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Nuremberg Institute
for Market Decisions

Press release

Consumer Climate: Stabilization at low level

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Nuremberg, February 27, 2024 - Following the bitter setback in the previous month, consumer sentiment in Germany made a slight recovery in February. Even though income expectations rose, willingness to buy and economic expectations barely showed any signs of improvement. In addition, the willingness to save also had a dampening effect. The Consumer Climate therefore only increases slightly again after the significant decline in the previous month. In the forecast for March, the indicator increases to -29 points. This represents a plus of 0.6 points compared to the previous month (revised to -29.6 points). These are the findings of the GfK Consumer Climate *powered by NIM* for February, which has been published jointly by GfK and the Nuremberg Institute for Market Decisions (NIM), the founder of GfK, since October 2023.

As Germans continue to consider it advisable to save money in view of the current economic situation, the recovery of consumer climate has been rather subdued despite a rapid increase in income expectations. With a 3.4-point increase, willingness to save rises to 17.4 points in February, thus has a dampening effect on consumer confidence. Willingness to save had last shown a higher value during the financial and economic crisis in June 2008, when it was measured at 21.4 points. "There is great uncertainty among consumers. In addition to the constantly rising prices, the weaker economic forecasts for the German economy this year are likely to be another important reason for this," **explains Rolf Bürkl, consumer expert at NIM.** "Recently, the outlook for the German economy has been rated increasingly pessimistic. The German government also reduced its growth forecast for 2024 from original 1.3 percent to just 0.2 percent. For the time being, Germany must continue to wait for an economic recovery."

This means that a rapid recovery in consumer spending is not to be expected. In addition to a further decline of inflation, it is primarily important that the uncertainty of consumers decreases so that they can look to the future with confidence again. They will then be more willing to invest again, i.e. to make larger purchases.

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Income expectations increase considerably

In February, income expectations more than made up for their losses from the previous month: the indicator gained 15.2 points and thus climbed to -4.8 points – the highest value since February 2022, before the outbreak of war in Ukraine. Compared to the corresponding period of the previous year, a significant increase of 22.5 points can currently be observed.

The increased income optimism is not without reason: significant income and pension increases combined with lower price increases lead to visible real income growth. The rate of inflation thus fell to 2.9 percent, down from 3.7 percent in December last year.

Willingness to buy does not profit from increased income optimism

In February, willingness to buy seemed nevertheless completely unaffected by the significant rise in income forecasts. After a slight minus of 0.2 percent, the indicator remains virtually unchanged with -15.0 points.

This means that the willingness to buy remains at an extremely low level, which has already been recorded since mid-2022. Despite rising purchasing power, consumers currently continue to be cautious to make major purchases. This is due to the before mentioned lack of optimism among consumers about the future, which is causing uncertainty and a lack of planning security - but this security is crucial for private households and their major purchases.

Economic outlook remains almost unchanged

In 2024, consumers still see no signs of a sustained recovery in the German economy. Their assessment of the economic outlook barely changed compared to the previous month. The indicator rose by 0.2 points and now stands at -6.4. Compared to the same period last year, it is more than 12 points lower.

The subdued outlook is also reflected in the revised forecasts for this year in science, business and politics. Thus, gross domestic product growth in 2024 will barely be in the positive zone. In addition to decreasing consumption, the expected stagnation is caused by companies' subdued willingness to invest due to the weak global economy.

The following **table** shows the values of the individual indicators in February 2024 compared to the previous month and previous year:

The Consumer Climate is calculated based on these three indicators

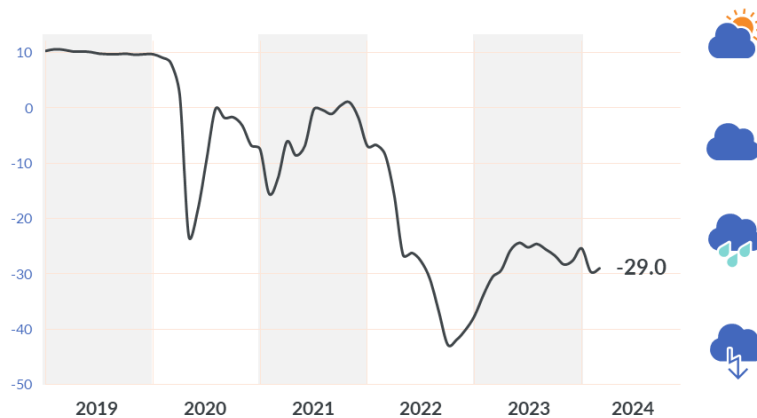
	February 2024	January 2024	February 2023
Economic expectations	-6.4	-6.6	6.0
Income expectations	-4.8	-20.0	-27.3
Willingness to buy	-15.0	-14.8	-17.3
Willingness to save	17.4	14.0	-6.1
Consumer Climate	-29.6	-25.4	-33.8

Source: GfK Consumer Climate powered by NIM | co-funded by the European Commission | 2/24

The following **diagram** shows how the Consumer Climate indicator has developed over recent years:

Consumer Climate: Stabilization at a low level

March 2024



02/27/2024

Source: GfK Consumer Climate powered by NIM | co-funded by the European Commission | 2/24

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Planned publication dates 2024 (CET):

- Tuesday, March 26, 2024, 8 a.m.
- Thursday, April 25, 2024, 8 a.m.
- Wednesday, May 29, 2024, 8 a.m.
- Wednesday, June 26, 2024, 8 a.m.
- Wednesday, July 24, 2024, 8 a.m.
- Wednesday, August 28, 2024, 8 a.m.
- Thursday, September 26, 2024, 8 a.m.
- Tuesday, October 29, 2024, 8 a.m.



Wednesday, November 27, 2024, 8 a.m.

Thursday, December 19, 2024, 8 a.m.

About our method

The survey period for the current analysis was February 1 to February 12, 2024. The results are extracted from the “GfK Consumer Climate *powered by NIM*” study and are based on around 2,000 consumer interviews per month conducted on behalf of the European Commission. The 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, willingness 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.

GfK Consumer Climate *powered by NIM*

The GfK Consumer Climate survey, which is being conducted regularly since 1974 and monthly since 1980, is regarded as an important indicator of German consumer behavior and a guiding light for Germany’s economic development. Since October 2023, the Consumer Climate data collected by GfK has been analyzed and published jointly with the Nuremberg Institute for Market Decisions (NIM), the founder of GfK. By joining forces, it will be possible to invest further in the analysis and development of the Consumer Climate study to gain an even better understanding of the background to changes in consumer confidence.

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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.

Nuremberg Institute for Market Decisions

The Nuremberg Institute for Market Decisions (NIM) is a non-profit research institute at the interface of academia and practice. NIM examines how consumer decisions change due to new technology, societal trends or the application of behavioral science, and what the resulting micro- and macroeconomic impacts are for the market and for society as a whole. A better understanding of consumer decisions and their impacts helps society, businesses, politics, and consumers make better decisions with regard to “prosperity for all” in the sense of the social-ecological market system.

The Nuremberg Institute for Market Decisions is the founder of GfK.

Further information is available at <https://www.nim.org> and [LinkedIn](#).