Geomarketing News

Regional urban hubs drive retail trade

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GfK study on 2019 retail centrality in Germany

Bruchsal, Germany, July 24, 2019 – Germans have an average of €5,911 per person for retail spending in 2019. But they often do not spend this money in their own towns, which allows locations with attractive retail offerings to draw and profit from this additional purchasing power. A new GfK study on retail centrality shows that many regional urban hubs offer attractive retail conditions that entice consumers from the surrounding areas.

GfK's study reveals which regions in Germany are benefiting from above-average brick-and-mortar retail turnover thanks to purchasing power inflows and, by contrast, which regions are suffering from purchasing power outflows. Comparing retail purchasing power with regional retail turnover yields the retail centrality, which is a measure of the retail drawing power of a given location. Values in excess of 100 indicate an inflow of purchasing power, while values under 100 indicate an outflow of purchasing power.

In 2019, 162 German districts have an inflow of purchasing power, while 239 districts have an outflow. Predominantly urban districts have an inflow of purchasing power, because retail is concentrated in these locations, exerting a strong pull on consumers living in the region.

Koblenz pushes into the top ten

There have been few changes to the top-ten districts in the retail centrality rankings compared to the previous year. With a retail centrality of 205.2, the urban district of Trier is again the forerunner, outpacing the second- and third-ranked urban districts of Passau (197.0) and Würzburg (196.1). The only change from last year is to tenth place: The urban district of Koblenz assumes this position, displacing last year's tenth-ranked urban district of Hof to thirteenth place.

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Top ten districts – GfK Retail Centrality 2019

rank	urban district (UD) / rural district (RD)	inhabitants	2019 per capita retail purchasing power in €	2019 retail purchasing power index*	2019 retail centrality*
1	Trier UD	110,013	5,344	90.4	205.2
2	Passau UD	51,781	5,882	99.5	197.0
3	Würzburg UD	126,635	6,072	102.7	196.1
4	Straubing UD	47,586	5,929	100.3	194.0
5	Schweinfurt UD	53,437	5,716	96.7	189.8
6	Weiden i.d.OPf. UD	42,543	5,830	98.6	188.7
7	Zweibrücken UD	34,270	5,582	94.4	181.3
8	Flensburg UD	88,519	5,437	92.0	173.6
9	Rosenheim UD	63,080	6,255	105.8	169.1
10	Koblenz UD	113,844	5,978	101.1	168.2

source: GfK Retail Centrality Germany 2019 l *index per inhabitant (100 = national average) l

**retail centrality 100 = balanced inflow and outflow of purchasing power

Six of the top-ten districts are located in Bavaria. Cities such as Passau and Straubing have a supply function for the surrounding rural regions, where the retail offering is less developed. These mid-sized municipalities boast large catchment areas with high demand potential, which usually means that the available purchasing power in the surrounding rural areas flows into these regional hubs.

The last-ranked district serves as a good example of the retail drawing power of a city with respect to its surroundings: With a retail centrality of 55.4, the rural district of Würzburg is in last place among Germany's 401 urban and rural districts, but the urban district of Würzburg takes third place, thus underscoring its status as a retail magnet.

Retail purchasing power highest in urban district of Munich

For retailers and manufacturers, it is equally important to know where the demand potential is highest before it is actualized through retail purchases. Retail purchasing power is the average amount available for retail purchases, as measured at consumers' places of residence. Insights into where target groups are located make it possible to position outlets such as groceries stores near consumers and to optimize advertising campaigns.

The urban district of Munich leads Germany's urban and rural districts when it comes to spending potential. With a retail purchasing power of €7,694 per person, Munich exceeds the national average by 30 percent, overtaking the rural districts of Starnberg (€7,665) and Hochtaunuskreis (€7,657) in 2019. By contrast, the urban district of Gelsenkirchen takes last place with an average of €4,881 per person for retail expenditures.

Top ten districts – GfK Retail Purchasing Power 2019 per inhabitant

rank	urban district (UD) / rural district (RD)	inhabitants	2019 per capita retail purchasing power in €	2019 retail purchasing power index*	2019 retail centrality**
1	Munich UD	1,456,039	7,694	130.2	114.7
2	Starnberg RD	135,545	7,665	129.7	64.9
3	Hochtaunuskreis RD	235,995	7,657	129.5	68.5
4	Munich RD	346,433	7,503	126.9	76.3
5	Main-Taunus-Kreis RD	236,969	7,369	124.7	105.5
6	Ebersberg RD	140,800	7,157	121.1	114.3
7	Fürstenfeldbruck RD	217,831	6,957	117.7	73.1
8	Düsseldorf UD	617,280	6,940	117.4	113.8
9	Miesbach RD	99,189	6,809	115.2	77.8
10	Dachau RD	152,703	6,789	114.9	69.3

source: GfK Retail Centrality Germany 2019 I *index per inhabitant (100 = national average) I

**retail centrality 100 = balanced inflow and outflow of purchasing power

About the study

A city's retail drawing power can be measured by comparing local demand (GfK Retail Purchasing Power) with retail turnover (GfK Retail Turnover). This yields the GfK Retail Centrality. A centrality rating in excess of 100 indicates an inflow of purchasing power, while a value less than 100 indicates an outflow of purchasing power.

The calculation of retail purchasing power takes into account expenditures on groceries and luxury food items, clothing, shoes and certain household items (including furniture, flooring, household electrical appliances, textiles, gardening articles, cleaning supplies), health and body care items, education, entertainment (e.g., TVs, radios, books, photography supplies, magazines, toys, sporting goods) and personal effects (watches, jewelry, etc.).

The regionalized data on retail centrality is available for many European countries in the form of forecasted values for the current year. These values are provided down to the most detailed administrative (at least 10,000 inhabitants) and postal levels. The purchasing power and turnover data reflect nominal values that do not take into account inflation, regional price variances and exchange rate fluctuations during the year.

GfK Retail Centrality provides retailers with an objective benchmark for identifying the regions, cities and postcodes within a given city that are able to draw and sustain particularly high levels of purchasing power thanks to the existing retail offering. As such, this data is essential when planning or evaluating locations. In the case of expansion decisions, the retail centrality values should be considered in association with the number of inhabitants, GfK Retail Turnover and GfK Retail Purchasing Power. All three of these market benchmarks are included in the "GfK Retail Centrality" study.

Additional information on GfK's regional market data can be found here.

Print-quality illustrations can be found here.

About GfK

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