



Press Release

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Purchasing power – Europe's main concern for the first time

Findings from the Challenges of Europe 2008 study

Nuremberg, July 31, 2008 – The list of European concerns is topped for the first time by rapidly spreading worries regarding purchasing power and price trends. Conversely, concern about unemployment has eased considerably and this issue has moved into second place in the list of concerns, also for the first time. Further down the list by a long margin appear issues such as crime, pensions and retirement provisioning as well as housing and rents.

Currently, 29% of Europeans are observing the trend in prices and purchasing power with some concern. This represents an increase of 11 percentage points in the overall comparison. The problem is perceived as particularly serious in France, where it is the No. 1 worry. Almost 50% of the French are worried about developments, which means that the number of people considering that the issue calls for urgent action has more than doubled. As in many other EU countries, the rate of inflation is soaring in France. According to the INSEE Institute, the rate of price increases of 3.2% recorded in March 2008 has been the highest monthly value for 17 years. The French are not the only nation faced with considerably higher costs when it comes to covering basic needs, such as food and energy. In Belgium, Russia and Austria, dwindling purchasing power has become the most topical issue. At currently 39%, concern has risen more than fourfold in Belgium and almost trebled in Austria. In Germany, more than a third of the population considers the situation to be dramatic. In both Italy and Poland, a quarter of the nation is concerned. However, in the UK, the Netherlands and Spain, only one out of ten citizens sees a need for action.

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Challenges in the various European countries

(open-ended answers, expressed in percent, multiple answers possible)

	Total	Belgium	Germany	France	UK	Italy	Netherlands	Austria	Poland	Russia	Spain
Price/purchasing power development	29	39	37	49	13	28	12	31	25	33	8
Unemployment	24	10	53	38	4	31	2	23	29	5	34
Crime	13	11	13	15	27	35	17	11	3	2	10
Pensions/retirement provisioning	13	8	23	9	3	9	1	19	14	17	5
Housing/rents	12	2	1	11	11	2	4	3	3	25	22
Health service	10	3	12	7	11	8	12	10	24	9	4
Immigration/integration	10	8	9	5	31	18	9	19	0	1	15
Education policy	9	1	17	8	8	3	10	8	6	10	3
Politics and the government	7	16	9	6	7	9	7	16	15	2	4
Environmental issues	6	4	12	6	8	8	12	10	1	3	2

Source: Challenges of Europe 2008, GfK-Nürnberg e.V.

Labor market is hottest topic in Germany, Poland and Spain

At 24%, this year the concern about unemployment has dropped to its lowest value since the survey was launched in 2001. Compared with last year alone, the number of those criticizing how this issue is dealt with has fallen by a further 6 percentage points and is down by more than 50% on the highest level to date, which was recorded in 2002. Nevertheless, citizens in Germany, Poland and Spain consider unemployment as the issue requiring the most urgent attention. Almost 50% of Germans and nearly a third of Polish people are anxious about the lack of jobs. However, as in most other countries covered by this survey, concern has decreased in these countries. This year, fears regarding unemployment have only increased perceptibly in Spain. A glance at national unemployment figures confirms the growing fears of citizens. The unemployment rate has fallen in recent years and was down to an average of 8.3% in 2007. However, since the end of last year, the figure has been rising again and reached a level of 9.1% in the first quarter of 2008.

Italians troubled by crime

Despite a minimal reduction of one percentage point down to 13%, crime comes in at third place on the list of European concerns this year. Italians, in particular, are calling for measures to combat crime. The issue already became more important in the prior year and is now considered to be a major problem by around one in three people, putting it in the number one spot on the agenda. One trigger for this increase may be the ongoing difficulties associated with organized crime in Italy. A further cause may be

a greater trend towards addressing measures linked to domestic security during the election campaign in spring 2008. This topic featured heavily in the manifesto of Berlusconi's centre-right coalition, which won the election. At 27%, Brits are also very concerned about crime in their country. The Polish and Russians do not currently consider crime prevention to be an area of potential conflict. However, 7% of the Polish population expressed concern about corruption in their country.

Pensions and retirement provisioning were mentioned by 13% of Europeans as issues which concerned them. This means that concern about these aspects has stagnated compared with 2007, remaining in fourth place in the list of challenges. In Germany and Austria, they are a source of discontent for most citizens. In these countries, the topic troubles one in four and one in five people respectively. With double-digit figures, old age provisioning also features high on the list of concerns of Russians and Poles.

Russians and Spaniards concerned about housing

The housing issue has dropped by two places. After the latest high of 14% last year, the figure has gone down to 12% this year. However, in some countries this is a major issue. Approximately 25% of the Spanish and Russian population are urging for an improvement in the situation. In the Russian housing market, the situation has been very unstable since the end of the Soviet era. Russians still spend the lion's share of their incomes on rent and ancillary costs. The government is responding to the issue and, according to the draft national budget for the period from 2008 to 2010, the government intends to expand its nationwide residential construction program. This topic has also left citizens of other countries dissatisfied. In the UK and France, 11% criticized high rent and the lack of housing.

Brits worried about immigration and integration

This year, Brits are primarily concerned with immigration and its consequences. This topic has continually gained in importance since 2006 and was mentioned by 31% of respondents in the current survey. The trend is likely to have been triggered by a wave of immigrants coming from Eastern Europe in general and Poland in particular, in the wake of the recent EU expansion. In addition, the number of asylum seekers rose by 16% in the first quarter of 2008 while falling by an average of 10% in other EU countries over the same period.

Transport policy most important topic in the Netherlands

As in the prior year, in the Netherlands, people are more concerned about transport than anything else. Overall, this topic ranks only in eleventh place on the list of European concerns. Citizens are even more discontented with the situation this year than they were in 2007. With a rise of 4 percentage points to 32%, the latest figure almost matches the previous high recorded in 2001. At the time, 33% of the population saw transport policy as the issue

requiring the most urgent attention. The focus is on the considerable level of congestion and traffic jams in major Dutch cities. Conurbations are increasingly facing a collapse of their traffic systems. According to an OECD survey, public transport has not provided a satisfactory alternative to date.

Environmental issues continue to be a major concern in Europe

The environment only reappeared in the list of top ten issues last year, having last been listed in 2001. This year, the need for greater environmental protection has slipped into tenth place on the list of European concerns, following its ranking in ninth place in 2007. The number of mentions has decreased slightly to 6%. At 12%, Dutch and Germans, in particular, view the environment as a major issue. However, Austrians, Italians and Brits are also relatively worried about the environment with 10% and 8%.

The survey

The findings indicated have been extracted from the "Challenges of Europe" survey conducted by GfK Marktforschung for GfK-Nürnberg e.V. In the context of the survey, 12,000 subjects in Austria, Belgium, France, Germany, Italy, the Netherlands, Poland, Russia, Spain and the UK were surveyed in April 2008. Consequently, the survey is representative of 450 million Europeans.

The survey was based on an open-ended question asked in the same form every year: "In your opinion, what are the most urgent issues to be resolved currently in... (the country concerned)?" The survey subjects are not limited in any way as to their responses and multiple answers are possible.

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