL TRY TO SAVE ON GAS AND ELECTRICITY, AND
SPEND LESS ON NEW CLOTHES. 47 PERCENT WILL CUT BACK ON OUT-OF-HOME
ENTERTAINMENT, AND ONE IN THREE WILL SWITCH TO CHEAPER GROCERIES.**

Milan, Italy, 30 October 2008: While the world today remains firmly ensconced in credit crunch mode, millions of consumers in the world's fastest developing countries believes the global recession will be over within a year, according to the Nielsen Global Consumer Confidence survey which polled 26,202 consumers in 52 countries in the midst of the global financial crisis earlier this month.

"For global consumers, the last twelve months have been challenging and turbulent, but in some parts of the world, the view is that things might ease in the next 12 months, especially if financial markets stabilize, which will encourage the return of consumer confidence" said James Russo, VP, Marketing, The Nielsen Company.

Fifty-one percent of Indians, 45 percent of Vietnamese and around one in three Chinese and Russians expect the global recession to end within the next 12 months, according to the Nielsen survey.

"Despite being impacted by the current global conditions, corporations and consumers in these large developing markets are aware that their medium-to-long-term prospects remain strong," said Russo.



"One in two Indians believe the local economy will continue to show good growth, and the global recession will have limited impact on a buoyant domestic market large enough to support continued growth," added Russo.

Moreover, Indian investors have also been safeguarded by the country's relatively nascent financial market, where fewer investment options have resulted in savings accounts becoming the principal investment option for many consumers. According to Nielsen's 2008 Money Monitor, Indians are more comfortable putting their hard-earned money in fixed deposits and saving for a secure tomorrow, than they are spending for a comfortable today.

Meanwhile, in the growing economies of China and Vietnam, many product and service categories continue to post strong double digit growth and consumer spending has not been affected to the same extent as Western economies.

For sure, spending will remain tight over the upcoming Christmas season for western nations but consumers are hopeful that things will be better by the end of 2009. One in six US consumers also expected to see the end of a global recession within twelve months.

"While the recent global financial turmoil clearly confirmed consumers' worst fears of an imminent global slowdown – consumers had braced themselves. Our research showed that consumers were prepared for a tough 2008 and confidence in many countries including the USA, UK, Italy and France actually recorded their most significant declines six to twelve months ago. That's when consumers in every region began to tighten their belts," said Russo.

"While no-one could have predicted the extent of the recent global financial crisis, consumers already started changing their spending patterns and shopper behaviour a year ago," said Russo. "At the end of 2007, the USA was already entrenched in the sub-prime crisis and consumers around the world were grappling with falling property prices in tandem in rising food and fuel prices and volatility in local stock markets. These events had already forced consumers to make changes to their lifestyle and right now they are simply intensifying these changes and cut-backs as they shift gear into serious credit crunch mode."

According to another Nielsen survey on consumer recessionary behaviour, one in two global consumers will cut back on buying new clothes and try to save on gas and electricity bills.



Forty-seven percent will cut back on out-of-home entertainment and one in three consumers will switching to cheaper grocery brands during shopping trips.

Among US consumers, 67 percent said they will try and save on gas and electricity, while over 50 percent are also cutting down on out of home entertainment and take away meals, spending less on new clothes as well as using their cars less often.

"Staying In has become the new Going Out for a new breed of credit crunch consumers," said Russo. "And while restaurants and bars may already be feeling the pinch, the "stay-in" trend is providing new marketing opportunities for innovative at-home entertainment options as well as at-home food and beverage products, along with premium and prepared food ranges specifically aimed at home entertaining".

Nielsen's survey results suggest that the global clothing retail sector may be among the hardest hit, and the personal technology sector can also expect a challenging 2009 as 40 percent of global consumers plan to delay technology upgrades (mobile phone/laptop) as part of their spending cut-backs.

"Compared to previous downturns, 2008 is likely to have a serious impact on lifestyle and cultural factors in many parts of the world," said Russo. Nielsen Consumer Panel research, for example, has revealed that French consumers will cut down on their consumption of meat and wine during 2008 - the mainstays of their cuisine – while 37 percent will now also cut back on at-home entertainment, an integral part of French lifestyle. According to the Nielsen consumer confidence survey, one in four (25%) French consumers said they had "no spare cash after paying basic living expenses", up from one in six (17%) in May 2008.

