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## News Release

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### **AUSSIE CONSUMER CONFIDENCE STUMBLES**

*In a reversal of fortune to the previous quarter (September 2010), Aussie confidence ended 2010 with a slight fall as consumers looked to curb expenditure in the wake of rising utility and food costs*

**January 27, 2011, Sydney:** Fourth quarter (December 2010) results from Nielsen's Global Online Consumer Survey show that the Australian consumer has slightly lost their confidence, as a conservative drop of three points takes the Consumer Confidence Index score to 112 points (this compared to September's high of 115 (Chart 1)). But the latest score is still a good five points higher than the one recorded this time last year (107), and is still a positive result for Australia.

However, of the major concerns consumers have facing them in the next six months, rising utility costs retains its number one position, with 36 percent of consumers concerned - one of highest scores globally - second only to Poland, with a score of 43 percent.

Of those consumers who had changed their spending to save on household expenses over the past year, a staggering 70 percent said they had actively taken action to reduce utility expenditure in this quarter. This was closely followed by consumers switching to cheaper grocery brands - which recorded the greatest percentage point increase for this quarter (up 10% to 61%) - as the second most popular action for reducing expenditure during the past year (Chart 2).

Cutting down or buying cheaper brands of alcohol also featured as a form of expenditure reduction (a gain of 6 percentage points on the last quarter), with 28 percent of consumers claiming to have taken this step in the past 12 months. And when economic conditions eventually improve, 62 percent said that they would continue to save on utility costs, with a further 41 percent maintaining their brand switching momentum by choosing the cheaper grocery option.



“Consumers’ increasing propensity to switch to cheaper grocery and alcohol brands is reflected in the growing popularity of private label. Consumers now see this phenomenon as a credible and value for money alternative to the more traditional, well-known name brands. Nielsen’s 2010 State of the Nation Report published in December stated that during the economic downturn, half of all Australian consumers said that they had purchased more private label products, and that 92 percent of them would continue to do so in an improving economy,” commented Chris Percy, Managing Director – Pacific, Nielsen Consumer Group.

The subsequent impact of private label brands on the total value of the grocery category (excluding tobacco) is distinct, and has caused a noticeable decline in the category’s value growth. Latest MAT growth figures to 2 January 2011 are hovering around the two percent mark. Heavy retailer discounting - through price reductions and deep promotions - is also a leading contributor to the decline in value growth.

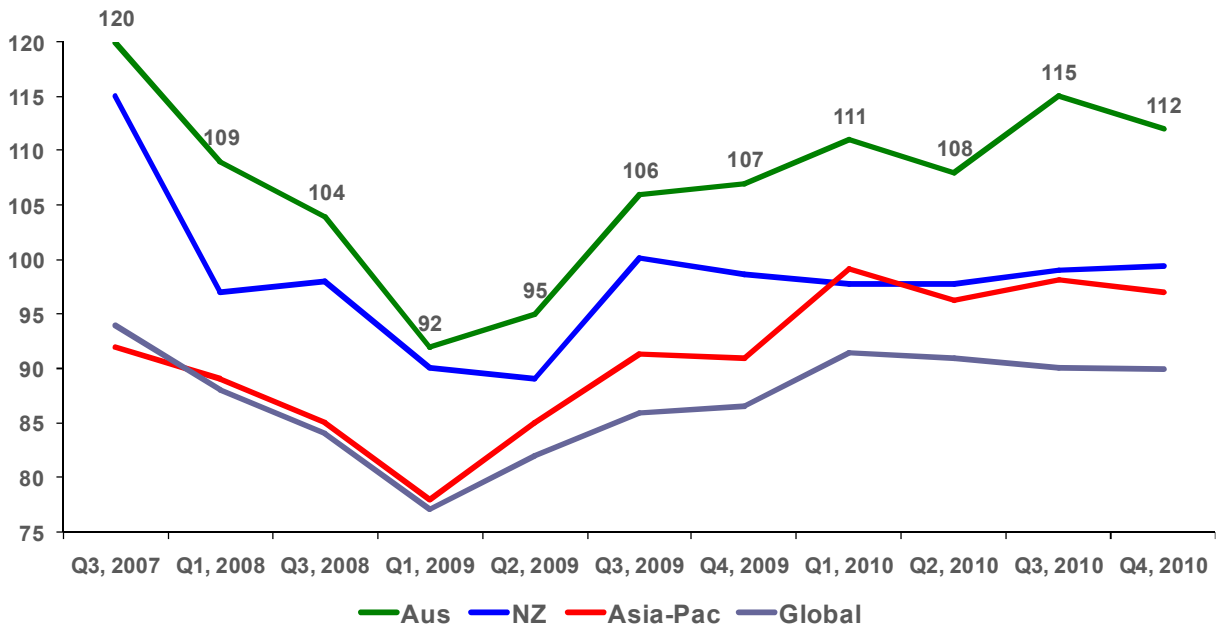
“The flooding across the eastern seaboard of Australia will also have far reaching impacts. For some areas it will be about a disruption to consumer confidence, for others a retail dislocation, and for many parts of Australia, it will be about the reallocation of national infrastructure and resources – with all the resulting changes for employment, wages and inflation,” Percy added.

