

## News Release

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**FOR IMMEDIATE RELEASE**

### **AUSSIES GEAR UP FOR ECONOMIC RECOVERY**

#### **Consumer confidence, state of personal finances and willingness to spend among the highest globally**

**Sydney, 30 July 2009:** According to the latest Nielsen Global Confidence Survey, Australia is showing encouraging signs of economic recovery with strong consumer confidence levels and positive perceptions regarding the state of their own finances and their willingness to spend over the next 12 months.

The survey, conducted in 28 markets in June 2009, revealed Australia's Consumer Confidence Index to be the fifth highest globally – just behind fast-growing developing countries Indonesia, India, the Philippines and Brazil. The confidence levels of Aussie consumers improved by three points versus March 2009 to 95 – 13 points higher than the global average of 82 and well ahead of other developed nations – Great Britain (72) and US (80).

With recent economic data suggesting that Australia narrowly escaped a technical recession, signs that consumers now believe the worst is over are beginning to emerge. Forty-four percent of Aussies believe 'now is a good/excellent time to buy the things they want' - the second highest score globally – just behind Brazil - indicating a renewed willingness to spend on discretionary items, while almost three-in-five (59%) described their personal finances as 'good/excellent' for the year ahead -- 16 points above the global average of 43% and fifth highest score globally.

And it appears that Australians' positive outlook, coupled with the decline in constant bad economic news in the media, has directly impacted online chatter about the recession. According to Nielsen Online's Buzzmetrics service, the number of online discussions or "buzz", in Australia mentioning the word "recession" dropped around 56 percent between February and June this year.



“Growing consumer optimism driven by less negative press about the economy in the past few months has led Australian consumers to believe that economic recovery will come sooner rather than later. We all know that recovery won’t happen overnight, but the fact that a large percentage of consumers are feeling positive about their finances and spending intentions is certainly a step in the right direction,” said Chris Percy, Managing Director – Consumer Group, Nielsen Pacific.

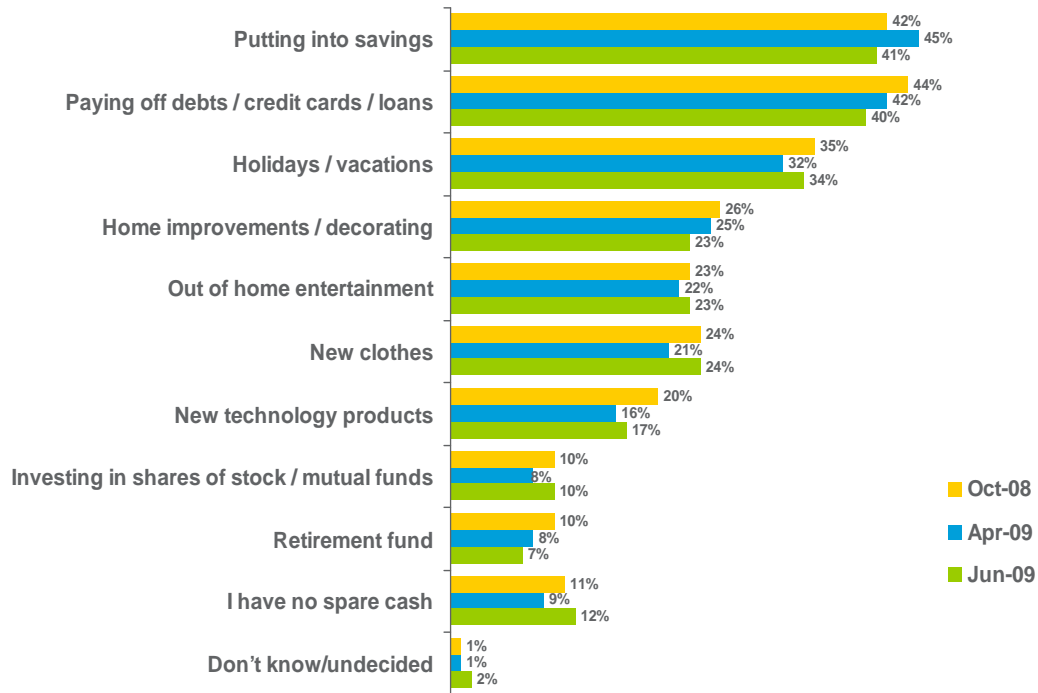
The survey results also show that despite growing levels of optimism among Australian consumers – there is still an underlying air of caution. The economy and job security remain our top two concerns in life, and there is still a very strong focus on saving and debt reduction. After covering essential living expenses, 41 percent of Aussies said they put their spare cash into savings, while 40 percent said they would be paying off debts, credit cards and loans (*Refer to Charts 1 and 2*).

