



Press Release

German consumer sentiment almost returned to pre-crisis level

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Consumer confidence rises significantly in September

Nuremberg, September 28, 2021– Consumer confidence in Germany increases again in September. Both economic and income expectations are increasing, along with propensity to buy. Consequently, GfK is forecasting a value of 0.3 points in consumer sentiment for October, up 1.4 points from September of this year (revised from -1.1 points). These are the findings of the GfK Consumer Sentiment Study for September 2021.

The current rise in income prospects and propensity to consume, as well as a decreasing propensity to save, are contributing to the recovery of consumer sentiment in Germany. As a result, consumer sentiment is higher than it has been for the last year and a half. A higher value was last measured in April 2020, at 2.3 points.

"At the time of the survey, the incidence increase had noticeably slowed and currently, values are even declining slightly. As a result, consumers are more optimistic that the fourth wave will be less pronounced than many feared. That is why many consumers can once again see scope for restrictions to be eased further" **explains Rolf Bürkl, GfK consumer expert.** "Even if the consumer sentiment has almost reached its pre-crisis level, it is still too early for talk of a fundamental trend shift. Instead, we must first see how the infection situation develops in the winter months and if new restrictions become necessary."

Economic sentiment at the turning point?

After two months with losses that were in some cases noticeable, the consumer sentiment picked up again in September. with the indicator economic expectations rising by 7.7 points to a total of 48.5 points. Consequentially, half of the previous month's losses in excess of 13.8% can be compensated. This actually represents an increase of currently 24 points compared to the same period of the previous year.

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The growing consumer optimism signals that consumers here consider the German economy on course for recovery, although the momentum is somewhat more moderate than expected a few months ago. A stable labor market also contributes significantly to the high level of economic expectations.

Income expectations climb to pre-crisis level

After income prospects had stagnated in the previous month, they noticeably picked up again in September. After an increase of 6.9 points, the income indicator rises to 37.4 points. A higher value of 41.2 points was last measured in February 2020, i.e. before the Covid-19 crisis. This represents an increase of 21 points compared to September 2020.

Upcoming discussions about inflation have no significant influence on income expectations. This also shows the fact that consumer price expectations even decreased marginally in September. In addition, extremely stable employment figures ensure that unemployment fears and the associated worry about loss of earnings do not currently play a notable role.

Slight gains in buying propensity

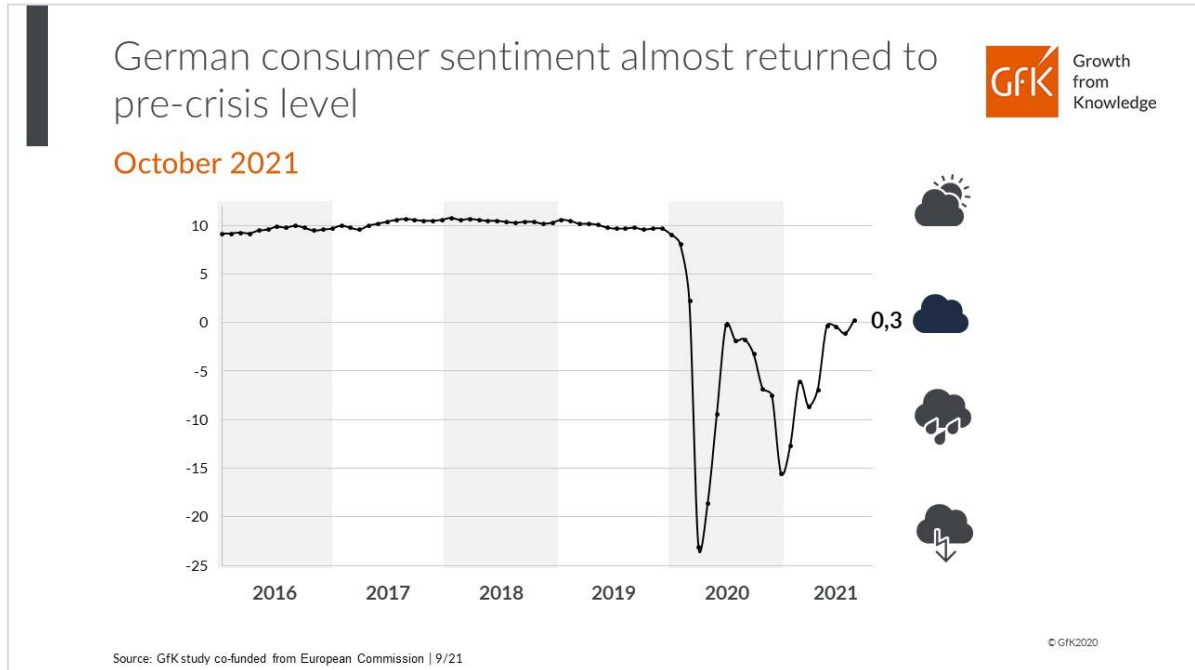
In addition to rising income prospects, the propensity to buy gains slightly. After an increase of 3.1 points, the indicator currently stands at 13.4 points. In contrast to economic and income expectations, the propensity to consume is however at a low level. Comparison with the previous year also shows this. This represents a decrease of 25 points compared to September 2020.

This comparatively low level is no surprise, as despite well-filled wallets, the obligation to wear masks and maintain social distancing rules dampen any enthusiasm to shop. The propensity to consume will only be able to recover sustainably once these restrictions cease to exist.

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

	September 2021	August 2021	September 2020
Economic expectations	48,5	40,8	24,1
Income expectations	37,4	30,5	16,1
Propensity to buy	13,4	10,3	38,4
Consumer sentiment	-1,1	-0,4	-1,8

The diagram below shows how the consumer sentiment indicator has developed over recent years:



Planned publication dates Q4 2021:

- Wednesday, 10/28/2021, 8:00 a.m.
- Thursday, 11/25/2021, 8:00 a.m.
- Tuesday, 12/21/2021, 8:00 a.m.

About our methods

The survey period for the current analysis was September 2 to September 13, 2021. The results are extracted from the "GfK Consumer Sentiment 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 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 retailer sales, but instead refers to total consumer spending. Propensity to buy, like all other indicators, 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 the money required for such a large purchase and must also see a need to make this purchase. Furthermore, this actually only concerns durable consumer goods that also require a larger budget.

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