Australians continue to be very much a nation of savers, with just under half (44%) of all consumers directing their spare cash into savings, which is on par with the global average of 45 percent, but below the region’s average of 59 %). However, total personal debt (credit cards and loans) reduction took a back seat this quarter, with 34 percent of consumers saying they would pay down debt, compared to 40 percent at the end of September 2010.

While Australia appeared to be a nation of savers this quarter, consumers’ intentions to invest were lower, with only 11 percent stating that they would invest in shares of stock or mutual funds in this period. This would seem to suggest a more cautious and conservative Australian consumer, who is tentatively responding to an uncertain economic environment. Contrast this with Hong Kong, where 56 percent (the highest score globally) of consumers said they would direct their spare into investments. Similar findings were seen in China, with 51 percent of consumers channeling their spare cash into investments. These results align with the latest Reserve Bank of Australia’s reporting, which confirms the strength of the Chinese economy, although the pace of growth has eased to a more sustainable one compared to recent quarterly indicators.

“China was one of the first economies to emerge strongly out of the global recession 18 months ago and although consumer confidence declined during the second half of 2010, confidence levels still remain relatively high and in accordance with the country’s overall economic growth and progress,” commented Mitch Barns, President, Greater China, The Nielsen Company.

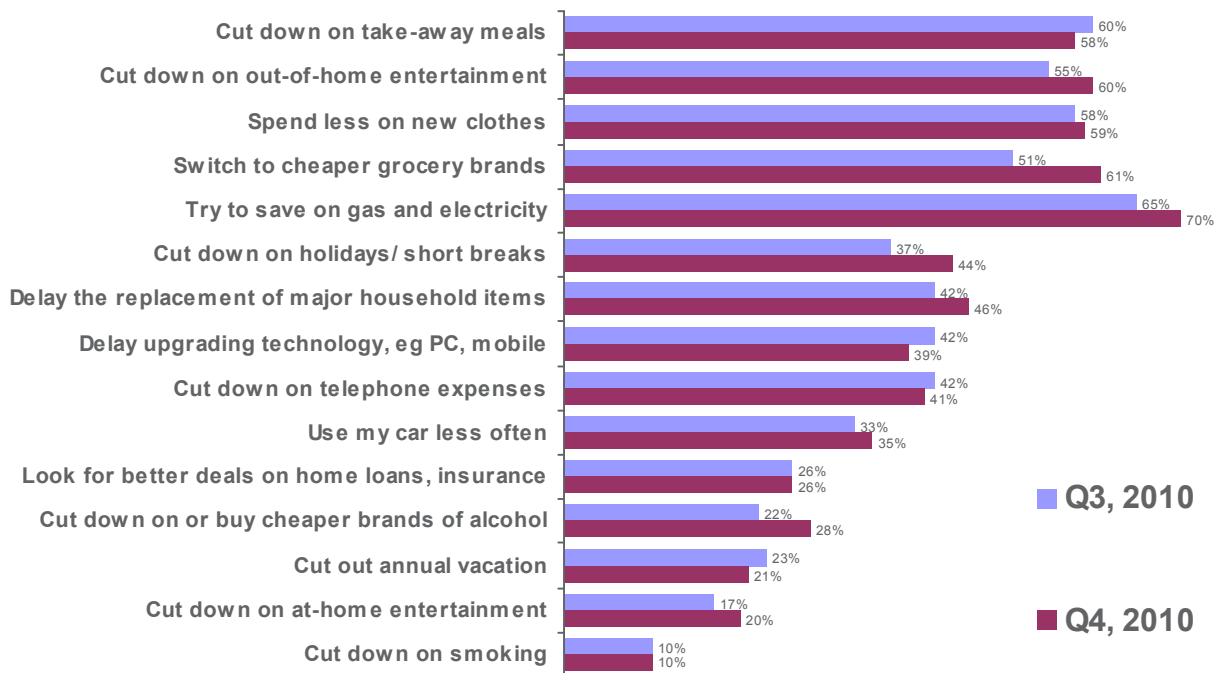
**Chart 1: Trended Consumer Confidence Index**



Base: All respondents

Source: Nielsen Global Online Consumer Survey, Q4 (December) 2010

**Chart 2: 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)

Source: Nielsen Global Online Consumer Survey, Q4 (December) 2010



**About the Nielsen Global Consumer Confidence Survey**

The Nielsen Global Consumer Confidence Survey was conducted between November 10 and December 1, 2010 and polled over 29,000 consumers in 52 countries throughout Asia Pacific, Europe, Latin America, the Middle East, Africa and North America 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  $\pm 0.6\%$ .

**About The Nielsen Company**

The Nielsen Company (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 assets. The company has a presence in approximately 100 countries, with headquarters in New York, USA. For more information on The Nielsen Company, visit [www.nielsen.com](http://www.nielsen.com).

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