



Press release

Germany: Consumer sentiment recovers slightly from lockdown shock

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Nuremberg, February 25, 2021 – In the wake of the collapse caused by the lockdown at the beginning of the year, February has seen consumer sentiment start to recover. Both economic and income expectations have increased, along with propensity to buy. As a result, GfK is forecasting a decrease of 12.9 points in consumer sentiment for March 2021, up 2.6 points from February this year (revised from -15.5 points). These are the findings of the GfK Consumer Climate Study in Germany for February 2021.

In addition to increasing income expectations and propensity to buy, the boost in consumer sentiment in Germany was also prompted by a decline in propensity to save.

"Consumers are recovering to some extent from the shock they suffered after the tough lockdown in mid-December. The recent dip in infection rates and the launch of the vaccination program are fueling hopes of a speedy easing of measures," **says Rolf Bürkl, consumer expert at GfK.**

Both economic and income expectations have more than compensated for the previous month's losses. After plummeting by up to 37 points at the beginning of the year, **propensity to buy** has recovered around one-fifth of its losses from last month, with an increase of 7.4 points. The indicator currently stands at 7.4 points – over 46 points lower than the same time last year.

Bürkl adds: "Consumer sentiment in Germany will only recover sustainably when the strict lockdown ends and shops, hotels and restaurants reopen. If, on the other hand, the measures are extended once again, the chances of a swift recovery will disappear and consumer sentiment will face further tough times ahead."

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Income expectations: First growth after four decreases in a row

After four decreases in a row, **income expectations** have seen an increase in February. Indeed, this increase has been a significant one, with growth of some 9.4 points recorded. Nevertheless, the indicator is still almost 35 points lower than the same value for the previous year, at just 6.5 points.

Amid hopes of an end to the strict lockdown in sight, there are also growing expectations of increases in income. Short-term working could be reversed and it may even be possible to prevent a series of insolvencies. This in turn would quell job loss fears.

Economic recovery awaits

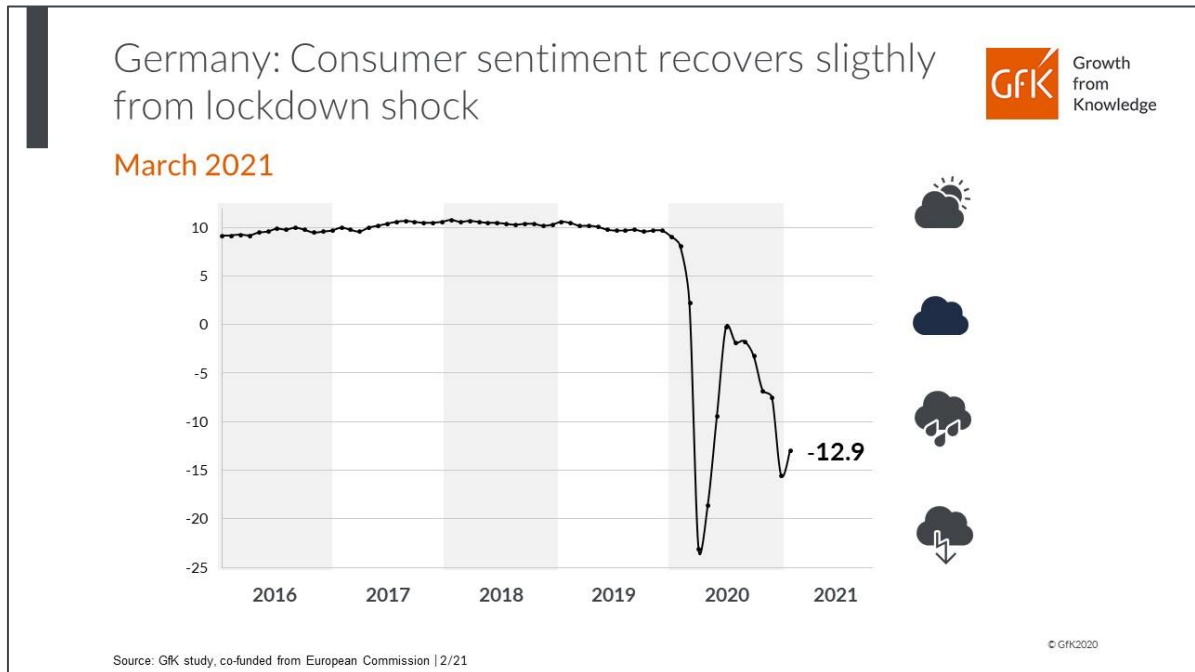
The economic outlook is brightening once again for German citizens, with the indicator **economic expectations** rising by 6.7 points to a total of eight points. In contrast to income expectations and propensity to buy, this indicator is actually almost seven points higher than the same value for the previous year.

Substantial parts of the German economy, such as the manufacturing sector, are unaffected by the closures, and have recently managed to improve their order situation. Consumers are expecting that at least a considerable portion of the growth lost over the past year can be compensated for this year. This will be supported by the positive development of the Chinese domestic market, for example, which will primarily benefit export-oriented companies.

The table below shows the development of the individual indicators in January compared to the previous month and the previous year:

	February 2021	January 2021	February 2020
Economic expectation	8,0	1,3	1,2
Income expectations	6,5	-2,9	41,2
Propensity to buy	7,4	0,0	53,6
Consumer sentiment	-15,5	-7,5	9,1

The diagram below shows the development of the consumer sentiment indicator in recent years:



Planned publication dates Q2 2021:

- Thursday, 3/25/2021, 8:00 a.m.
- Wednesday, 4/28/2021, 8:00 a.m.
- Thursday, 5/27/2021, 8:00 a.m.
- Friday, 6/25/2021, 8:00 a.m.

About our methods

The survey period for the current analysis was February 4 to February 15, 2021. 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, accompanied by brief comments. Consumer sentiment refers explicitly to all private consumer spending. Depending on the definition used, however, 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 actually only concerns durable goods, which also require a larger budget.

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