



Press Release

War in Ukraine and inflation put significant pressure on consumer sentiment

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Nuremberg, Germany, March 29, 2022 – The war in Ukraine also leaves its mark on consumer sentiment among Germans, leading to a considerable downturn in March. While the propensity to buy recorded moderate losses compared with the previous month, the economic and income expectations slumped, in part registering new record lows following the 2009 financial crisis. As a result, GfK is forecasting -15.5 points for the consumer sentiment in April, seven points lower than in March of this year (revised -8.5 points). These are the findings of the GfK Consumer Climate Study for March 2022.

This not only continues the downward trend in consumer sentiment, but also accelerates it considerably. A sharp increase in the propensity to save in March further reinforces the downward trend.

“In February hopes were still high that consumer sentiment would recover significantly with the foreseeable easing of pandemic-related restrictions. However, the start of the war in Ukraine caused these hopes to vanish into thin air. Rising uncertainty and sanctions against Russia have caused energy prices in particular to skyrocket, putting a noticeable strain on general consumer sentiment,” **explains Rolf Bürkl, GfK consumer expert.**

This is particularly evident in the income expectations of Germans, which lost 25 points in March compared with the previous month and slipped to -22.1 points. This is the lowest value since January 2009, when the income indicator fell to -22.9 points as a result of the financial crisis. Consumers are seeing their purchasing power melt away as a result of the sharp increase in prices when it comes to gas, heating oil and gasoline.

This is confirmed by a recent survey conducted by GfK on the consequences of the war in Ukraine: Nine out of ten Germans are extremely or very concerned about the sharp rise in prices in the energy sector. In the case of groceries, the percentage of those concerned is 80 percent.

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Bürkl adds: “A sustainable recovery of the consumer sentiment is only possible with a rapid ceasefire followed by peace negotiations. The domestic economy will then also significantly contribute to overall economic development again as a result of declining uncertainty, and the easing of pandemic-related restrictions would also be able to have their positive effect.”

Consumers increasingly see risks for the economy

Following two consecutive increases, economic expectations – similar to income expectations – also suffered a setback in March. The indicator loses 33 points, thus dropping to -8.9 points. A lower value was last measured during the first pandemic-related lockdown in spring 2020 (May 2020: -10.4 points).

Consumers increasingly see risks for the German economy. Sanctions, high energy prices, and supply chain issues have caused the risk of recession to skyrocket. The risk factors thus clearly dwarf the positive impulse to be expected from the easing measures.

Moderate losses in propensity to buy for the time being

In contrast to economic and income expectations, the propensity to buy dipped only slightly in March, with the indicator dropping 3.5 points to a current value of -2.1. A lower value was last measured almost two years ago in April 2020 at -4.6 points.

Experience shows that the propensity to buy reacts negatively to rising prices. As an important indicator, the price of gasoline in particular plays a significant role in this context, as consumers monitor it continuously in their everyday lives and can respond to it immediately.

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

	March 2022	February 2022	March 2021
Economic expectations	-8,9	24,1	17,7
Income expectations	-22,1	3,9	22,3
Propensity to buy	-2,1	1,4	12,3

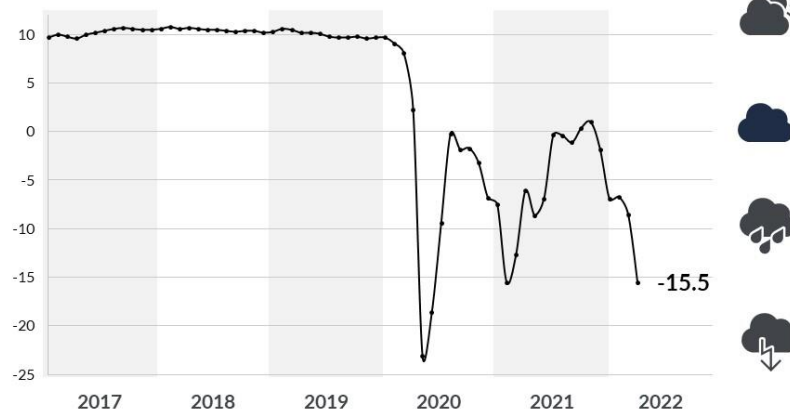
Consumer sentiment	-8,5	-6,7	-12,7
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The diagram below shows how the consumer sentiment indicator has developed over recent years:

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April 2022



Source: GfK study co-funded from European Commission | 03/22

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Planned 2022 publication dates:

- 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 March 3 to March 14, 2022. 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 the form of graphics 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, housing costs, healthcare services, and the wellness sector as a whole account for the rest. Again, this does not apply to retail sales, but instead to total consumer spending. Like all other indicators, propensity to buy 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 both money required for such a large purchase and must also see a need to make this purchase. Furthermore, this only concerns durable consumer goods that also require a larger budget.

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