

# Press release

## European consumer climate improves significantly at the end of the year

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### Findings of the GfK Consumer Climate Europe study for the fourth quarter of 2015

Nuremberg, February 3, 2016 – In the fourth quarter of 2015, several major issues preoccupied consumers and the media, with discussions centering on the refugee crisis, the Paris attacks, and especially the improving economic figures in almost all European countries, as well as the fact that energy costs were still extremely low. From September to December 2015, the consumer climate index for the European Union increased by 1.9 points to 12.2 points.

Consumer mood in most European countries fluctuated in the fourth quarter of 2015. At first, the dominant issue was the continuous stream of refugees from crisis regions in the Middle East and North Africa. How can the refugees be distributed fairly among European countries? How can they be integrated into society as quickly as possible? Is it even possible to integrate so many refugees? Initially, these questions influenced consumers' assessments in some countries as to how the social and economic situation would develop in the following months, although this issue only affected the countries through which the refugees traveled. However, in Germany, Austria, Denmark and Sweden, all of which are particularly popular final destinations for refugees, there was increasingly skeptical debate as to whether so many refugees could actually be successfully integrated into society. In addition, in November, the Paris attacks and subsequent terror warnings in Germany left people shocked.

It was not until the end of the year that the positive economic figures throughout Europe became more significant. Economic performance improved markedly in almost all the countries considered here. Thanks to low crude oil and energy prices as well as negligible inflation, consumers had more money in their pockets to spend on other things. Moreover, unemployment fell in the past year in almost every country, meaning that more people were in work and fewer were worried about losing their jobs. Europeans' increasingly optimistic economic and income expectations reflected these positive trends. However, particularly in (former) crisis states, these positive influences were not yet sufficient to put consumers in the mood to make purchases. In fact, households in these countries still barely have enough money to cover their everyday needs.

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## Income expectations improve in Great Britain

After British consumers' economic expectations had fallen to their lowest level for two years in September, the British mood fluctuated in the fourth quarter. Nevertheless, the figure was 5.6 points higher in December than it had been in September, and the relevant indicator lay at 16.6 points at the end of the year. However, in the past year, particularly after their interim high in April, economic expectations declined considerably. British consumers clearly assume that their country's economy will perform more modestly in the coming months.

In contrast, income expectations increased noticeably by 11 points in the fourth quarter. They currently amount to 22.9 points, which constitutes a gain of almost 18 points compared with the same time the previous year. Therefore, the minor fluctuations of the summer months were transformed into an upward trend. The low unemployment rate, which fell slightly to 5.2 percent, also had a positive effect on this trend.

In spite of the positive economic developments, British propensity to buy dropped slightly by 4.6 points to 10.6 points in the fourth quarter. However, the trend is still positive, as in December, the indicator was around 8 points higher than the figure for the same time the previous year.

### **Further information:**

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### **About the study**

The findings of the GfK Consumer Climate Europe study are from a consumer survey conducted on behalf of the European Commission in all the countries of the European Union. Around 40,000 people a month are surveyed in the 28 countries. These are representative of the adult population in the EU.

GfK indicators for the consumer climate in Europe are based on monthly interviews regarding consumer mood. The purpose is to determine both the general economic situation of the individual countries and the situation of the households themselves.

GfK Consumer Climate Europe interviews are conducted monthly, predominantly as part of an omnibus, which is a multi-topic survey conducted either by telephone or face to face.

From the monthly survey program, which consists of 12 questions, 5 questions are selected for the GfK Consumer Climate Europe study, as they play a decisive role in the consumer climate.



## **Calculating the five selected indicators: economic, price and income expectations; propensity to buy and to save**

Indicators are determined on the basis of so-called bottom lines. The proportion of consumers who answered negatively (for example, the household's financial situation will deteriorate (significantly)) is subtracted from the proportion of consumers who answered positively (for example, the household's financial situation will improve (significantly)).

In a further step, this bottom line is standardized using common statistical procedures and transformed so that the long-term average of the indicator is 0 points and has a theoretical value range from +100 to -100 points. Empirically, however, values have predominantly ranged between +60 and -60 points since 1980.

If an indicator shows a positive value, this factor is assessed by the consumer to be above average over the long term. Accordingly, the opposite applies to negative values. Standardization makes it possible to compare indicators from different countries more effectively, since mindset-related differences in levels of response behavior can be evened out without altering the basic course of the indicator.

### **About GfK**

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. GfK has many years of experience in the collection and evaluation of data. Approximately 13,000 experts combine their general knowledge with analyses of local markets in over 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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