



CONSUMER CONFIDENCE

**CONCERNS AND SPENDING
INTENTIONS AROUND THE WORLD**
QUARTER 1, 2013



nielsen
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AN UNCOMMON SENSE
OF THE CONSUMER™

CONSUMER CONFIDENCE REBOUNDS IN KEY ECONOMIES IN Q1 2013

Global consumer confidence indexed at 93 in Q1 2013, a two-point increase from the previous quarter (Q4 2012), according to consumer confidence findings from Nielsen, a leading global provider of information and insights into what consumers watch and buy. The increase was driven by the positive performance of self-reported key economic indicators (job prospects, personal finances and ability to spend) in the United States, across key Asian export markets, and throughout northern and central Europe.

GLOBALLY

- Global consumer confidence increased to 93, from 91 in Q4 2012
- 55% of 58 countries posted improved confidence levels, compared to 33% in Q4 2012

REGIONALLY

- Spending intentions in North America increased since the beginning of the Great Recession in 2008
- Confidence in key Asian export economies rebounded strongly in Q1
- Consumer confidence increased in central and northern Europe, surpassing year-ago levels
- Latin Americans reported spending restraint and a two-point confidence decline in Q1
- Consumer confidence in Middle East/Africa declined to lowest level in three years

The Nielsen Global Survey of Consumer Confidence and Spending Intentions, established in 2005, measures consumer confidence, major concerns and spending intentions among more than 29,000 respondents with Internet access in 58 countries. Consumer confidence levels above and below a baseline of 100 indicate degrees of optimism and pessimism.

“Economic perceptions signaled positive momentum as global job prospects, personal finances and spending intentions cautiously edged up in Q1 2013,” said Dr. Venkatesh Bala, chief economist at The Cambridge Group, a part of Nielsen. “Encouraged by positive signs in the U.S. economy and moderately steady performance in China, consumer confidence in developed Asian economies rebounded strongly last quarter, as Hong Kong, Japan, South Korea and Taiwan posted double-digit confidence increases.”

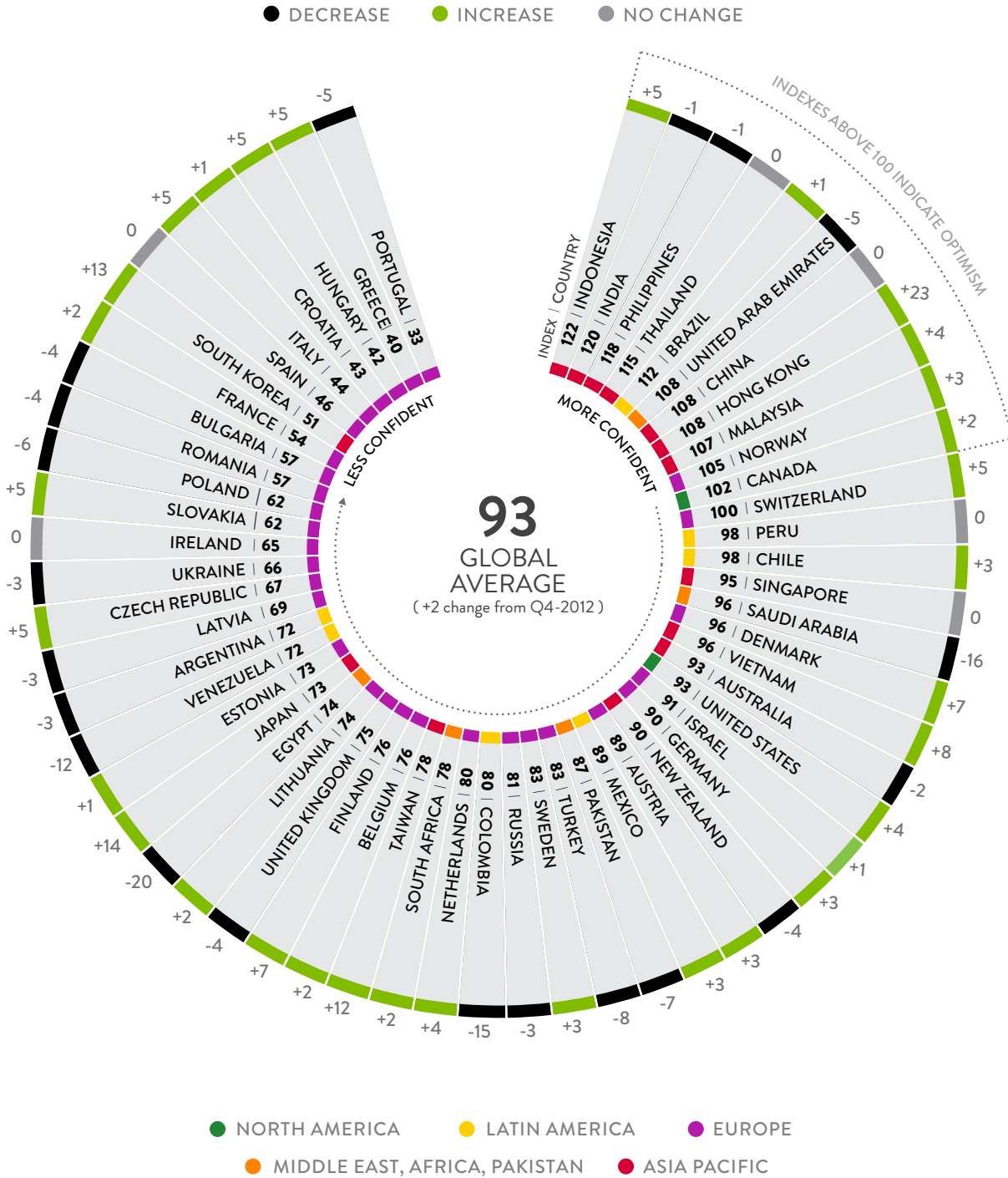
In the latest round of the survey, conducted February 18–March 8, 2013, consumer confidence rose in 55 percent of markets measured by Nielsen, compared to a 33-percent increase reported in the previous quarter (Q4 2012). North America (94) reported the biggest quarter-on-quarter regional consumer confidence increase of four points in Q1, followed by Asia Pacific (103), which increased two index points. Consumer confidence declines were reported in the Middle East/Africa region (85), which decreased 11 index points and in Latin America (94), which declined two index points. Europe’s regional consumer confidence index of 71 held steady from Q4 2012.

