



Press Release

Date

December 17, 2007

Cornelia Lichtner
GfK GeoMarketing
Tel. +49 7251 9295-270
Fax +49 7251 9295-290
c.lichtner@gfk-
geomarketing.com

Marion Eisenblätter
Corporate Communications
Tel. +49 911 395-2645
Fax +49 911 395-4041
marion.eisenblaetter@gfk.com

GfK Aktiengesellschaft
Nordwestring 101
90319 Nuremberg

Tel. +49 911 395-0
Fax +49 911 395-2209
public.relations@gfk.com
www.gfk.com

Management Board:
Professor Dr.
Klaus L. Wübbenhorst
(CEO)
Christian Weller von Ahlefeld
(CFO)
Petra Heinlein
Dr. Gérard Hermet
Wilhelm R. Wessels

Supervisory Board Chairman:
Hajo Riesenbeck

Commercial register
Nuremberg HRB 9398

Germans will have 700 euros more disposable income in 2008

GfK survey on purchasing power in Germany

Nuremberg, December 17, 2007 – German consumers will have an average of 700 euros more to spend in 2008 than in the current year. With this growth of approximately 3.8%, purchasing power is growing faster than inflation. South Germany, in particular, and the areas around major towns and cities are the most affluent, with the new federal states also continuing to catch up. These are the findings published by GfK GeoMarketing in their current survey of purchasing power in Germany.

According to the findings of the GfK survey, German consumers are forecast to have disposable incomes totaling 1,542 billion euros in 2008. This figure includes state benefits like unemployment benefit, child benefit and pensions. This corresponds to an average per capita purchasing power or disposable income of 18,734 euros per annum, which every German can spend on the necessities of life and consumer goods. The figure is almost 700 euros higher than for 2007 and represents growth of around 3.8%. It means that the growth of the average per capita purchasing power exceeds the maximum rate of 2% inflation forecast by the European Central Bank for 2008. This means, Germans will have more money to spend on rentals, savings, services and retail consumer goods than this year. German purchasing power has been continually rising for many years. Although there are no double digit increases, affluence is continuing to grow at a high level. In terms of business, the challenge is to make products and services more attractive in order to release the consumer potential of Germans, who are noted for being avid savers.

Bavaria is an oasis of affluence

Regional differences in consumer potential are decisive considerations when businesses are choosing their locations in Germany. According to the GfK survey on purchasing power, Bavaria's inhabitants with an average disposable income of 20,340 euros per capita are the most affluent members of German society. In more than a quarter of all Bavarian districts, the average purchasing power is 10% or more above the German

average. Purchasing power is highest above the German average in the districts to the east of Munich, and growth is anticipated to continue in 2008. Seven of the ten districts of Germany with the highest purchasing power are located in Bavaria and in a national purchasing power ranking, 39 Bavarian districts are in the top 100.

Top 10 German districts with the highest purchasing power

Ranking	District	2008 purchasing power per capita/ per annum in euro	Purchasing power index per inhabitant (German average = 100)
1	Starnberg / Bavaria	27,283	145.6
2	Hochtaunuskreis / Hesse	27,192	145.1
3	Main-Taunus-Kreis / Hesse	25,939	138.5
4	Greater Munich (rural district) / Bavaria	25,931	138.4
5	City of Munich (urban district) / Bavaria	25,696	137.2
6	Ebersberg / Bavaria	25,163	134.3
7	Fürstfeldbruck / Bavaria	24,223	129.3
8	Erlangen / Bavaria	23,646	126.2
9	Stormarn / Schleswig-Holstein	23,316	124.5
10	Dachau / Bavaria	23,128	123.5

Source: GfK Purchasing Power 2008, GfK GeoMarketing

In neighboring Baden-Württemberg also, at 20,026 euros, per capita purchasing power is steadily above the German average. Sixteen of the state's districts are in the top 100 rankings, followed by North Rhine Westphalia with 15 and Hessen with 12 districts. Another area of high purchasing power is centered in the region around Hamburg. In total, the regional breakdown shows that German purchasing power runs highest along an unbroken line drawn from south to north and slightly west of the center of Germany.

