



NEWS RELEASE

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Aussie confidence continues to ride high, but growth stifled by economic concern

- ***Australian consumer confidence levels ranked seventh highest globally***
- ***State of the economy the major concern and increasing in importance, with Aussies focusing more on reducing debt and curbing discretionary spend***
 - ***Aussie concerns about terrorism and war – highest in Asia Pacific***

Sydney, 2 August 2006: In the face of another interest rate rise announced today and growing concerns about the state of the local economy, Australian consumers are still among the world's most confident and ranked the seventh highest globally. According to research company ACNielsen's latest ***Global Online Consumer Confidence Index***, the Australian Index slipped three points in the past six months to 114, however, it remained above the global and regional averages of 96 and 90 respectively.

Released today, these and other findings were part of the twice-yearly global ACNielsen Online Consumer Opinion Survey, the largest of its kind, which polled over 23,500 people in 42 countries and more than 500 Australian participants on their perception of the local economy, job prospects, spending habits and major concerns.

The survey revealed that while Australians are still among the world's most confident, the slight decline in the Index versus the previous six months may have been driven by growing economic concern. Almost two in five consumers (42%) cited the economy as being a major cause for concern – up six points versus November 2005, and now on par with the Asia Pacific regional average. Major concerns surrounding health (40%) and job security (29%) also ranked highly.

“It is apparent that while consumer confidence in Australia remains high, it could be vulnerable to shifts in our local economy,” says Ben Dixon, Executive Director, Retail ACNielsen Australia. “This could have a flow on effect to consumers’ discretionary spending as consumers typically react by tightening their purse strings when faced with uncertainty, and we’ve already seen a decline in spending on areas such as out of home entertainment, holidays and new technology.”

In the lead up to the Commonwealth Games in Melbourne earlier this year, the November 2005 survey results revealed that the threat of terrorism was of the highest concern at an alarming 36 percent. With the festivities now over, fears have subsided substantially with the latest data showing a 19 point drop to 17 percent.

Conversely, almost one in ten (9%) Australians are now concerned about war – an increase of four points. The fear of terrorism and war among Australian consumers is the highest in the Asia Pacific region and on a global scale Australia is ranked seventh and third respectively.

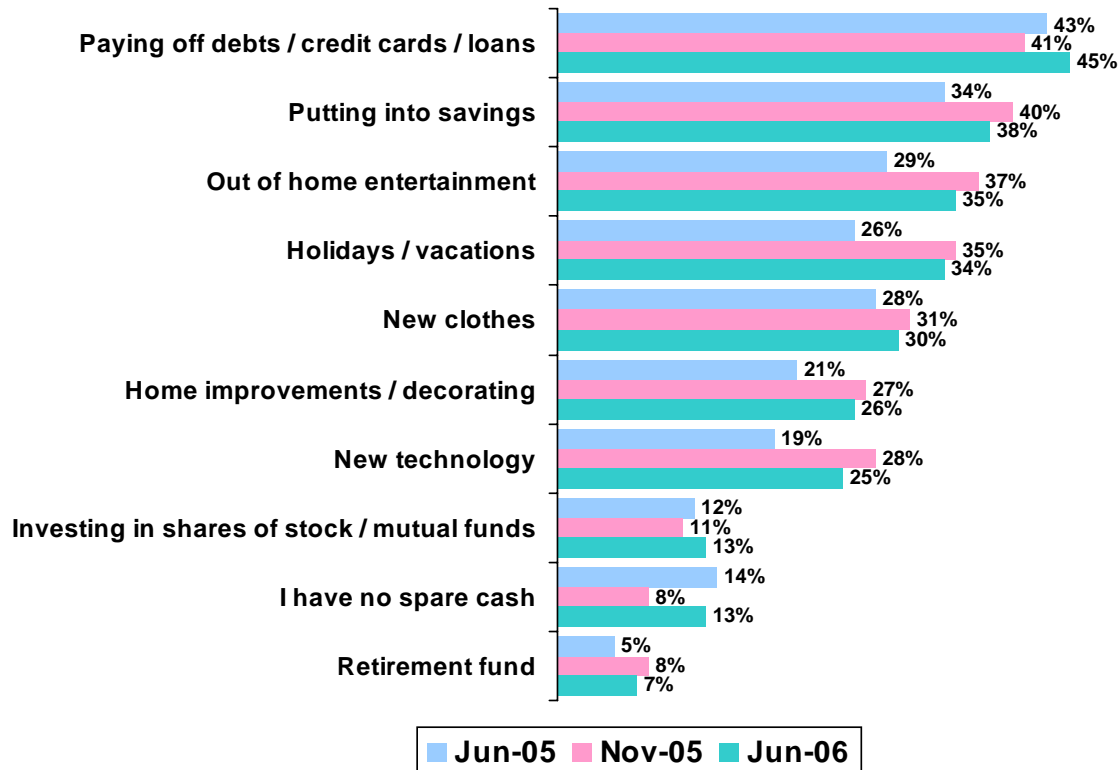
“While it is pleasing to see that the number of Australians anxious about terrorism has decreased substantially over the past six months, it is still concerning to see the growing fear about war,” commented Dixon. “Depending on how current circumstances in Israel and Lebanon pan out – we may see this number escalate further over the next six months.”

On job prospects and personal finances, Australians continue to be optimistic with over three in four (76%) saying job prospects over the next 12 months looked good or excellent, significantly higher than the global average of just 50 percent. Seventy percent believe that the state of their personal finances in the year ahead will be good or excellent, well above the global average of 54 percent.

The survey results reveal that there are a growing number of Australian consumers focussed on debt reduction with close to half (45%) allocating their spare cash to paying off debts, credit cards and loans – a four point increase from November 2005 and the

fourth highest globally. Other financial priorities that ranked highly among Australian consumers included saving (38%), out of home entertainment (35%) and holidays (34%), although all three areas had seen fairly substantial declines in the past six months (*refer to Chart 1*).

Chart 1: Once you have covered your essential living expenses, which of the following best describes what you do with your spare cash?



Base: All Australian respondents (n=500)

The ACNielsen Online Consumer Confidence Survey, the largest twice-yearly global survey of its kind, is aimed to gauge consumers' current confidence levels, spending habits/intentions and current major concerns. The most recent wave of the survey took place in November 2005 and polled over 23,500 consumers – regular Internet users – in 42 markets in Europe, North and Latin America, Asia-Pacific region, Africa (Republic of South Africa) and the Middle East (UAE).

About ACNielsen

ACNielsen, a VNU business, is the world's leading marketing information provider. Offering services in more than 100 countries, the unit provides measurement and analysis of marketplace dynamics and consumer attitudes and behaviour. Clients rely on ACNielsen's market research, proprietary products, analytical tools and professional service to understand competitive performance, to uncover new opportunities and to raise the profitability of their marketing and sales campaigns.

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