In key economies, consumer confidence increased four points in the U.S. (93), three points in Germany (90), 14 points in Japan (73), and held steady in China (108), compared to Q4 2012. Hong Kong reported the biggest quarterly index increase of 23 points to 108 and Egypt suffered the biggest decline of 20 points to 74. Indonesia reported the highest consumer confidence index at 122, a five point increase from Q4 2012. Portugal reported the lowest index at 33, a five point decline.



GLOBAL CONSUMER CONFIDENCE SURVEY

58 COUNTRIES - 3-MONTH TREND
Q1-2013 NIELSEN CONSUMER CONFIDENCE INDEX



*Survey is based on respondents with Internet access. China survey results reflect a mixed methodology. Index levels above and below 100 indicate degrees of optimism/pessimism.

RESILIENCE DISPLAYED IN THE FACE OF GLOBAL UNCERTAINTIES

Key economies reported improved consumer confidence in the first-quarter. In particular, Germany, France and many other surrounding central and northern European countries reported increases in positive sentiment for local job prospects, personal finances and spending intentions, returning to year-ago levels. But unemployment throughout much of the Euro zone remains high.

“We suspect that fears of the European debt crisis spreading beyond recession-stricken southern European countries may have eased in the first quarter,” said Dr. Bala. “However, weak labor market conditions in troubled economies, including Greece, Ireland, Italy, Portugal and Spain, and the recent Cyprus financial crisis are further indications of the fragile state of the European economy, which continue to hinder a full recovery in the region.”

“Americans are in phase two of the economic recovery, however, for many, it just doesn’t feel that way,” said James Russo, senior vice president, Global Consumer Insights, Nielsen. “At the height of the Great Recession (2008–2009), consumer confidence averaged an index of 81 and remained stubbornly low at 82 throughout 2010–2011. Since 2012, however, consumer confidence is averaging an index of 90, which is still below the pre-recession average of 103 (2005–2007), but illustrates a sustained positive movement. Three years of strong gains in the equity market are balanced by five years of declining median household incomes, which highlights the economic divide and precarious state of the recovery.”

In addition to steady consumer confidence in China, key Asian export markets rebounded strongly in the first quarter. Japan reported its highest consumer confidence score since 2006, which raised optimism toward economic recovery amid government-led financial policies. Likewise, South Korea increased 13 index points to 51, fueled by the expectation that new government policies would lift the economy out of stagnation. Hong Kong’s first-quarter performance reversed two previous quarters of declining consumer confidence, increasing the index to the highest level since Q1 2008. In Taiwan, a rise of 12 index points in Q1 to a score of 78 showed optimism, but the level is still below year-ago confidence results.

CONSUMERS WERE RELUCTANT, BUT SLOWLY OPENED THEIR WALLETS

On average, across all countries in the survey, every confidence indicator edged up in Q1 2013. Forty-seven percent of global respondents were optimistic about job prospects over the next 12 months, an increase of two percentage points from Q4 2012, 54 percent were confident in their personal finances (+1), and 36 percent were ready to spend (+2).

