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Press release

Consumer Climate: Sluggish Recovery

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Nuremberg, March 26, 2024 - Consumer sentiment in Germany continues to improve at a slow pace in March. While expectations regarding the economy and income increase slightly, the willingness to buy remains low. The declining willingness to save has a positive effect, with the consumer climate improving for the second time in a row. In the forecast for April, the indicator increases slightly by 1.4 points to -27.4 points compared to the previous month (revised to -28.8 points). These are the findings of the GfK Consumer Climate powered by NIM for March, which has been published jointly by GfK and the Nuremberg Institute for Market Decisions (NIM), the founder of GfK, since October 2023.

One component that contributed to the rise in consumer climate in March is the willingness to save, which fell by 5 points compared the previous month. But with a value of 12.4 points, the willingness to save continues to be extraordinarily high. For comparison, the willingness to save was at just 1.3 points in the same period the previous year, which represents an increase of more than 11 points.

“The recovery in the consumer climate is slow and very sluggish,” explains **Rolf Bürkl, consumer expert at NIM**. “Real income growth and a stable job market themselves provide good conditions for rapid improvement in consumer sentiment, but there’s still a lack of planning security and optimism about the future among consumers. In times of multiple crises, the high degree of consumer uncertainty, paired with low confidence in Germany’s economic development, is holding back the willingness to buy. As a result, domestic demand is still failing to stimulate the economy. In a nutshell: The poor sentiment is overshadowing the facts.”

A sustained recovery of the German economy is therefore not yet in sight. Above all, this would require a reduction in the high level of uncertainty among the population. But for that to happen, inflation has to come down in Germany and there needs to be a clear political strategy for developing the country in the years to come. This is the only way for consumers to regain more planning security, which is an important prerequisite for investing in larger purchases.

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Income expectations increase slightly

Income expectations are unable to maintain their momentum from the previous month, which saw a significant increase of more than 15 points. The indicator gains a modest 3.3 points and is currently at -1.5 points. A higher value was last seen in February 2022 – before the war in Ukraine began – at +3.9 points.

The slight increase in income optimism is primarily due to the development of wages and salaries. There are considerable increases in wages and salaries, which will persist in the coming months. This also applies to pensions, which tend to follow developments in wages. For example, it was reported a few days ago that government pensions will increase by just over 4.5 percent this summer in both eastern and western Germany. With a current inflation rate of around 2.5 percent, this will lead to a significant real increase in income for pensioners and employees.

The willingness to buy continues to lag behind developments in income

However, the growing trend in income expectations did not have a positive impact on the willingness to buy, which actually fell slightly compared to the previous month. After a drop of 0.3 points, the indicator is now at -15.3 points. With an increase of +1.7 points, a year-on-year comparison also reveals very little change. In contrast, income expectations increased significantly compared to March 2023 (+22.8 points).

The willingness to buy has been stagnating at a very low level for nearly two years now, indicating that consumer uncertainty is extraordinarily high. As a result, consumers are tending to save their financial resources, as demonstrated by the recent increase in the savings rate and the very positive performance on the German stock markets.

Economic expectations show slight increase

Economic expectations rose marginally by 3.3 points to -3.1 points. Compared to the corresponding period in the previous year, this represents a drop of 6.8 points.

The economy is currently unable to gain any long-term momentum. According to consistent forecasts by scientists, economists and politicians, a weaker first half of the year will be followed by marginal recovery in the second half. Many hope that the ECB will lower interest rates in the middle of the year, which would certainly make a difference. Nonetheless, experts predict there may be zero economic growth in 2024.

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

The Consumer Climate is calculated based on these three indicators

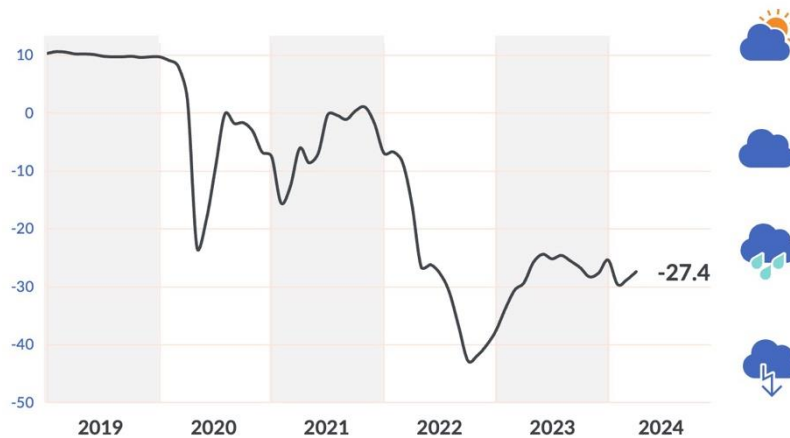
	March 2024	February 2024	March 2023
Economic expectations	-3.1	-6.4	3.7
Income expectations	-1.5	-4.8	-24.3
Willingness to buy	-15.3	-15.0	-17.0
Willingness to save	12.4	17.4	1.3
Consumer Climate	-28.8	-29.6	-30.6

Source: GfK Consumer Climate powered by NIM | co-funded by the European Commission | 3/24

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

Consumer Climate: Sluggish Recovery

April 2024



03/26/2024

Source: GfK Consumer Climate powered by NIM | co-funded by the European Commission | 3/24

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Planned publication dates 2024 (CET):

- 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 29 to March 11, 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](#).