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News Release

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A MIXTURE OF BOOM AND GLOOM AS 2010 UNFOLDS

Boom: Aussie confidence, job prospects, personal finances and discretionary spending

Gloom: Rising interest rates, escalating debt levels, increasing utility costs, and voter dissatisfaction

May 7, 2010, Sydney: The latest findings from Nielsen's Global Online Consumer Survey for Quarter 1, 2010 reveal a tale of two outlooks among Australians. While we are still one of the most optimistic developed markets globally; with growing confidence in the job market, personal finances, and propensity to spend on discretionary items; there is still pessimism clouding the year ahead as we juggle the good with rising interest rates, escalating debt levels and widespread voter dissatisfaction in the lead up to the Federal Election.

BOOM:

Positive outlook amongst Australian consumers continues to rise, with our Confidence Index at 111 – an increase of 19 index points compared to a year ago (the highest in two years), and 20 points above the global benchmark of 91 (*refer to Chart 1*). Among the 55 markets included in the global survey, Australia was the fourth most confident, just behind India, Indonesia and Norway (and tied with the Philippines).

Our view of the labour market over the next 12 months is also among the most optimistic globally, with 70 percent of Aussies believing local job prospects were good/excellent – up an extraordinary 43 percentage points from a dire 27 percent 12 months ago (*refer to Chart 2*); and 27 points higher than the global average of 43 percent. Concerns around job security also decreased dramatically with only 13 percent of respondents citing it is a major concern – a decrease of 15 percentage points from a year ago.

This paramount shift in the perception of the job market is consistent with RBA trends which show that employment is estimated to have grown by 190,000 in the five months to January 2010, and unemployment is expected to continue to fall steadily over the course of the year.

“What a difference 12 months can make! The latest information on Australian economic, business and consumer trends all suggest that we are leaving the uncertainty and austerity of the global financial crisis behind us, although there are some market indicators to suggest that we are still not completely out of the woods,” said Chris Percy, Managing Director – Pacific, for Nielsen’s Consumer division.

While overall confidence levels are buoyant, the Nielsen Online Consumer Survey showed that many Australian consumers remain vigilant, with 44 percent putting any spare cash into savings and 40 percent of consumers channelling any surplus cash into paying off debts, credit cards and loans.

However, the number allocating their spare cash to saving and debt recovery dropped back slightly over the past year, and there has been an increase in those willing to treat themselves to holidays, home improvements, new clothes and new technology, compared to the same time in 2009 (*refer to Chart 3*).

Looking at the business environment, the results of Nielsen’s latest Retail Barometer Report, which surveys around 100 of Australia’s leading FMCG manufacturers on business conditions and major concerns, revealed that business conditions also look fairly healthy, with more than half of respondents (57%) experiencing an improvement in business conditions in the second half of 2009, and well over two thirds (70%) were anticipating business conditions to continue to progress in 2010 (*refer to Chart 4*).

Since the beginning of 2010 there have been strong signs of an advertising recovery in main media, driven by increasing business and consumer confidence in the economy. On a year to date basis, 19 of the top 20 advertisers showed double digit increases in estimated ad spending over the first two months in 2009. In terms of Advertiser Categories, 18 of the top 20 showed increase, led by Retail, our biggest spending category which was up a substantial 22 percent. The largest percentage increases were recorded against Finance (+64%), Appliances Home and Outdoor (+63%), Food (+38%) and Non Alcoholic Beverages (+36%).

GLOOM:

“The past few years have been tough for many constituents within the retailing sector thanks to the effects of the global economic crisis, rising costs and the resulting pressure on margins. We have already seen sales growth slow down dramatically in the grocery and liquor sectors in particular,” commented Percy.