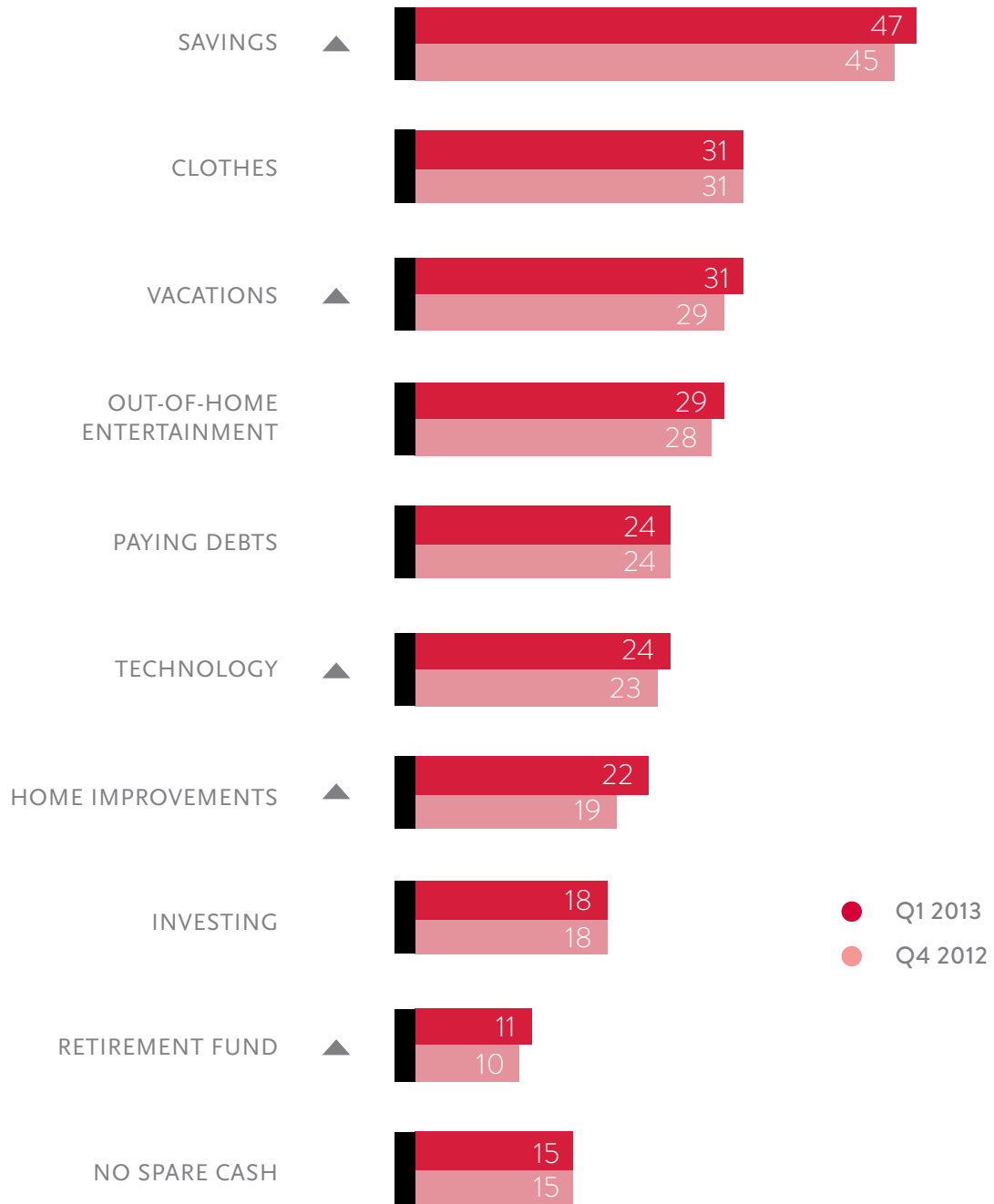
Respondents around the world appeared to cautiously open their wallets in the first quarter. While discretionary spending intentions for new clothes (31%) remained flat from Q4 2012 levels, spending on out-of-home entertainment (29%), holidays and vacations (31%), home improvements (22%) and new technology (24%) increased marginally, but still below year-ago levels. Forty-seven percent of global respondents saved their spare cash, an increase from 45 percent reported in Q4 2012. Globally, 15 percent said they had no spare cash, an increase from 13 percent a year ago (Q1 2012).

North America led the global regions for spending intentions over the next 12 months. Forty-two percent of North American respondents said they plan to spend on discretionary items during the year—a six point rise from Q4 2012, which signaled a welcomed increase from the 33 percent average reported over the past three years. An increase in spending intentions was also reported in the Asia-Pacific region, rising two percentage points to 39 percent. Spending intentions among respondents in Latin America (34%), Middle East/ Africa (30%), and Europe (27%) declined in Q1.

“Buoyed by a nascent revival of the U.S. housing market and strengthening employment conditions, Americans demonstrated an eagerness to spend again,” said Dr. Bala. “Higher payroll taxes and the effect of government budget cuts coupled with volatility in job hiring and sluggish personal disposable income continue to impact U.S. households, which will make continued growth an on-going challenge.”

HOW WE SPEND OUR SPARE CASH

Global Average



Source: Nielsen Global Survey of Consumer Confidence, Q1 2013
Based on respondents with online access only.

