

# Press release

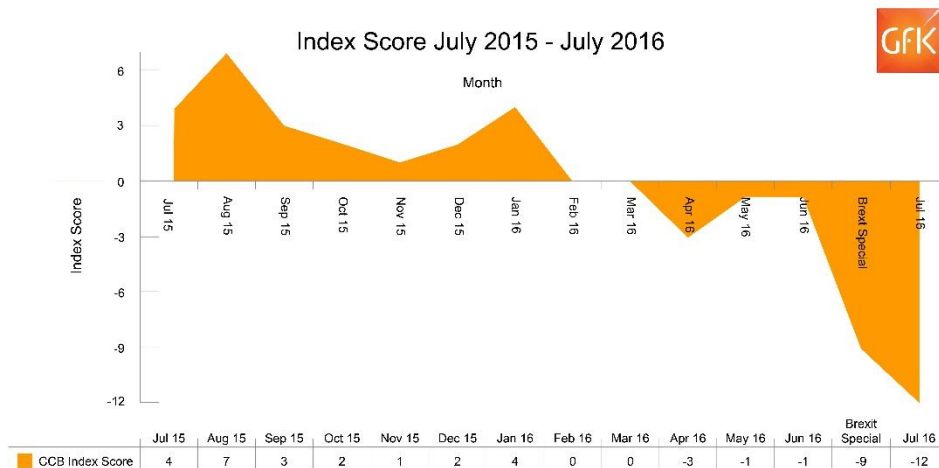
## Brexit causes dramatic 11-point drop in UK consumer confidence

### Sharpest monthly fall for more than 26 years

July 29, 2016

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London, July 29, 2016 – GfK’s long-running monthly Consumer Confidence Index dropped 11 points in July (since the June interviews conducted before the Referendum) from -1 to -12. The survey dates back to 1974 and July sees the sharpest month-by-month drop for more than 26 years (March 1990). This is also a further 3-point drop from the -9 recorded by the Brexit Special in early July. All five measures used to calculate the Index saw decreases this month.



Source: GfK Consumer Confidence Barometer on behalf of the European Commission (July 2016)

Joe Staton, Head of Market Dynamics at GfK, says:

“Consumers in post-Brexit Britain are reporting higher levels of concern this month. We’ve seen a very significant drop in confidence, as is clear from the fall in each of our key measures, with the biggest decrease occurring in the outlook for the general economic situation in the next 12 months (-19 points). Although the rate of decline is slower than reported in the aftermath of the vote to leave the EU, consumers in the UK were also less optimistic about the state of their personal financial situation going forward (-9 points). However, the Index continues to remain at a relatively elevated level by historic standards. Its future trajectory depends on whether we enter a new period of damaging economic uncertainty or restore confidence by embracing a positive stance on negotiating a new deal for the UK.”

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## UK Consumer Confidence Measures – July 2016

The Overall Index Score has dropped 11 points since June to -12 (this is a further 3 points down since the Brexit Special survey at the start of July).

Measure	↑↔↓	July 2016	[Brexit Special July 2016*]	June 2016	July 2015
Overall Index Score	↓11	-12	-9	-1	4
Personal Financial Situation over last 12 months	↓7	-1	3	6	4
Personal Financial Situation over next 12 months	↓9	-1	2	8	6
General Economic Situation over last 12 months	↓12	-25	-19	-13	-1
General Economic Situation over next 12 months	↓19	-33	-29	-14	-1
Major Purchase Index	↓11	-2	-3	9	11
Savings Index (commented on but not used in Index Score)	↓4	1	9	5	3

\* The Brexit Special is not part of the normal month-to-month UK Consumer Confidence Barometer survey

Source: GfK Consumer Confidence Barometer on behalf of the European Commission (July 2016)



### Personal Financial Situation

The index measuring changes in personal finances during the last 12 months has decreased by seven points this month to -1; this is five points lower than July 2015.

The forecast for personal finances over the next 12 months is down by nine points this month to -1; this is seven points lower than this time last year.

### General Economic Situation

The measure for the General Economic Situation of the country during the last 12 months has dropped 12 points this month to -25; this is 24 points lower than July 2015.

Expectations for the General Economic Situation over the next 12 months have decreased 19 points to -33 in July; this is 32 points lower than July 2015.

## Major Purchase Index

The Major Purchase Index has decreased 11 points this month to -2; this is 13 points lower than this time last year.

## Savings Index

The Savings Index is four points lower this month at +1; which is two points lower than July 2015.

- ENDS -

**EDITOR'S NOTE:** Please source all information to GfK.

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### About the survey

- The UK Consumer Confidence Barometer is conducted by GfK on behalf of the EU, with similar surveys being conducted in each European country. In producing its own reports on the whole of Europe, the EU applies a seasonal adjustment to the data, to smooth out any changes that are functions, at least in part, of the time of year.
- Historically, the UK data **have not** been seasonally adjusted in this way, and to maintain comparability, GfK continues **not** to apply this adjustment. This can lead to situations where the EU figures show different movements in a particular month from those produced by GfK. Individual months may be affected, but the long term trend is not.
- The UK Consumer Confidence Survey from GfK was conducted amongst a sample of 2000 individuals aged 16+ on behalf of the European Commission.
- Quotas are imposed on age, sex, region and social class to ensure the final sample is representative of the UK population.
- **Interviewing was carried out during 1<sup>st</sup> – 15<sup>th</sup> July 2016. Interviewing in the month before took place during 1<sup>st</sup> – 15<sup>th</sup> June. The Brexit Special covered the period 30<sup>th</sup> June to 5<sup>th</sup> July.**
- The figures contained within the Consumer Confidence Barometer have an estimated margin of error of +/-2%.
- Results for the Consumer Confidence Barometer are normally available on the last working day of each month at 00.05am; the release date for August 2016 is Wednesday 31<sup>st</sup> August 2016.
- **Any published material requires a reference to both GfK and the European Commission e.g. 'Research carried out by GfK on behalf of the European Commission'.**
- This study has been running since 1974. Back data is available from 1996.
- The table below provides an overview of the questions asked to obtain the individual index measures:

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<b>Personal Financial Situation</b>	This index is based on the following questions to consumers: 'How has the financial situation of your household changed over the last 12 months?'
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<b>(Q1/Q2)</b>	'How do you expect the financial position of your household to change over the next 12 months?' (a lot better – a little better – stay(ed) the same – a little worse – a lot worse)
<b>General Economic Situation (Q3/Q4)</b>	This index is based on the following questions to consumers: 'How do you think the general economic situation in this country has changed over the last 12 months?' 'How do you expect the general economic situation in this country to develop over the next 12 months?' (a lot better – a little better – stay(ed) the same – a little worse - a lot worse)
<b>Major Purchase Index (Q8)</b>	This index is based on the following question to consumers: 'In view of the general economic situation, do you think now is the right time for people to make major purchases such as furniture or electrical goods?' (right time – neither right nor wrong time – wrong time)
<b>Savings Index (Q10)</b>	This index is based on the following question to consumers: 'In view of the general economic situation do you think now is?' (a very good time to save – a fairly good time to save – not a good time to save – a very bad time to save) <b>(Commented on but not included in the Index Score)</b>

### About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.

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