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# Press Release

## Consumer sentiment continues to fluctuate up and down at a low level

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**Nuremberg, Germany, August 29, 2023 – After an overall stable development in the previous month, consumer sentiment in Germany suffered another setback in August. Both economic and income expectations have been declining, along with the propensity to buy. As a result, GfK is forecasting -25.5 points in consumer sentiment for September, down 0.9 points from August of this year (revised -24.6 points). These are the findings of the GfK Consumer Sentiment Study for August 2023.**

Above all, declining income expectations and a declining propensity to buy result in the consumer sentiment losing its gains from the previous month and thus continuing its stagnant development. "The consumer sentiment is currently not showing a clear trend, neither downward nor upward – and that at a very low level overall," **explains Rolf Bürkl, GfK consumer expert.** "The chances that consumer sentiment can sustainably recover before the end of this year are dwindling more and more. Persistently high inflation rates, especially for food and energy supplies, ensure that the consumer sentiment is currently not making any progress."

Since consumer sentiment is likely to remain at a low level in the coming months, the assumption that private consumption will not make a positive contribution to overall economic development this year and will rather be a burden on growth prospects in Germany is confirmed.

### Rising prices weigh on income expectations

Income expectations suffer another small setback in August. The indicator lost 6.4 points compared to the previous month and now sits at -11.5 points.

As a result, hopes of a sustained recovery in income expectations have been dashed for the time being. The continuing sharp rise in food and energy prices is weighing on the purchasing power of private households. This depresses income sentiment. Although the inflation rate fell slightly in

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July compared to the previous month, it remains high at 6.2 percent. According to the Federal Statistical Office, food prices rose by 11 percent in July. Energy prices rose by 5.7 percent over the same period.

### **Propensity to buy in the wake of weaker income expectations**

In the wake of falling income expectations, the propensity to buy has also declined in August. After decreasing by 2.7 points, the indicator drops to -17 points. This represents a decrease of 1.3 points compared to the same period of the previous year.

The propensity to buy has stagnated at a very low level overall, with no clear trend, since the summer of 2022. The main reason for the continued reluctance to buy is undoubtedly the sharp rise in food and energy prices. If significantly more must be spent on these items, correspondingly fewer financial resources remain for other purchases and expenditures.

### **Economic pessimism increases noticeably**

Consumers are much more pessimistic about economic development in Germany in August. After a minus of 9.9 points, the economic expectations indicator slipped back into negative territory, down to a value of -6.2 points. This is the lowest value in 2023. A lower value of -10.3 points was last measured in December 2022.

In addition to sharply rising prices, growing concern about potential unemployment is likely to play a more important role again. According to current information from the Federal Statistical Office, there were 19 percent more corporate insolvencies in May of this year than in May 2022. Rising insolvency figures are unsettling employees when it comes to job security.

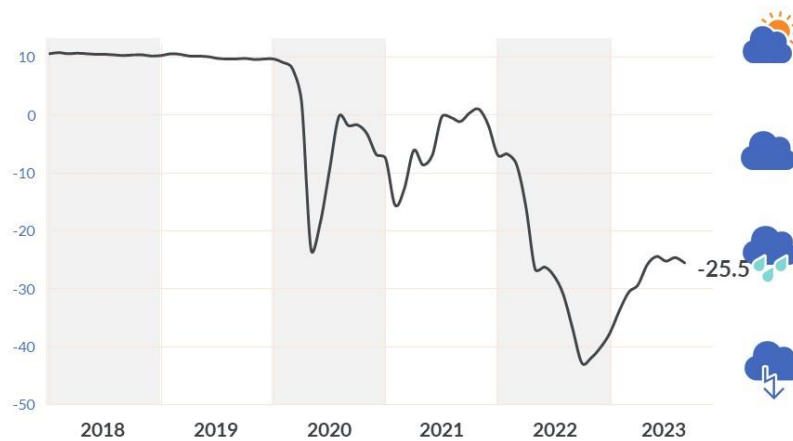
The table below shows the values of the individual indicators in August compared to the previous month and the previous year:

	August 2023	July 2023	August 2022
<b>Economic expectations</b>	-6.2	3.7	-17.6
<b>Income expectations</b>	-11.5	-5.1	-45.3
<b>Propensity to buy</b>	-17.0	-14.3	-15.7
<b>Consumer sentiment</b>	-24.6	-25.2	-30.9

The following diagram shows the development of the consumer sentiment indicator over recent years:

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September 2023



08/29/2023

Source: GfK study co-funded from European Commission | 08/23

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### Planned 2023 publication dates:

- Wednesday, September 27, 2023, 8:00 a.m.
- Tuesday, October 24, 2023, 8:00 a.m.
- Tuesday, November 28, 2023, 8:00 a.m.
- Wednesday, December 20, 2023, 8:00 a.m.



## About our method

The survey period for the current analysis was August 3 to August 14, 2023. 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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More information is available at [www.gfk.com/de](http://www.gfk.com/de).