A RECESSIONARY MINDSET CONTINUED

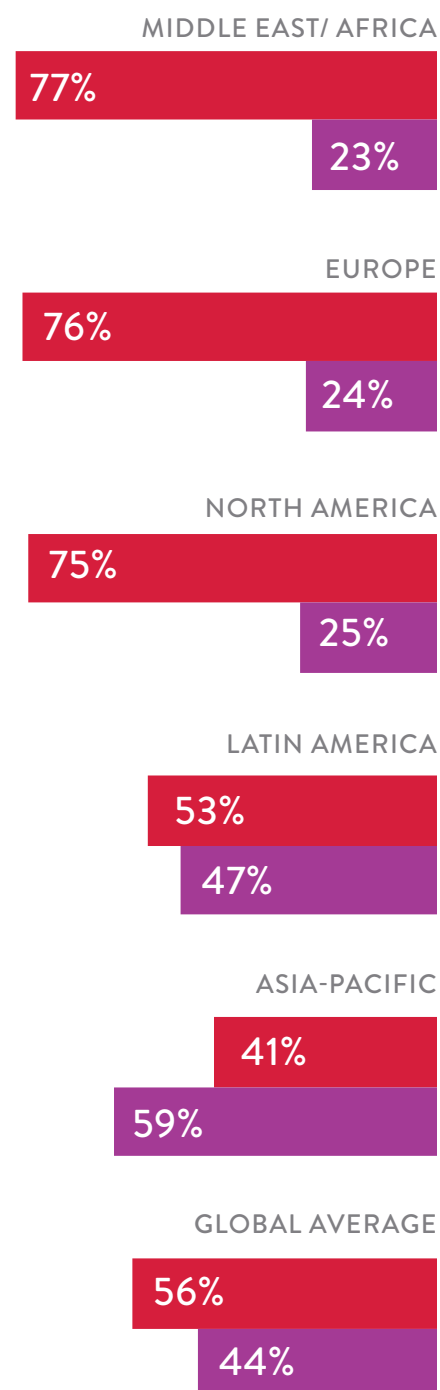
While global economic indicators improved in Q1, the reality for most respondents was that the recession would live on for at least another year. More than half of global respondents (56%) said they were in a recession in Q1, an improvement from 59 percent reported in the previous quarter and 62 percent from six months ago. Asia-Pacific respondents posted the most significant recessionary mindset recovery, down seven percentage points regionally to 41 percent (from Q4 2012).

Three quarters of respondents in the Middle East/Africa (77%), Europe (76%) and North America (75%) remained mired in a recessionary mindset, as the sentiment worsened in these regions in the first quarter. The biggest recessionary mindset increase was reported among Middle East/Africa respondents, rising four percentage points, followed by an increase of four percentage points in North America (despite the overall increase in confidence), and one point in Europe. Latin American respondents reported a three point recessionary mindset increase to 53 percent, compared to Q4 2012.

Europeans were the most pessimistic about the immediate economic future, with 64 percent believing the recession would live on for another 12 months. In North America, 59 percent did not believe the recession would be over in the year, which was an up from 55 percent in Q4 2012. Forty-three percent of Latin American, 43 percent of Middle East/Africa respondents and 38 percent of Asia-Pacific respondents expected the recession to live on for another 12 months.

**DO YOU
THINK YOUR COUNTRY IS IN
AN ECONOMIC RECESSION
AT THE MOMENT?**

● YES
● NO



Source: Nielsen Global Survey of Consumer Confidence, Q1 2013
Based on respondents with online access only.

NORTH AMERICANS WERE CAUTIOUSLY READY TO SPEND

While 77 percent of American and 50 percent of Canadian respondents believed they were in a recession in Q1 (a quarterly increase of three and two percentage points, respectively), they demonstrated a cautious eagerness to spend. Respondents in both countries reported marginal increases in discretionary spending and saving intentions for the home, vacations and entertainment expenses.

In the U.S., the percentage of respondents intending to spend on home improvement and decorating projects increased six points to 23 percent, compared to Q4 2012. Twenty-two percent plan to take a vacation and spend on out-of-home entertainment, an increase of two percentage points each. One-fourth (26%) of American respondents plan to buy new clothes, a decline from 27 percent reported in Q4 last year.

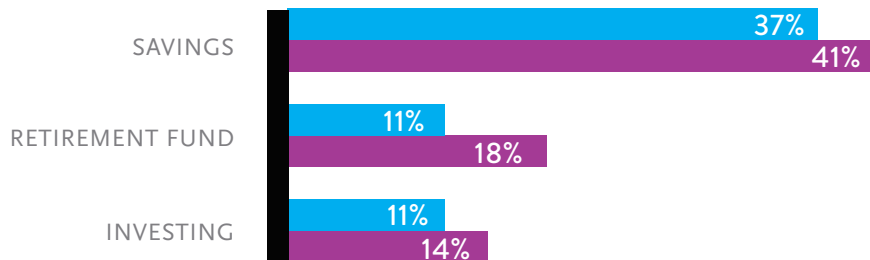
“In the U.S., the increase in reported discretionary spending is not a rising tide affecting all ships,” said Russo. “Nearly four years after the official recession hit, more than three-quarters of Americans are still feeling the effects. With close to two-thirds of Americans living paycheck to paycheck, consumers are significantly impacted by continued volatile economic factors, such as job growth, rising food and fuel prices.”

In Canada, spending intentions for new clothes and out-of-home entertainment increased four percentage points each, compared to Q4 2012, representing 22 percent and 19 percent of respondents, respectively. One-fifth of Canadian respondents said home improvement/decorating projects were a priority—an increase of three percentage points from the previous quarter. Saving intentions reported a boost in Q1, increasing six percentage points to 41 percent.

