



News Release

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AUGUST CONSUMER CONFIDENCE PLUMMETS TO NEW LOWS: NIELSEN

- ***For the first-time since 2009, Australia's consumer confidence index falls below 100***
 - ***Business confidence and job prospects' outlook gloomy***
- ***Personal finances in good shape, but retail sector to suffer further as consumers choose to save, not spend***

SYDNEY, Australia: September 8, 2011 – According to the results of an interim Australian Online Consumer Confidence Survey conducted in August by Nielsen, a leading global provider of insights into what consumers watch and buy, Australian consumer confidence declined a further six points on the previous quarter's (July) score of 103, to reach an index of 97 points, dropping below the 100 mark for the first-time since early 2009.

Consumer confidence levels above a baseline of 100 indicate degrees of optimism and below 100 indicate degrees of pessimism. With Aussie consumer confidence in steady decline since the end of quarter three (September) last year, it's no surprise that consumers are now more pessimistic than ever about the health of the Australian economy.

Despite the economy rebounding in the June quarter, Nielsen's findings show that Australians were still feeling pessimistic prior to the release of Wednesday's GDP figures. The survey, which polled 1,500 online consumers, found that 60 percent of Australians thought that current business conditions were 'tough', with not much improvement forecast for the next 12 months. It was a similar picture for job prospects, with 55 percent of consumers rating current job prospects as 'not very good', with no immediate upturn insight for the coming year.

When it comes to household income, nearly 40 percent of consumers said they have less income than they had a year ago, with only a quarter stating that their household income had actually increased.

Rising electricity/water costs continue to top the list of consumers' financial concerns, with nearly a third citing this as their biggest worry. This was closely followed by rising food prices (20%), not having enough savings (17%) and the tax on carbon (15%).

Conversely, when it comes to the state of their personal finances, over half (55%) of consumers believe that their personal finances are in 'good shape'. This figure rose by five percentage points when consumers were asked to predict the health of their finances in 12 months' time—60 percent of Australians think that their finances will be in good, if not better, shape, as they continue to save more and remain cautious about what they spend their money on.

"Our August interim Consumer Confidence Survey results show that Australians still believe they are not saving enough, even though their personal finances appear relatively healthy, so we're likely to see consumers allocating even more cash to savings, while simultaneously trying to increase household cash reserves through expenditure reduction," said Chris Percy, Nielsen's managing director – Pacific, Nielsen Consumer Group.

"With total household incomes rising only marginally, and with consumers continuing to put any spare cash into savings, the retailing industry is in for a very tough end to the year."

Interestingly, with the US's recent credit downgrade to AA+ status, only 19 percent of Australians were 'very concerned'. The majority was 'somewhat' or 'not at all concerned'; however an overwhelming three-in-every-four consumers now believes that the world is heading towards a second Global Financial Crisis. Concerns about the impact of stock market volatility on superannuation fund values were also high, with over a third (37%) of consumers 'very concerned', and only 17 percent 'not at all concerned.'

Consumer confidence in the health of the federal budget is also slightly pessimistic, with over a third (38%) of consumers believing that the federal budget is in 'bad shape' and will not return to surplus in the next few years; however, 30 percent of Australians believe that the budget will return to surplus, with the remaining third undecided.

From a political standpoint, of the four politicians rated in the survey, only 12 percent of Australians believe that Julia Gillard would be the best leader to handle another economic crisis should one occur in this country. Both Tony Abbot and Kevin Rudd were equal favourites, at 20 percent each. Malcolm Turnbull was third, at 18 percent. The remaining 30 percent were undecided.

On the subject of carbon tax, fifty-seven percent of consumers oppose the price on carbon, with only 27 percent in favour.

About Nielsen

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