



## Press release

### Germany: Consumer climate suffers from hard lockdown

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**Nuremberg, December 22, 2020 – The mood of consumers in Germany presents an uneven picture at the end of 2020. While economic expectations and propensity to buy made marginal gains, income expectations saw a downturn. Since propensity to save showed a tangible increase in December, the GfK forecast for January 2021 shows a value of -7.3 points, 0.5 points down from December this year (revised to -6.8 points). These are the findings of the GfK Consumer Climate Study Germany for December 2020**

Germany has experienced a sharp rise in infections in the second wave. The healthcare system is at risk of being overloaded. The measures taken in November for a light lockdown did not bring the hoped for reduction in new infections. As a result, stricter measures are unavoidable, and this will lead to further uncertainty. This uncertainty also explains the uneven development in consumer confidence as well as the increase in propensity to save this month.

**Rolf Bürkl, GfK Consumer Expert, adds:** "At present, the savings indicator is the main factor driving the third decline in a row in the consumer climate. With the hard lockdown and the closure of most stores, the consumer climate is faced with yet another setback."

Further evidence of consumer uncertainty is confirmed by the findings of a current GfK eBUS® survey. More than three quarters of German citizens (78 percent) think that COVID-19 represents a serious or very serious threat to Germany. This is the highest value measured to date since the surveys were introduced in the middle of April 2020. Only one in five (18 percent) assume the threat to be low or non-existent.

**Rolf Bürkl, GfK Consumer Expert** explains further: "There is reason to fear that the consumer climate is about to enter a very difficult phase in the coming weeks. Any relaxation or recovery can certainly only come when the infection rates have dropped so far that the strict restrictions can be loosened once more."

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## Downward trend of economic expectations currently halted

The **economic expectations** indicator has been able to halt its downward trend – at least for the present. After two falls in a row, the economic mood gained 4.6 points, rising to 4.4 points.

Since the survey took place in the period from December 3-14, possible effects of the hard lockdown could not be taken into consideration. It is, however, to be feared that a fundamental recovery of the economic mood will now be delayed once more, especially as some of Germany's key trading partners are currently also affected by the second wave of infections. Export developments, which are enormously important for the German economy, are therefore likely to face a difficult time.

## Moderate decline in income expectations

In contrast to economic expectations, **income expectations** declined somewhat. After a fall of one point, the indicator slipped to 3.6 points. This puts it a good 31 points behind its value at the same time last year. The closure of numerous retail outlets could well lead to a tangible rise in short-time work figures in the coming weeks. This will result in a drop in income for affected employees. Furthermore, there are fears that even more companies are facing the risk of bankruptcy. This increases fears of job losses and affects income expectations.

## Rise in propensity to buy

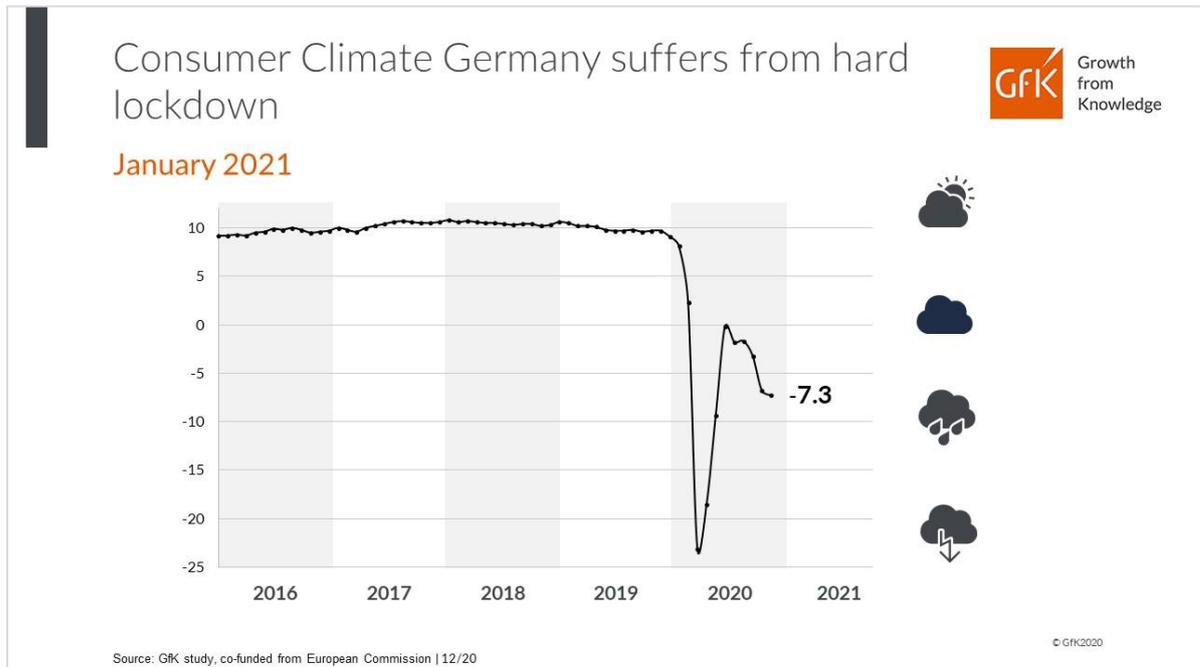
While income expectations have taken a hit, propensity to buy continues to rise. The indicator has stopped its downward trend and risen by 6.1 points. At 36.6 points, it is currently just 16 points below its rate of last year.

So far, propensity to buy has maintained a satisfactory level. Whether that remains the case will depend primarily on whether and how strongly the fear of job losses increases in the coming weeks.

The following table shows the change in individual indicators in December in comparison with the previous month and previous year:

	December 2020	November 2020	December 2019
<b>Economic expectations</b>	4.4	-0.2	-4.4
<b>Income expectations</b>	3.6	4.6	35.0
<b>Propensity to buy</b>	36.6	30.5	52.2
<b>Consumer climate</b>	-6.8	-3.2	9.6

The following graph shows how the Consumer Climate Index has developed over recent years:



### Provisional publication dates for Q1 2021:

- Wednesday, Jan 27, 2021 (8am CET)
- Thursday, Feb 25, 2021 (8am CET)
- Thursday, Mar 25, 2021 (8am CET)

### About GfK's methods

The survey period for the current analysis was from December 3 to December 14, 2020. The results are extracted from the "GfK Consumer Climate MAXX" study and are based on around 2,000 consumer interviews per month conducted on behalf of the European Commission. This report presents the indicators in graphical form and provides brief comments on the indicators. Consumer climate refers explicitly to all private consumer spending. However, depending on the definition used, retail trade accounts for only around 30 percent of private consumer spending. Services, travel, rent, health services, and the wellness sector as a whole account for the rest. Again, this does not concern retail sales but instead refers to total consumer spending. Propensity to buy, like all other indicators, is a sentiment 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 the money required for such a large purchase and must also see a need to make this purchase. Furthermore, this only actually concerns durable goods, which also require a larger budget.



GfK eBUS® is a representative online survey in which 1,000 people aged 18-74 are interviewed each week. The publication deadline is every Tuesday and representative, valid results are available within a week. Survey period for the results in this press release: November 10 to 14.

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