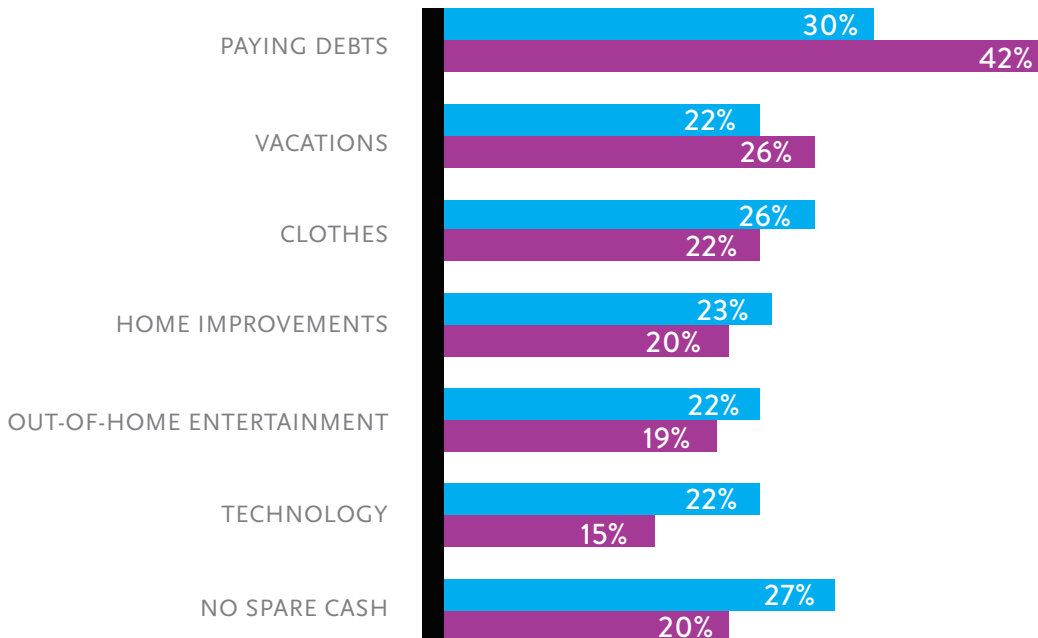
SAVING AND SPENDING PLANS IN NORTH AMERICA

● UNITED STATES ● CANADA

SAVING STRATEGIES



SPENDING STRATEGIES



Source: Nielsen Global Survey of Consumer Confidence, Q1 2013
Based on respondents with online access only.

EUROPE'S POLARIZED RECESSION VS. RECOVERY RATES WIDENED

Europe reported a stark reversal of consumer confidence performance in Q1 compared with Q4 2012. At the end of last year, consumer confidence fell in 20 of 29 European markets. In Q1, the opposite trend was reported as consumer confidence rose in 18 of 29 markets.

“While this is a promising sign for the region, there is a polarization of recession versus recovery rates between debt-ridden southern Europe and recovering central and northern countries,” said Dr. Bala. Fifty-eight percent of Swiss and 63 percent of Norwegians were optimistic about job prospects in the next year, compared to five percent of Spanish, three percent of Portuguese, and eight percent of Italians.

For the third year, Germany's first quarter consumer confidence performance has been strong, recording index highs of 92 in 2011, 90 in 2012 and 90 in 2013. All three components of the consumer confidence index—personal finances, propensity to buy, and career prospects—have developed well in the first quarter of 2013.

“The German labor market, which is showing solid development compared with the rest of Europe, is contributing to the confidence of German consumers,” said Ingo Schier, managing director, Nielsen Germany. “The capital markets are also stabilizing at present, which is demonstrated by the upward trend of the German Stock Index (DAX). At the end of March, it reached its highest level since July 2007. The biggest risk factor in the Euro zone remains the sovereign debt crisis, however, which means that a negative impact on consumer confidence in the future cannot be ruled out.”

CONSUMER CONFIDENCE INCREASED IN 18 OF 29 EUROPEAN MARKETS IN Q1

INDEX CHANGE FROM Q4 2012

+7	96	Denmark
+7	76	Finland
+5	100	Switzerland
+5	67	Czech Republic
+5	62	Slovakia
+5	44	Italy
+5	42	Hungary
+5	40	Greece
+4	80	Netherlands
+3	105	Norway
+3	93	Austria
+3	90	Germany
+3	83	Sweden
+2	76	Belgium
+2	74	Lithuania
+2	54	France
+1	73	Estonia
+1	43	Croatia
0	65	Ireland
0	46	Spain
-3	81	Russia
-3	69	Latvia
-3	66	Ukraine
-4	75	United Kingdom
-4	57	Bulgaria
-4	57	Romania
-5	33	Portugal
-6	62	Poland
-8	83	Turkey

Source: Nielsen Global Survey of Consumer Confidence, Q1 2013
Based on respondents with online access only.