One in five US consumers also said they had no spare cash after paying basic living expenses, as well as 28 percent of Portuguese and 19 percent of Austrians and Dutch. Seventy percent of Austrians said they would be switching to cheaper grocery brands as their key belt-tightening strategy during this economic slowdown, while 53 percent of them and 54 percent of Dutch said they would also reduce spending on new clothes.

Globally, three in five (62%) consumers described their state of personal finances as *not so good/bad* –a clear indication that extravagant spending sprees aren't being on the cards in the near future. "However, even during economic slowdowns it's important to remember that there are gaps and opportunities for savvy marketers," said Russo. "Companies that continue



invest in their brands and products and stay constantly engaged with their target market will come out of this downturn as winners. Consumers today will remember the companies and products which best understand their changing needs and demands during a slowdown. For marketers, brand investment during a downturn has never been more important to drive and secure brand loyalty for better days ahead," added Russo.

THE NIELSEN GLOBAL CONSUMER CONFIDENCE SURVEY – OCTOBER 2008

Although consumer confidence declined across all global regions in the last five months, Latin America remained the most optimistic region, with a regional Consumer Confidence Index average of 96.8, followed by EMEA at 88.5 and Asia Pacific at 85.1. Consumer confidence in North America fell 2 points to 83 while Europe fell five Index points to 77. The global Nielsen Consumer Confidence average fell four Index points from 88 to 84 points.

Despite a drop of eight points in the past five months, India (114) and Denmark (112) came out on top of global Consumer Confidence rankings this month, while South Korea, which saw its stock market close at its lowest since October 2005 last Friday, languished at the bottom of Consumer Confidence rankings at 36 points, a loss of 14 points in the last five months. Norway, the world's most optimistic nation in May this year, dropped to fifth place this month with a Consumer Confidence decline of twenty points. Sweden, also dropped 14 points.

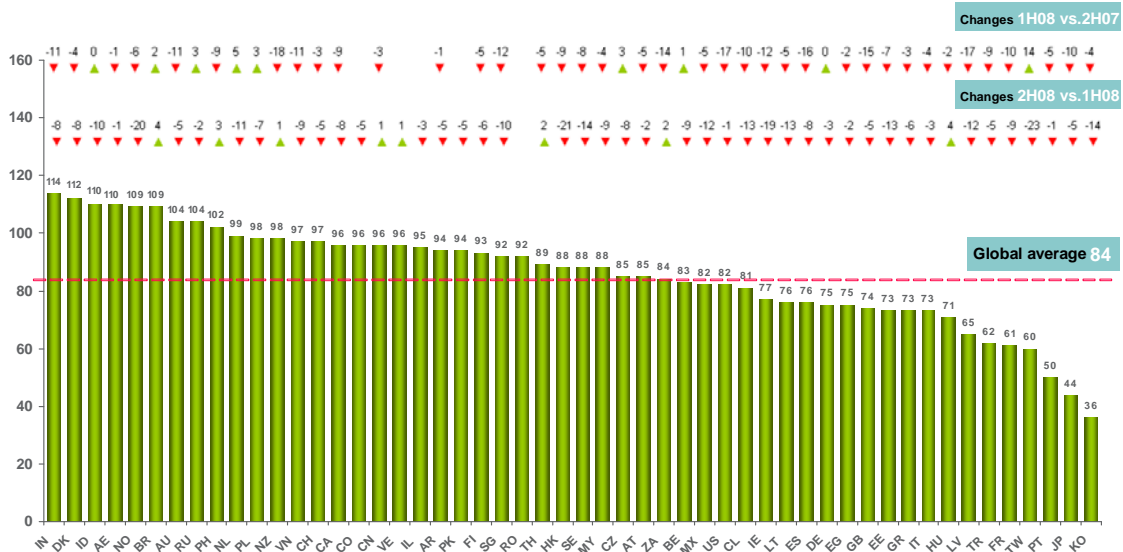
Singapore, Chile, Ireland and Latvia recorded further double-digit declines in Consumer Confidence for the second time this year –a clear reflection of the global nature of this economic slowdown.

The only nations which recorded marginal increases in consumer confidence were Brazil (4 points), Philippines (3 points) and New Zealand, China, Venezuela, Thailand and South Africa gained one point compared to five months ago.

Nielsen Consumer Confidence Index

2H 2008 Nielsen Consumer Confidence Index

■ 2H 2008



About The Nielsen Global Online Consumer Survey

The Nielsen Global Online Consumer Survey, conducted by Nielsen Customized Research, was conducted from Sept 22 – October 6th 2008 among 26,202 internet users in 52 markets from Europe, Asia Pacific, North America 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.

About The Nielsen Company

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