

Press release

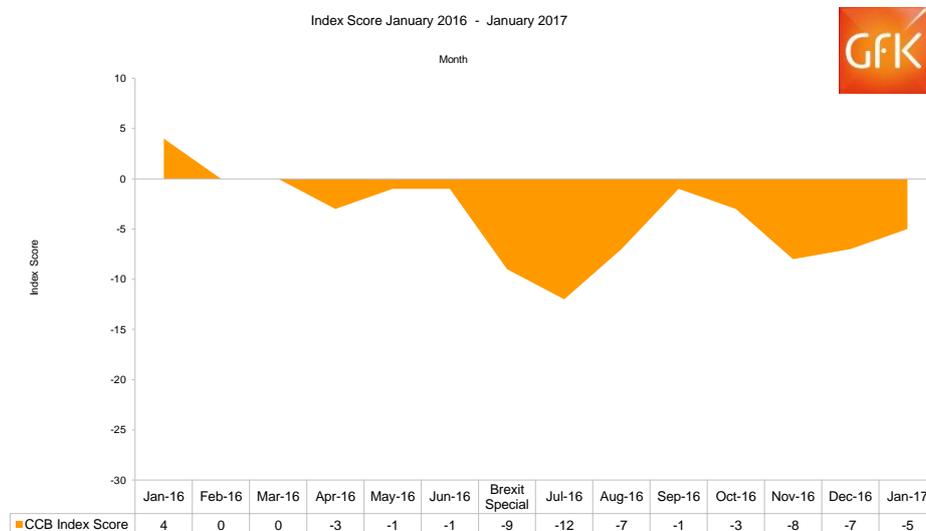
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Stuart Ridsdale
T + 44 7790 951229
stuart@greenfields
communications.com

UK Consumer Confidence creeps up two points to -5

But does January's dip in Major Purchase Index predict slowing consumer spending for 2017?

GfK's long-running Consumer Confidence Index has increased two points this month to -5. Three of the five measures saw increases in January, one was unchanged, and the other decreased.



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

"Despite strong GDP and record FTSE highs, the combination of Brexit jitters, Blue Monday, and a wobbly pound pushing up prices contributed to keeping UK consumer confidence negative at -5 this month. Although consumers report that they are feeling upbeat about their personal financial situation for the coming year (four-point increase to +7), stubborn concerns about the wider economy looking back 12 months (-24 points) and ahead 12 months (-23 points) are ensuring the Overall Index Score remains stuck in gloomy territory. And is the decline in the Major Purchase Index this month a foretaste of slowing consumer spending throughout 2017? Rising inflation and weak income growth is forecast to squeeze households' disposable income, and these two factors could conspire to depress confidence for the year ahead. It's certainly difficult to see where the oomph will come from over the short term."

GfK UK Limited
25 Canada Square
Canary Wharf
London E14 5LQ

T +44 20 7890 9000
F +44 20 7890 9001
www.gfk.com

Place of registration:
England and Wales

Company number:
2512551

Registered office:
GfK UK Limited
25 Canada Square
Canary Wharf
London E14 5LQ

UK Consumer Confidence Measures – January 2017

The Overall Index Score has increased two points this month to -5. Three of the five measures saw increases in January, one was unchanged and the other decreased.

Measure	↑↔↓	Jan 2017	Dec 2016	Nov 2016	Jan 2016
Overall Index Score	↑2	-5	-7	-8	4
Personal Financial Situation over last 12 months	↑3	3	0	1	4
Personal Financial Situation over next 12 months	↑4	7	3	2	9
General Economic Situation over last 12 months	↑2	-24	-26	-25	-3
General Economic Situation over next 12 months	↔	-23	-23	-22	-5
Major Purchase Index	↓2	10	12	5	16
Savings Index (commented on but not used in Index Score)	↑3	-2	-5	-11	5

Source: GfK Consumer Confidence Barometer on behalf of the European Commission (Jan 2017)



Personal Financial Situation

The index measuring changes in personal finances during the last 12 months has increased by three points this month to +3; this is one point lower than this time last year.

The forecast for personal finances over the next 12 months has increased by four points this month to +7; this is two points lower than January 2016.

General Economic Situation

The measure for the General Economic Situation of the country during the last 12 months has increased two points this month to -24; this is 21 points lower than January 2016.

Expectations for the General Economic Situation over the next 12 months have remained at -23 this month; this is 18 points lower than January 2016.

Major Purchase Index

The Major Purchase Index has decreased two points this month to +10; this

is six points lower than this time last year.

Savings Index

The Savings Index has increased three points to -2; this is seven points lower than January 2016.

- ENDS -

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

For further details or to arrange an interview, please contact Stuart Ridsdale at Greenfields Communications E: stuart@greenfieldscommunications.com
Tel: 07790 951229 OR
Lucy Green E: lucy@greenfieldscommunications.com Tel: 07817 698366

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 January 2017.
- 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 February 2017 is Tuesday 28th February 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.

For more information, please visit www.gfk.com or follow GfK on Twitter: https://twitter.com/GfK_en

Responsible under press legislation:
 Marketing, GfK
 Ben Murphy
 25 Canada Square
 Canary Wharf, London E14 5LQ
ben.murphy@gfk.com