The biggest consumer confidence increases in the region were reported in Denmark and Finland, up seven points each to an index of 96 and 76, respectively. A quarterly increase of five index points was reported in Switzerland (100), Czech Republic (67), Slovakia (62), Italy (44), Hungary (42), and Greece (40). Norway (105) and Switzerland (100) reported the only consumer confidence index scores in the region at or above the 100 baseline, rising three and five points, respectively.

Conversely, consumer confidence in Portugal dropped five points in Q1 to an index of 33, the lowest reported score for the country since the Nielsen consumer confidence index was established in 2005. And while Greece (40) and Italy (44) were among the lowest reported consumer confidence scores of 58 countries measured, these countries reported growing optimism in Q1.



ASIA-PACIFIC OPTIMISM FOR JOBS AND PERSONAL FINANCES REMAINED HIGH

Sixty-two percent of Asia-Pacific respondents were optimistic about jobs in the year ahead, rising four percentage points from the end of last year—outpacing Latin America at 46 percent, followed by North America (42%), Middle East/Africa (33%) and Europe (23%). Likewise, positive perceptions on the state of personal finances remained strong, increasing three percentage points to 62 percent. Saving spare cash continued to be a priority among 62 percent of respondents, a rise of four percentage points from Q4 last year and spending intentions on home improvements rose five points to 23 percent.



Consumer confidence in the economy increased in seven of 14 Asia-Pacific markets measured in Q1 compared to Q4 2012, and delivered eight of the 10 highest index scores of 58 countries. Indonesia rose five index points to 122, jumping ahead of India's index of 120, which declined one point. Confidence in the Philippines (118) and Thailand (115) remained high in Q1. China's index of 108 held steady from Q4 last year and Hong Kong increased 23 points to 108. Malaysia's index of 107 increased four points in first quarter.

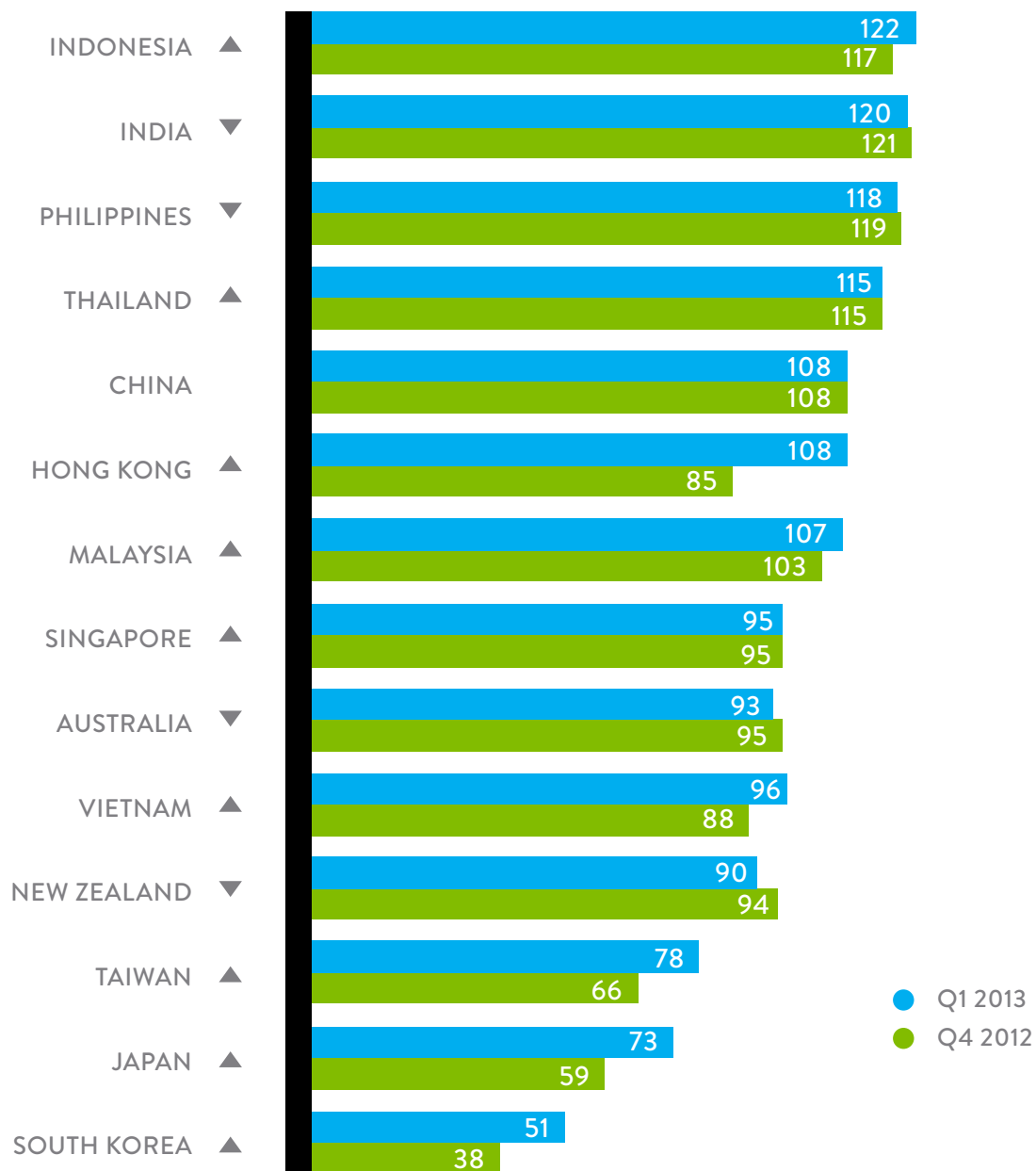
"The rise in Hong Kong's consumer confidence reflected government measures to increase basic and additional child allowances, provide electricity subsidies, reduce salary taxes, as well as other concessionary measures," said Eva Leung, managing director of Nielsen Hong Kong. "Additionally, an increase in mainland visitors continued to be a driving force of consumer confidence, with sustainable year-on-year growth of 15 percent. Retail sales regained double-digit growth momentum of 16 percent in Q1 2013, largely fueled by the momentum of durables and luxury goods. Fast-moving consumer goods also delivered double-digit growth of 14 percent. While stronger optimism returned to the economy with a positive growth momentum, we still need to stay cautious with possible political and economic volatility."