The East continues to catch up

Conversely, the per capita value in all districts of Germany's eastern states remains below the national average, although nowhere does it drop below 25% of the German average. This even applies to Mecklenburg Western Pomerania, a state formerly characterized by a particular structural weakness. Although there is still a significant discrepancy between East and West, the level of affluence is constantly increasing in most of the eastern states of Germany. In fact, several areas there are developing at a faster rate than some western regions. An example of this is Dresden, whose inhabitants have an average disposable income of 17,182 euros; this is around 1,000 euros more than the population of Regen in Bavaria has at disposal for consumer spending. Dresden and Gera, Jena and Erfurt



together form a “string of pearls” of key concentrations of regional purchasing power in the East.

Rural districts beat urban areas

The GfK purchasing power survey shows that the rural areas around major towns and cities continue to benefit from the long-time trend that higher income groups used to prefer living in suburbs outside the city centers. The exception to this is Munich, which is the only urban district present in the top ten German purchasing power rankings. More typical is Karlsruhe: The rural district ranks at 61, with a purchasing power nine percent above the national average. The urban district, by contrast is only 4.5% above the national average and comes in well below at 110th place. One of the reasons for this is that – due to the relative lack of attractive residential accommodation for well-off citizens–, purchasing power is often located in the suburbs, or just outside the city center areas. Local studies have shown that in the case of the larger towns and cities in particular, it is lower income groups such as students, people in their first jobs or migrants who tend to live in the inner-urban areas.

Purchasing power of major German cities in 2008

Ranking	City District	Number of inhabitants	2008 purchasing power per capita/per annum in euro	Purchasing power index per capita (German average = 100)
307	Berlin	3,404,037	16,908	90.3
86	Hamburg	1,754,182	19,843	105.9
4	Munich	1,294,608	25,696	137.2
88	Greater Hanover	1,128,772	19,811	105.8
62	Cologne	989,766	20,430	109.0
46	Frankfurt am Main	652,610	20,973	111.9
40	Stuttgart	593,923	21,098	112.6
255	Dortmund	587,624	17,633	94.1
145	Essen	583,198	18,927	101.0
18	Düsseldorf	577,505	22,355	119.3
243	Bremen	547,934	17,808	95.1
362	Leipzig	506,578	15,762	84.1
291	Dresden	504,795	17,182	91.7
94	Nuremberg	500,855	19,731	105.3
54	Bonn	314,299	20,677	110.4
190	Heidelberg	144,634	18,476	98.6

Source: GfK Purchasing Power 2008, GfK GeoMarketing



The survey

The purchasing power survey was first published by GfK as early as 1937. It quantifies disposable income after taxes and social contributions and including state benefits on a per capita and per annum basis. It is calculated in euros and takes the form of an index (German average = 100). The calculations are based on salary and income tax data, and take into account state benefits and forecasts given by financial institutes. The purchasing power survey covers all German urban and rural districts, municipalities and postal code areas, as well as 2.4 million street sections.

The purchasing power survey, which measures disposable income at the place of residence and not at the point where it is spent, is an indicator of the consumer potential in a certain area or regional market. For example, it is used for calculating catchment areas and location planning by businesses and companies.

The relevant charts are downloadable from www.gfk-geomarketing.com/purchasing_power_2008

Further information: Cornelia Lichtner, tel. +49 7251 9295-270, c.lichtner@gfk-geomarketing.com or at www.gfk-geomarketing.com/purchasing_power

The GfK Group

The GfK Group is the No. 5 market research organization worldwide. Its activities cover five business divisions Custom Research, Retail and Technology, Consumer Tracking, Media and HealthCare. The Group has 115 companies covering over 90 countries. Of a total of approximately 8,760 employees (as of September 30, 2007), 80% are based outside Germany. For further information, visit our website: www.gfk.com

Responsible under press legislation
GfK AG, Corporate Communications
Marion Eisenblätter
Nordwestring 101
D-90319 Nuremberg
Tel. +49 911 395-2645
Fax +49 911 395-4041
public.relations@gfk.com