Almost three-in-five (59%) of Australians said that compared to the same time last year, they had changed their spending habits to cut down on household expenditure. Topping the list of cost-cutting initiatives included: cutting down on take-away meals (64%); spending less on new clothes (64%); and saving on gas and electricity (60%) (*Refer to Chart 3*).

“Despite increasing confidence, Australians will still think twice about the way they spend their spare dollars until the economy has completely recovered. The Rudd Government has warned that as the world recovers from the global economic crisis, Australian families may continue to feel the pressures of high unemployment, rising interest rates, budget cuts and more expensive food and petrol,” commented Percy.

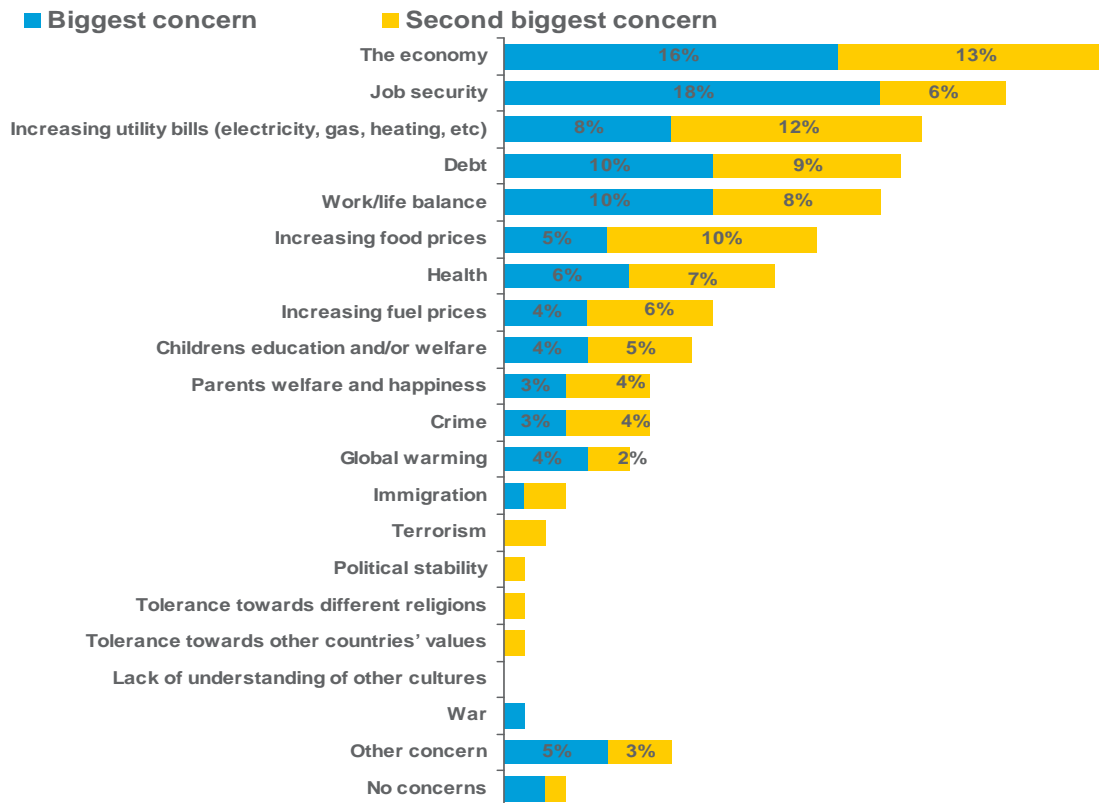
“The positive news is that Australia, when compared to other developed nations, is in a better position for faster economic recovery. Australian consumers are getting the hang of cutting back on non-essential purchases. People with jobs – still the overwhelming majority – now have more disposable income as they reduce spending on big-ticket items like cars and holidays. With mortgage interest rates at their lowest levels, savings rates are increasing quickly and this has increased financial confidence,” added Percy.

