

PRESS RELEASE

November 28, 2023

Consumer Climate: Downward trend stopped for now

Nuremberg, Germany, November 28, 2023 – Consumer sentiment in Germany remains overall stable in November, with no significant changes. Willingness to buy is growing slightly, while income expectations have experienced a slight decline. Economic expectations remain almost unchanged compared to the previous month. The forecast value for the Consumer Climate for December is at -27.8 points, and thus 0.5 points above November (revised to -28.3 points). These are the findings of the GfK Consumer Climate *powered by NIM* for November 2023. As of October 2023, it is published jointly by GfK and the Nuremberg Institute for Market Decisions (NIM), the founder of GfK.

The slight increase in consumer sentiment results from the decrease in willingness to save this month from 8.5 to 5.3 points. “After three consecutive months of decline, consumer sentiment is stabilizing as the year draws to a close. It continues to be at a very low level and there are no signs of a sustainable recovery in the coming months,” explains **Rolf Bürkl, consumer expert at NIM**. “The mood is still characterized by uncertainty and concern.”

This uncertainty is particularly evident in the willingness to save. A recent in-depth analysis conducted by NIM underlines this: Consumers were specifically asked why they think it is the right moment to save. In an open survey, approximately one-third of participants stated that the current (geo-) political and economic situation makes them very uncertain. As a result, they are concerned and deem it best to save their money. In addition to the current conflicts such as the war in Ukraine and the Middle East, it is primarily the high inflation in Germany driving the willingness to save. This concern was cited by more than a third of those surveyed.

“This empirically confirms that the willingness to save is less as an indicator of conscious financial investment and, instead, can be primarily interpreted as a signal of the extent of consumer uncertainty,” **Rolf Bürkl continues**. “However, conversely, this also means that sustainable recovery of the consumer sentiment requires bringing inflation back to a reasonable level and finding solutions for international crises.”

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Inflation continues to put pressure on income expectations

Less sharp price increases will also have a positive effect on consumers' purchasing power. The high rate of inflation is also an important reason that income expectations are viewed pessimistically. The income indicator is therefore at a remarkably low level, which decreased again in November by 1.4 points to -16.7 points. A lower value was last seen in March of this year at -24.3 points. It can be assumed that rising prices for food in particular will continue to put pressure on the purchasing power of the incomes of individuals.

Willingness to buy remains at a very low level

In view of the slightly downward income expectations, it is no surprise that willingness to buy remains at rock bottom. While the indicator did show a meager 1.3 points of growth, it is still at a very low level at -15 points. The fact that a small gain of 3.6 points over the previous-year period has been recorded shows that willingness to buy is stagnant and that no signs of change in this trend are evident. The uncertainty from ongoing crises as well as high inflation create marked reluctance to buy.

Economic expectations nearly unchanged

The economic expectations of German consumers remained nearly unchanged in November. After a minimal increase of 0.1 points, the indicator is now at -2.3 points. The growth amounts to 15.6 points over the corresponding previous-year period. At the time, however, the economic outlook was severely affected by major fears of recession due to the looming scarcities in energy supply. The current level of the indicator shows that German consumers do not anticipate a noticeable upswing in the economy in the foreseeable future. This also corresponds with the opinions of almost all economic and political experts: According to the recently published annual assessment of the German Council of Economic Experts, also referred to as the "Five Sages" the real GDP will decrease by 0.4 percent this year. For the coming year, a moderate growth of 0.7 percent is forecast.

The following **table** shows the values of the individual indicators in November compared to the previous month and year:

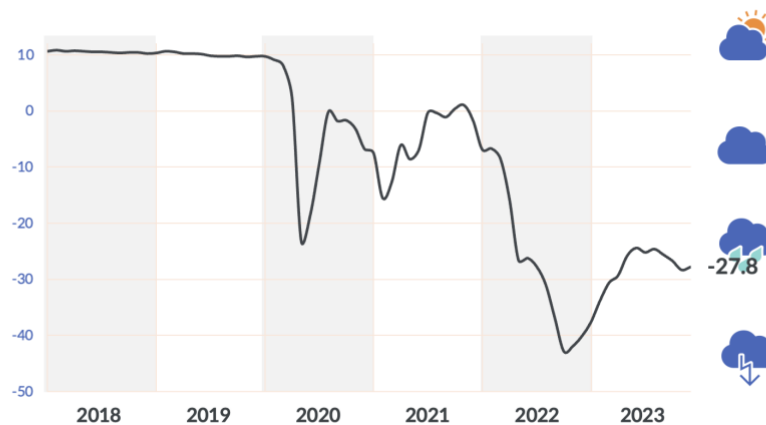
Consumer climate is calculated based on these three indicators

	November 2023	October 2023	November 2022
Economic expectations	-2.3	-2.4	-17.9
Income expectations	-16.7	-15.3	-54.3
Willingness to buy	-15.0	-16.3	-18.6
Willingness to save	5.3	8.5	-1.1
Consumer climate	-28.3	-26.7	-41.9

Source: GfK Consumer Climate powered by NIM | co-funded by the European Commission | 11/23

The following **diagram** shows how the consumer climate indicator has developed over recent years:

Consumer Climate stops downward trend for now December 2023



11/28/2023

Source: GfK Consumer Climate powered by NIM | co-funded by the European Commission | 11/23

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Planned 2023/2024 publication dates:

- Wednesday, December 20, 2023, 8:00 a.m.
- Friday, January 26, 2024, 8:00 a.m.
- Tuesday, February 27, 2024, 8:00 a.m.
- Tuesday, March 26, 2024, 8:00 a.m.

About our method

The survey period for the current analysis was November 2 to November 13, 2023. The results are extracted from the “GfK Consumer Climate *powered by NIM*” study and are based on around 2,000 consumer interviews per month conducted on behalf of the European Commission. The report presents the indicators in the form of graphics accompanied by brief comments. Consumer sentiment refers explicitly to all private consumer spending. Depending on the definition used, however, retail accounts for only around 30 percent of private consumer spending. Services, travel, housing costs, healthcare services, and the wellness sector as a whole account for the rest. Again, this does not apply to retail sales, but instead to total consumer spending. Like all other indicators, propensity to buy is a confidence indicator. It indicates whether consumers currently consider it advisable to make larger purchases. Even if they answer “Yes” to this question, there are two further requirements for making a purchase: The consumer must have both money required for such a large purchase and must also see a need to make this purchase. Furthermore, this only concerns durable consumer goods that also require a larger budget.

GfK Consumer Climate *powered by NIM*

The GfK Consumer Climate survey, which has been carried out monthly since 1980, is regarded as an important indicator of German consumer behavior and a guiding light for Germany’s economic

development. Since October 2023, the Consumer Climate data collected by GfK has been analyzed and published jointly with the Nuremberg Institute for Market Decisions (NIM), the founder of GfK.

By joining forces, it will be possible to invest further in the analysis and development of the Consumer Climate study to gain an even better understanding of the background to changes in consumer confidence.

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GfK. Growth from Knowledge.

For over 89 years, clients around the world have trusted us to provide data-driven answers to key questions for their decision-making processes. We support their growth through our comprehensive understanding of buying behavior and the dynamics that influence markets, brands, and media trends. In 2023, industry leaders GfK and NIQ have merged to offer their clients unparalleled global reach. With a holistic view of retail and the most comprehensive consumer insights, provided by forward-looking analytics on state-of-the-art platforms, GfK is driving “Growth from Knowledge.”

More information is available at www.gfk.com.

Nuremberg Institute for Market Decisions

The Nuremberg Institute for Market Decisions (NIM) is a non-profit research institute at the interface of academia and practice. NIM examines how consumer decisions change due to new technology, societal trends or the application of behavioral science, and what the resulting micro- and macroeconomic impacts are for the market and for society as a whole. A better understanding of consumer decisions and their impacts helps society, businesses, politics, and consumers make better decisions with regard to “prosperity for all” in the sense of the social-ecological market system.

The Nuremberg Institute for Market Decisions is the founder of GfK.

Further information is available at <https://www.nim.org> and LinkedIn

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