

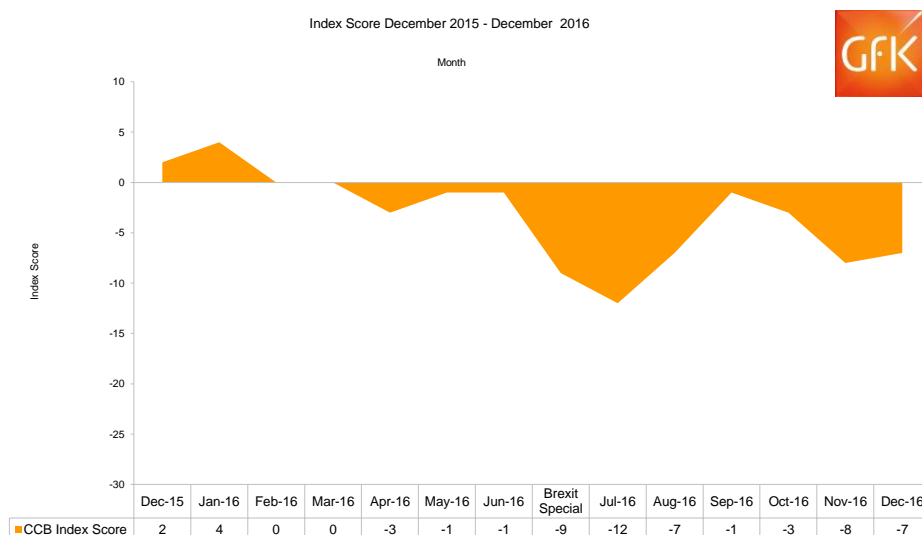
Press release

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Consumer Confidence Index increases one point Roller-coaster year for UK consumer confidence

London, December 22, 2016 – GfK’s long-running Consumer Confidence Index has increased by one point this month to -7. Two of the five measures saw increases in December with the remaining three measures decreasing.



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

“The past 12 months were a really turbulent year for confidence in the UK as consumers reacted to the dramatic economic and political turmoil of 2016. After a positive start to the year [January 2016, +4] the index plunged rapidly in post-Brexit Britain [July 2016, -12] with the recovery to September then evaporating by year end to limp home at -7 for December. While consumers remain relatively confident about their personal financial situation, confidence in the general economic situation for the UK has collapsed in the face of uncertainty about the future both at home and abroad. Despite everything, consumer resilience is shown by strength in the major purchase index, the ‘now is a good time to buy’ mantra being reflected in strong retail sales growth. Looking ahead to 2017, against a backdrop of Brexit negotiations, the decline in the value of sterling, and the prospect of higher inflation impacting purchasing power, we forecast that confidence will be tested by the storm and stress (Sturm und Drang) of the year to come.”

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UK Consumer Confidence Measures – December 2016

The Overall Index Score has increased one point this month to -7. Two of the five measures saw increases in December with the remaining three measures decreasing.

Measure	↑↔↓	Dec 2016	Nov 2016	Oct 2016	Dec 2015
Overall Index Score	↑1	-7	-8	-3	2
Personal Financial Situation over last 12 months	↓1	0	1	3	3
Personal Financial Situation over next 12 months	↑1	3	2	6	9
General Economic Situation over last 12 months	↓1	-26	-25	-19	-5
General Economic Situation over next 12 months	↓1	-23	-22	-17	-6
Major Purchase Index	↑7	12	5	14	7
Savings Index (commented on but not used in Index Score)	↑6	-5	-11	-9	0

Personal Financial Situation

The index measuring changes in personal finances during the last 12 months has decreased by one point this month to 0; this is three points lower than the same point last year.

The forecast for personal finances over the next 12 months has increased by one point this month to +3; this is six points lower than December 2015.

General Economic Situation

The measure for the General Economic Situation of the country during the last 12 months has decreased one point this month to -26; this is 21 points lower than December 2015.

Expectations for the General Economic Situation over the next 12 months have decreased one point to -23 this month; this is 17 points lower than December 2015.

Major Purchase Index

The Major Purchase Index has increased seven points this month to +12; this is five points higher than this time last year.

Savings Index

The Savings Index has increased six points to -5; this is five points lower than December 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 2039 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 1st – 15th December 2016.
- 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 00.01am (unless the final working day of a month is a Monday, in which case the results are published on the Friday preceding the final working day). The release date for January 2017 is Tuesday 31st January 2017.
- **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:

Personal Financial Situation (Q1/Q2)	<p>This index is based on the following questions to consumers: ‘How has the financial situation of your household changed over the last 12 months?’</p> <p>‘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)</p>
General Economic Situation (Q3/Q4)	<p>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?’</p> <p>‘How do you expect the general economic situation in this country to develop over the next 12 months?’</p> <p>(a lot better – a little better – stay(ed) the same – a little worse - a lot worse)</p>
Major Purchase Index (Q8)	<p>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?’</p> <p>(right time – neither right nor wrong time – wrong time)</p>
Savings Index (Q10)	<p>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)</p> <p>(Commented on but not included in the Index Score)</p>

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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