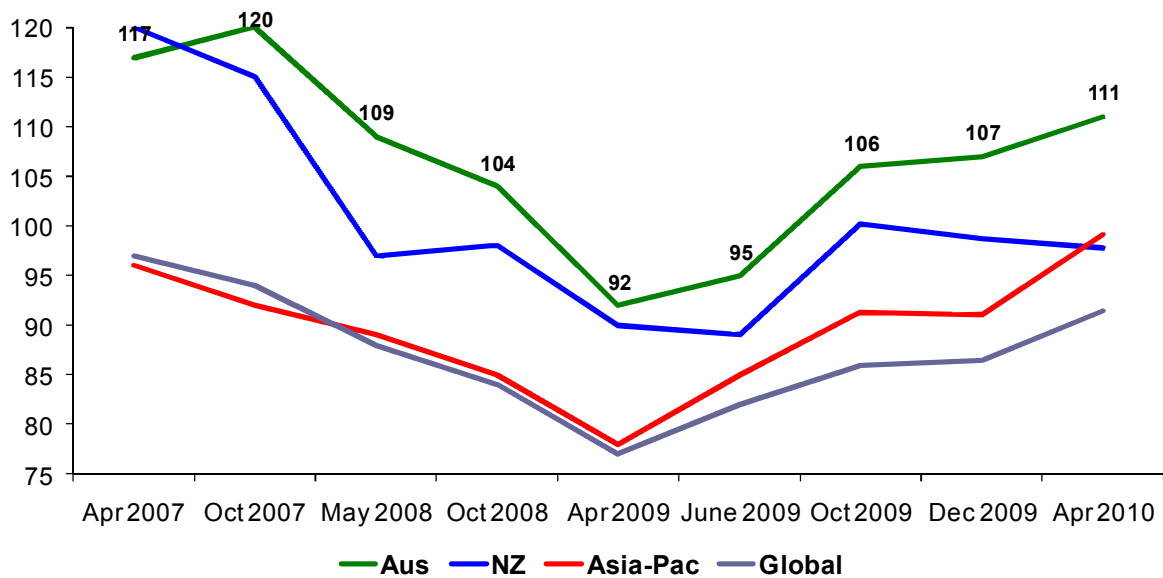
When it comes to consumer concerns, increasing utility bills was the biggest with 26 percent of Australian respondents citing it as a major concern over the next six months – up from 18 percent 12 months ago. Work/life balance came in close second place with 24 percent of respondents. Three in

five consumers (60%) said they had already taken action to try and save on gas and electricity over the past year, and even when economic conditions improve, saving on gas and electricity came was the number one action cited to reduce household spending.

“All in all, while the uncertainty around the global recession has eased among Australians, finding value will remain a key element influencing their spending habits as they face some pretty tough challenges around the continued rise in interest rates (six hikes in just eight months), increasing utility bills, escalating household debt and managing their work/life balance.”

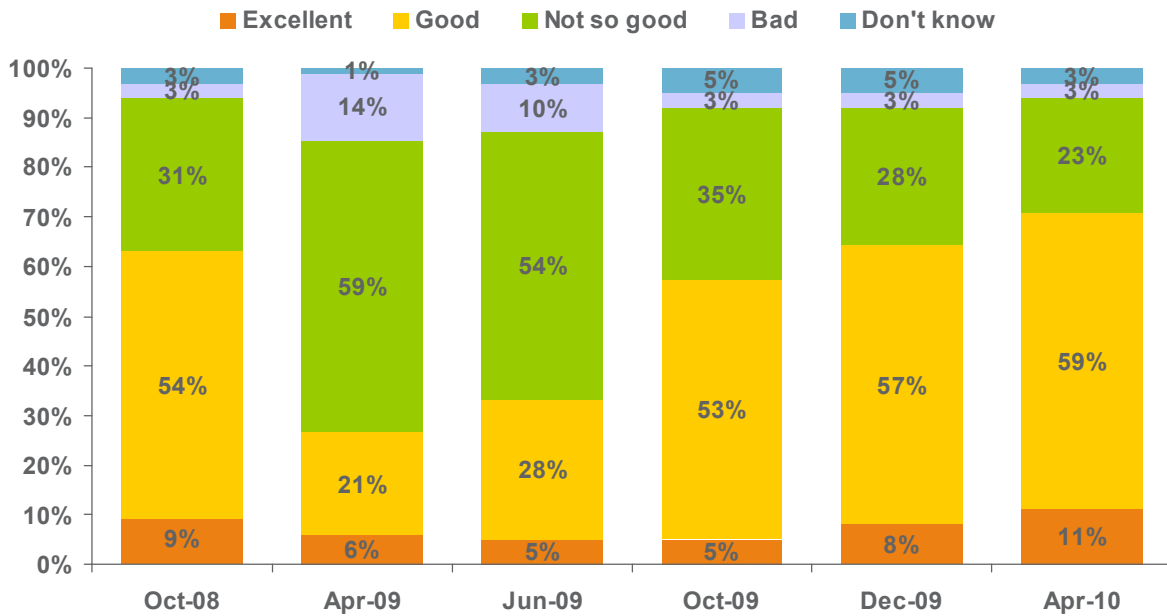
“It will be interesting to see how the results of our next consumer confidence survey, along with other market conditions (including consumer sentiment in the lead up to the Federal Election), reflect the changing economic and consumer environment as 2010 unfolds,” commented Percy.