"WITH THE SURPRISING SLOWDOWN IN CHINA'S GDP GROWTH IN THE FIRST QUARTER, THERE IS ADDITIONAL CONCERN ABOUT WHETHER DOMESTIC DEMAND FROM CHINA'S CONSUMERS ALONG WITH INVESTMENT SPENDING CAN TAKE OVER ADEQUATELY FROM EXPORTS TO SUSTAIN CHINA'S ECONOMIC TRAJECTORY," SAID DR. BALA.

"In general, however, while Asian economies, including China and India, will experience slower growth than in the past, they will still be expanding much faster than the rest of the world due to a rising pool of middle-class consumers and ongoing urbanization," said Dr. Bala.

"In the near-term, the effects of government austerity in China will have to be watched closely, while in India, inflation will continue to be a problem along with political uncertainty associated with national elections next year," continued Dr. Bala.

CONSUMER CONFIDENCE INDEX INCREASED IN 7 OF 14 ASIA-PACIFIC MARKETS



Source: Nielsen Global Survey of Consumer Confidence, Q1 2013

Based on respondents with online access only. China results represent a mixed methodology.

LATIN AMERICANS REPORTED SPENDING RESTRAINT

Consumer confidence in Latin America decreased two percentage points from Q4 2012 with an index of 94, reflecting double-digit confidence declines in Colombia (-15) and Venezuela (-12). Argentina also declined three index points to 72. Brazil led the region with the highest index of 112, which increased one point from Q4, followed by steady consumer confidence performance in Peru (98). Mexico and Chile increased three points each to an index of 89 and 98, respectively.

Latin Americans showed spending restraint in Q1 as discretionary purchase intentions for out-of-home entertainment, new clothes, home improvements and holidays all declined from the end of last year. One-fifth of Latin American respondents said they had no spare cash, an increase of one percentage point from Q4 2012.

“The decrease in Colombia’s score is attributed to a slowdown in economic activity since Q4 2012, concentrated in the industrial production and construction sectors,” said Felipe Urdaneta, country manager, Nielsen Colombia. “High unemployment, labor strikes and a new tax reform that was implemented at the beginning of this year are all combining to reduce the purchasing power of many Colombians.”

“This year started with strong political and macro-economic difficulties for Venezuela,” said Pedro Manosalva, country manager, Nielsen Venezuela. “Since October 2012, monthly inflation increased between two and three percent. In February, Venezuela devalued the Bolivar by 32 percent against the U.S. dollar, its fifth currency devaluation in a decade. In March, President Hugo Chavez died after a battle with cancer. With 81 percent of Venezuelans saying spending will be restrained in the next 12 months, expect further belt-tightening measures to continue.”

“In Brazil, despite various attempts made by the government to infuse growth, the Brazilian economy remained flat,” said Eduardo Ragasol, country manager, Nielsen Brazil. “But a stable employment rate is keeping consumers confident that they can pay their debts and maintain spending levels to support their lifestyle needs.”

CONSUMER CONFIDENCE INDEX IN LATIN AMERICA

● Q1 2013
● Q4 2012

▲ BRAZIL



PERU



▲ CHILE



▲ MEXICO



▼ COLOMBIA



▼ VENEZUELA



▼ ARGENTINA



Source: Nielsen Global Survey of Consumer Confidence, Q1 2013
Based on respondents with online access only.

CONFIDENCE DECLINED AMONG MIDDLE EASTERNERS / AFRICANS

Six-in-ten Middle East/African respondents believed that local job prospects over the next 12 months would be bad/not so good, which was an increase of nine percentage points from Q4 2012. Just over half (52%) of respondents said the state of their personal finances was in good shape, down from 58 percent in Q4 2012. Sixty-seven percent of Middle East/African respondents were not confident they will be able to spend in the year ahead.

