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Company

Press Release

Consumer sentiment: No recovery in sight for 2023

September 27, 2023

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Nuremberg, Germany, September 27, 2023 – After the previous month saw an overall decline, consumer confidence declined again slightly in September. Although economic expectations have risen somewhat and both income expectations and the propensity to buy have shown minimal growth, the propensity to save has risen significantly, causing consumer sentiment to fall again. GfK is forecasting -26.5 points in consumer sentiment for October, down 0.9 points from the previous year (revised -25.6 points). These are the findings of the GfK Consumer Sentiment Study for September 2023.

After an increase of 7.5 points, the propensity to save climbed to a value of 8.0 points, the highest level since April 2011 when it was 8.8 points. This significant growth caused the consumer sentiment to fall slightly for the second time in a row. “This means that the chances of a recovery in consumer sentiment this year have probably fallen to zero,” **explains Rolf Bürkl, GfK consumer expert.** “The reasons for this are a persistently high inflation rate due to sharply rising food and energy prices. Consequently, private consumption will not be able to positively contribute to overall economic development this year.”

To significantly improve domestic demand, it is absolutely necessary that the inflation rate is brought back to a tolerable level. For the Euro-countries, the European Central Bank is aiming for a rate of around 2 percent. It is not yet possible to predict when this rate will be reached.

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Income expectations are stabilizing

After the previous month saw noticeable losses, in September income expectations stabilized. After a minimal increase of 0.2 points, the indicator is almost unchanged at -11.3 points.

The current high inflation rate of 6.1 percent puts pressure on the purchasing power of private households, which prevents a sustained recovery for income expectations. In particular, the sharp rise in food

prices is putting a noticeable strain on households. In addition, energy prices, such as for gas and heating oil, have recently slightly risen again.

Propensity to buy remains at a very low level

The propensity to buy continues to stagnate. The indicator only won 0.6 points and is still very low at -16.4 points. The propensity to buy has remained in this range for more than a year now. The last time the level was lower than it is today was during the severe financial and economic crisis of 2008.

The indicator is stagnating and does not show a clear trend. Rising expenditure for food and energy puts a strain on the budgets within private households and leaves fewer financial resources for other, especially larger, purchases. Consequently, the joy that consumption brings will only return when the inflation rate is reduced to an acceptable level and households can record noticeable and real growth in income.

No further decline in economic outlook for the time being

Similar to income expectations, after a significant decline in the previous month, economic expectations are also stabilizing, with the indicator gaining 2.8 points, climbing to a total of -3.4 points.

This year, the German economy is facing a slight recession. According to the current forecasts from both the ifo Institute for Economic Research (ifo) and the German Institute for Economic Research (DIW), the gross domestic product will shrink by 0.4 percent this year. In addition, the momentum of the labor market has weakened. The DIW expects unemployment to rise by around 150,000 people this year. Finally, the increasing number of corporate bankruptcies has heightened concerns held by many employees about losing their jobs.

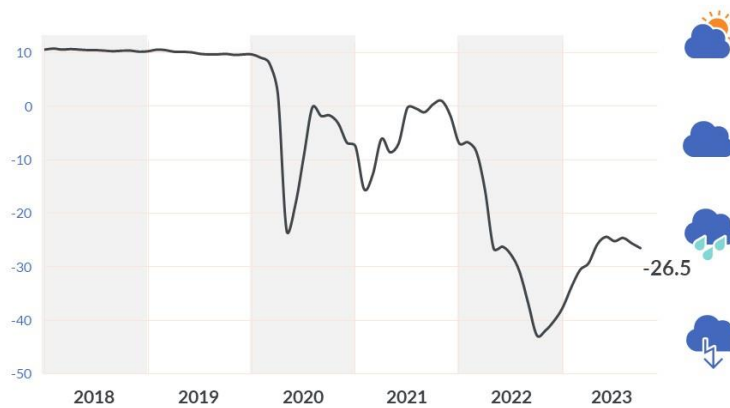
The table below shows the values of the individual indicators in September compared to the previous month and the previous year:

	September 2023	August 2023	September 2022
Economic expectations	-3.4	-6.2	-21.9
Income expectations	-11.3	-11.5	-67.7
Propensity to buy	-16.4	-17.0	-19.5
Propensity to save	8.0	0.5	0.9
Consumer sentiment	-25.6	-24.6	-36.8

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

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October 2023



09/27/2023

Source: GfK study co-funded from European Commission | 09/23

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Planned 2023 publication dates:

- 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 31 to September 11, 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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GfK. Growth from Knowledge.

For over 89 years, clients around the world have trusted us to provide data-driven answers to key questions for their decision-making processes. We support their growth through our comprehensive understanding of buying behavior and the dynamics that influence markets, brands, and media trends. In 2023, industry leaders GfK and NIQ have merged to offer their clients unparalleled global reach. With a holistic view of retail and the most comprehensive consumer insights, provided by forward-looking analytics on state-of-the-art platforms, GfK is driving “Growth from Knowledge.”

More information is available at www.gfk.com/de.