Chart 1: Trended Consumer Confidence Index (Base: All respondents)



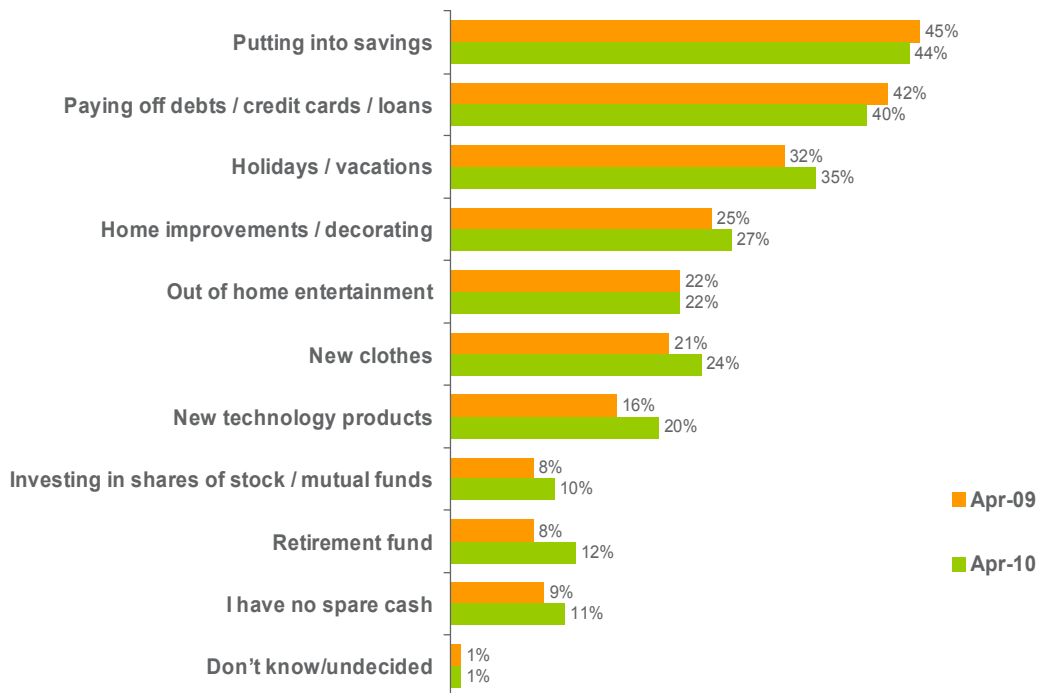
Source: Nielsen Global Online Consumer Survey, April 2010

Chart 2: Perceptions of local job prospects over the next 12 months – Australia



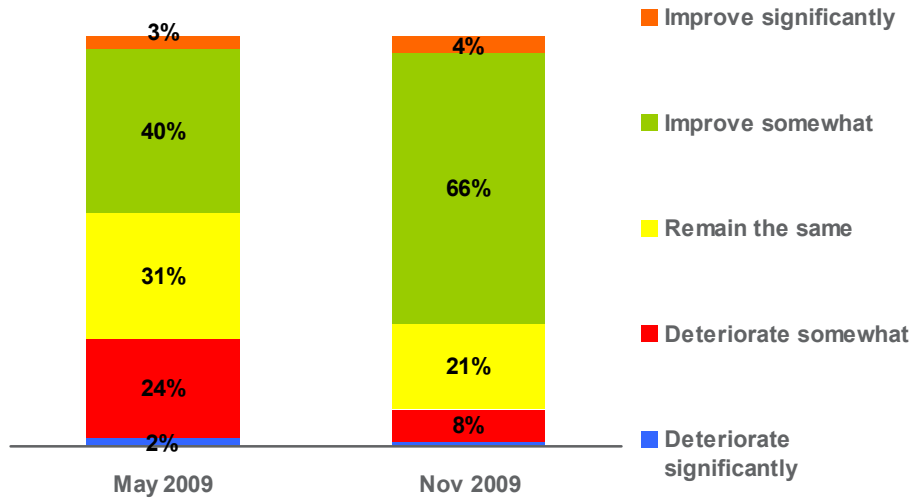
Source: Nielsen Global Online Consumer Survey, April 2010

Chart 3: How do you utilise your spare cash after covering essential living expenses – Australian Average



Source: Nielsen Global Online Consumer Survey, April 2010

Chart 4: Over the next 1-2 years, do you believe that business conditions in your industry are more likely to improve or deteriorate? (Manufacturer response)



Base: All manufacturers: May 2009 (n=105), Nov 2009 (n=90)
 Source: Nielsen Retail Barometer Report December 2009

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