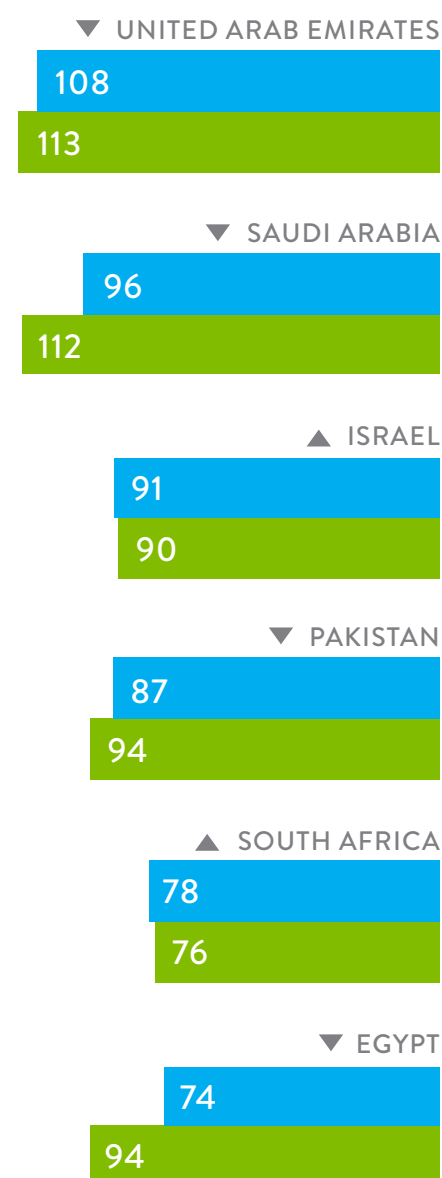
One-in-four respondents (26%) in the region said they had no spare cash after paying living expenses—an increase of five percentage points from the end of last year. Cash-strapped respondents planned to cut back on out-of-home entertainment and new technology purchases. The number of respondents in the region who felt mired in a recession rose four points quarterly to 77 percent, the highest among all the regions.

Double-digit consumer confidence declines were reported in Egypt (-20) and Saudi Arabia (-16). Pakistan declined seven index points to a score of 87, and United Arab Emirates dropped five index points to 108, which was the highest index reported in the region. Consumer confidence in South Africa increased two index points to 78 and Israel rose one point to a score of 91.

“Egypt’s decline in consumer confidence comes as no surprise as the country’s unsettled political conditions and civil unrest continues,” said Rammohan Rao, managing director, Nielsen Egypt. “Labor strikes in Egypt are increasing since the revolution and several factories were forced to shut down due to protests. Tourism has also been negatively affected as well as foreign investments, consuming Egypt’s foreign reserves, which are down nearly two-thirds from before the uprising. With little money to spend and high inflation, Egyptians are forced to implement further belt-tightening measures in 2013.”

CONSUMER CONFIDENCE INDEX DECREASED IN 4 OF 7 MIDDLE EAST/AFRICA MARKETS

● Q1 2013
● Q4 2012



Source: Nielsen Global Survey of Consumer Confidence, Q1 2013
Based on respondents with online access only.

ABOUT THE NIELSEN GLOBAL SURVEY

The Nielsen Global Survey of Consumer Confidence and Spending Intentions was conducted between February 18–March 8, 2013 and polled more than 29,000 online consumers in 58 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America. 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 $\pm 0.6\%$. This Nielsen survey is based on the behavior of respondents with online access only. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60 percent Internet penetration or 10M online population for survey inclusion. The China Consumer Confidence Index is compiled from a separate mixed methodology survey among 3,500 respondents in China. The Nielsen Global Survey, which includes the Global Consumer Confidence Index, was established in 2005.

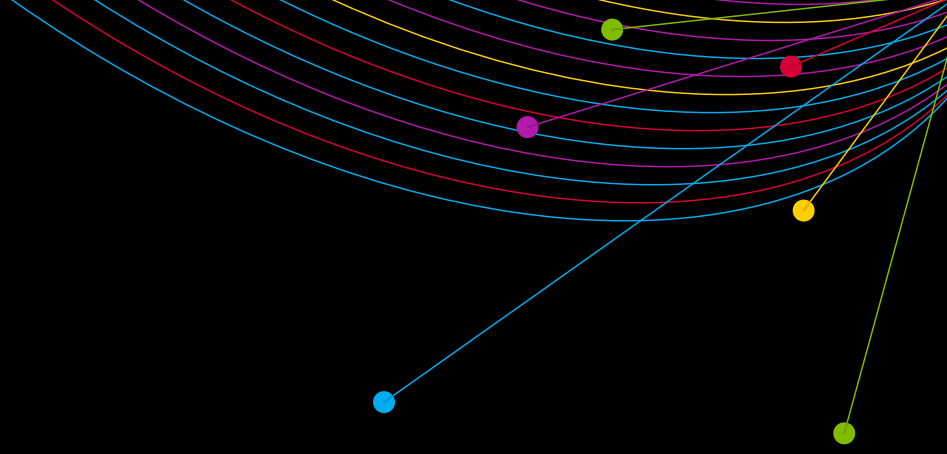
ABOUT NIELSEN

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands. For more information, visit www.nielsen.com.

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