



Press Release

Fourth wave and inflation hit consumer sentiment

November 25, 2021

Eva Böhm
Public Relations
T +49 911 395 4440
public.relations@gfk.com

Nuremberg, November 25, 2021 – Consumer confidence in Germany deteriorated noticeably in November. Both economic and income expectations along with a propensity to buy have declined, in some cases significantly. Since the propensity to save has also increased, GfK is forecasting a -1.6 points drop in consumer sentiment for December, down 2.6 points from November of this year (revised from 1.0 points). These are the findings of the GfK Consumer Climate Study for November 2021.

After two successive increases, consumer sentiment decreases noticeably, falling to its lowest level in six months. The measurement in June of this year was -6.9 points.

"Consumer sentiment is currently being squeezed from two sides. On the one hand, the number of cases in the fourth wave of the coronavirus pandemic is exploding, which threatens to overwhelm the health system and could lead to further restrictions. On the other hand, the purchasing power of consumers is dwindling due to a high inflation rate of four percent" **explains Rolf Bürkl, GfK consumer expert.** "The outlook for the upcoming Christmas season is now somewhat bleak."

Economic sentiment is crumbling

The economic outlook of consumers is now even gloomier. For the second time in succession, the economic expectations indicator decreased, falling by 15.6 points to 31 points. However, this is still more than 31 points higher than the corresponding figure for the previous year.

The recovery of the German economy is starting to stutter, primarily due to interruptions in supply chains. A shortage of semiconductors for consumer electronics, household appliances and motor vehicles has led to a reduction or even complete halt to production, which is affecting economic growth. As a result, the growth outlook for this year has also been scaled back to 2.7 percent.

GfK SE
Sophie-Germain-Strasse 3 – 5
90433 Nuremberg
Germany

T +49 911 395 0

Management Board:
Peter Feld (CEO)
Lars Nordmark (CFO)

Chairman of the Supervisory
Board:
Thomas Ebeling

Commercial Register:
Nuremberg HRB 25014

Income expectations noticeably muted

After the heavy losses in the previous month, the income expectation indicator fell again in November. The decrease of -10.4 points was slightly less than the -14.1-point decrease in October. Income expectations therefore currently stand at 12.9 points. A lower value was last measured in April of this year, at 9.3 points.

On the one hand, the indicator is influenced by high inflation and an associated reduction in the purchasing power of income, while on the other hand, it is influenced by production restrictions caused by interruptions in supply chains that increase the fear of short-time work.

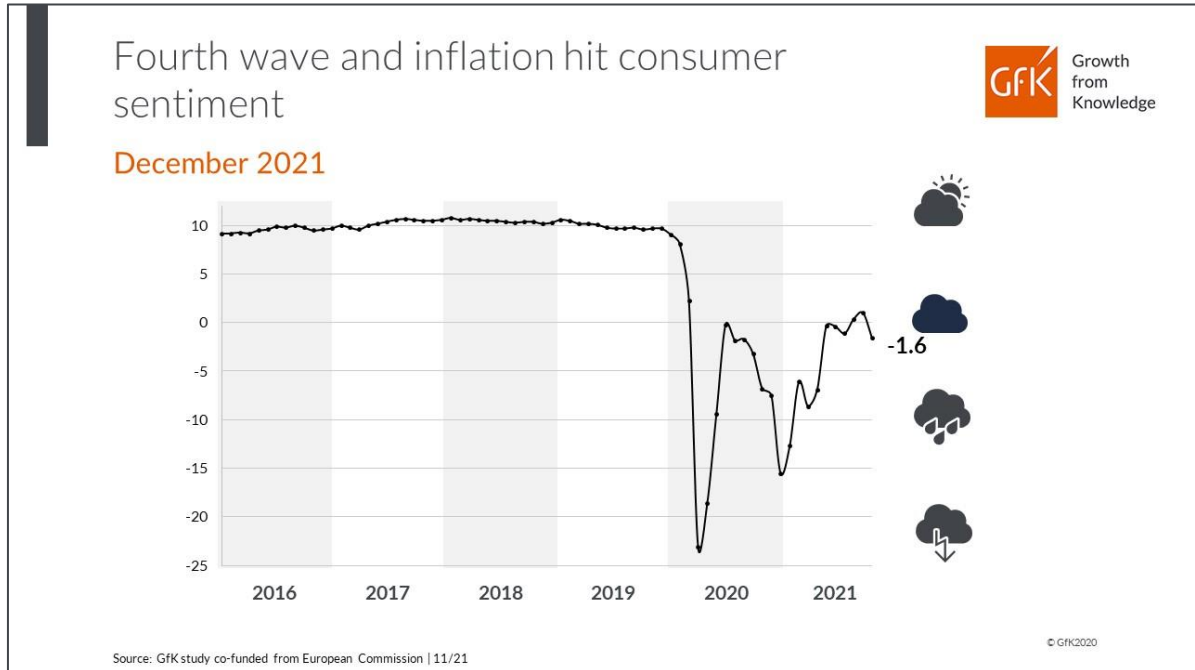
Propensity to buy falls to nine-month low

In the wake of falling economic and income expectations, also the propensity to buy fell in November, with the indicator dropping 9.7 points to a current value of 9.7. A lower value for consumer sentiment was last measured in February 2021 at 7.4 points. Comparison with the previous year now shows a decrease of almost 21 points.

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

	November 2021	October 2021	November 2020
Economic expectations	31.0	46.6	-0.2
Income expectations	12.9	23.3	4.6
Propensity to buy	9.7	19.4	30.5
Consumer sentiment	1.0	0.4	-3.2

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



Planned publication dates Q4 2021:

- Tuesday, 12/21/2021, 8:00 a.m.

Planned publication dates 2022:

- Thursday, 1/27/2022, 8:00 a.m.
- Wednesday, 2/23/2022, 8:00 a.m.
- Tuesday, 3/29/2022, 8:00 a.m.
- Wednesday, 4/27/2022, 8:00 a.m.
- Wednesday, 5/25/2022, 8:00 a.m.
- Tuesday, 6/28/2022, 8:00 a.m.
- Wednesday, 7/27/2022, 8:00 a.m.
- Friday, 8/26/2022, 8:00 a.m.
- Wednesday, 9/28/2022, 8:00 a.m.
- Thursday, 10/27/2022, 8:00 a.m.
- Friday, 11/25/2022, 8:00 a.m.
- Wednesday, 12/21/2022, 8:00 a.m.



About our methods

The survey period for the current analysis was November 4 to November 15, 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.

Media Contact: Eva Böhm, T +49 911 395 4440, public.relations@gfk.com

GfK. Growth from Knowledge.

For over 85 years, we have earned the trust of our clients around the world by supporting them in business-critical decision-making processes around consumers, markets, brands, and media. Our reliable data and insights, together with advanced AI capabilities, have revolutionized access to real-time, actionable recommendations that drive marketing, sales and organizational effectiveness of our clients and partners. That's how we promise and deliver **Growth from Knowledge**.