**Chart 1: Once you have covered essential living expenses, how do you spend your spare cash?**



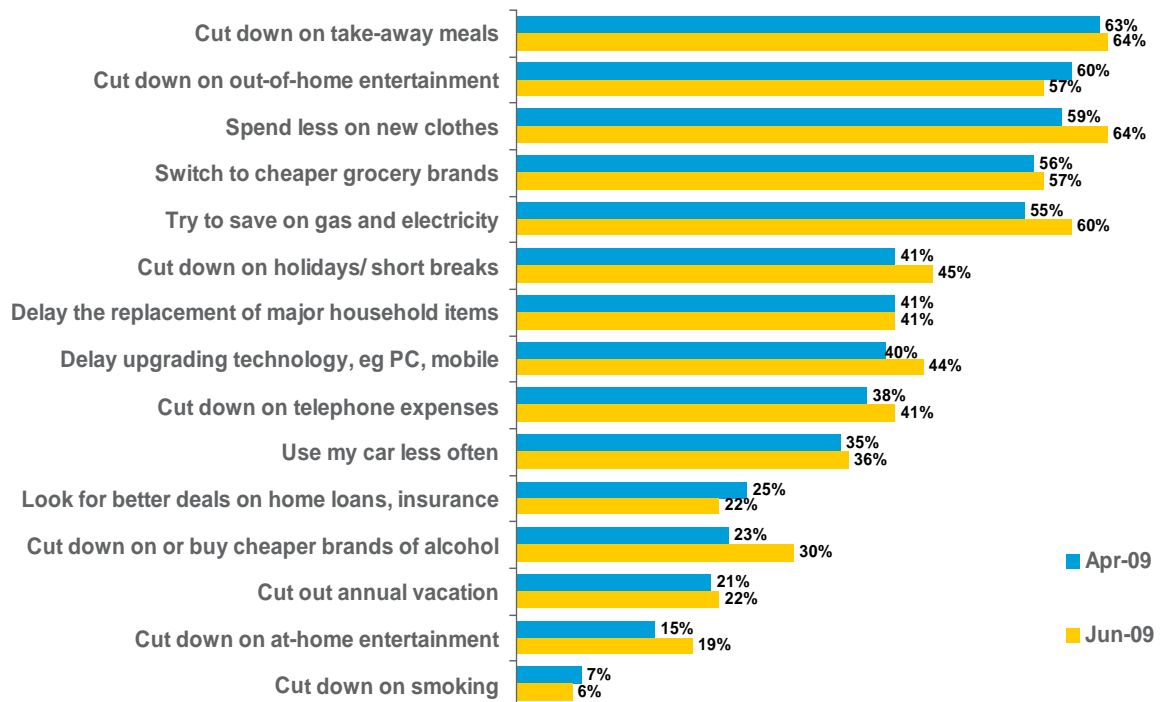
Base: All respondents (Australia)

**Chart 2: Major concerns over the next six months**



Base: All respondents (Australia)

**Chart 3: Compared to this time last year, which of the following actions have you taken in order to save on household expenditure?**



Base: All respondents who have changed spending to reduce household expenses (Australia)

**About the Nielsen Global Consumer Confidence Survey**

The Nielsen Global Consumer Confidence Survey was conducted between 15 – 29<sup>th</sup> June and polled 14,029 consumers in Europe, Asia Pacific, North America and the Middle East 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 ± 1%.

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