

Press release

Consumer climate in Europe increases significantly

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Results of the GfK Consumer Climate Europe survey for the second quarter of 2016

Nuremberg, July 13, 2016 – Media discussions were dominated above all by country-specific topics in the second quarter. As a result, the economic and income expectations and propensity to buy indicators in the different European countries show varying pictures. All in all, however, the consumer climate for the EU28 underwent a considerable increase from March to June 2016, rising by 4.1 points to 13.1 points.

In the second quarter, it were predominantly country-specific – and therefore very diverse – topics that dominated the headlines in the EU states. The fight against the so-called Islamic State and the resulting terrorist attacks in Europe, especially in Turkey, were also in the spotlight across Europe. Particularly in the run up to the European football championship in France, discussions held by the media, security experts and governments in Europe centered on how to put an end to terrorism.

The refugee agreement between the EU and Turkey also shaped discussions. While it is thanks to Turkey that considerably fewer refugees are now arriving in Europe, Europe is still in discussions about its dealings with Turkey and the country's compliance with fundamental democratic principles.

In June, it was the British referendum on whether to leave or stay in the EU in particular that stood at the top of the agenda. The fact that the Brits voted to leave has not yet influenced this survey, as it had already been completed by June 23, the date of the referendum. However, the current uncertainty in the financial markets is also expected to affect European consumers. The extent to which this decision will affect the consumer climate in the individual countries over the coming months also depends on how strong the financial impact is, how discussions within the European Union develop and how Brexit affects each individual country financially.

Information on a current GfK survey on Brexit conducted in the United Kingdom straight after the decision can be found [here](#).

As the different European states have been mostly dominated by country-specific topics (elections in Austria and Spain, sanctions against Russia, negotiations over new EU payments to Greece, refugee crises in Italy etc.) over the last three months, the consumer climate indicators are showing very different pictures. Overall, however, the consumer climate for the

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EU28 underwent a considerable increase from March to June 2016, rising by 4.1 points to 13.1 points. This is the highest value since March 2008 (16.8 points).

United Kingdom – weakened economic prospects

Economic expectations decreased further in the second quarter in the United Kingdom. The indicator stood at -5.9 points in June – 8 points fewer than in March and almost 26 points fewer than in June 2015. The mood among consumers is therefore a direct reflection of the country's economic development. While the economy grew between 1.8 and 3.0 percent per quarter in the last year, in the first quarter of this year it only achieved an increase of 0.5 percent compared with the corresponding quarter last year.

In contrast to economic expectations, income expectations improved slightly, adding 1.5 points since March to reach 19.2 points in June. The indicator is up by 7.3 points from June 2015.

The Brits' propensity to buy, however, fluctuated considerably in the second quarter. It has lost a total of 5.1 points since March, standing at 6 points in June. A year ago, the indicator counted an additional 8.6 points.

Further information:

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About the study

The findings of the GfK Consumer Climate Europe study are from a consumer survey conducted on behalf of the European Commission in all the countries of the European Union. Around 40,000 people a month are surveyed in the 28 countries. These are representative of the adult population in the EU.

GfK indicators for the consumer climate in Europe are based on monthly interviews regarding consumer mood. The purpose is to determine both the general economic situation of the individual countries and the situation of the households themselves.

GfK Consumer Climate Europe interviews are conducted monthly, predominantly as part of an omnibus, which is a multi-topic survey conducted either by telephone or face to face.

From the monthly survey program, which consists of 12 questions, 5 questions are selected for the GfK Consumer Climate Europe study, as they play a decisive role in the consumer climate.

Calculating the five selected indicators: economic, price and income expectations; propensity to buy and to save

Indicators are determined on the basis of so-called bottom lines. The proportion of consumers who answered negatively (for example, the household's financial situation will deteriorate (significantly)) is subtracted from the proportion of consumers who answered positively (for example, the household's financial situation will improve (significantly)).

In a further step, this bottom line is standardized using common statistical procedures and transformed so that the long-term average of the indicator is 0 points and has a theoretical value range from +100 to -100 points. Empirically, however, values have predominantly ranged between +60 and -60 points since 1980.

If an indicator shows a positive value, this factor is assessed by the consumer to be above average over the long term. Accordingly, the opposite applies to negative values. Standardization makes it possible to compare indicators from different countries more effectively, since mindset-related differences in levels of response behavior can be evened out without altering the basic course of the indicator.

About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.

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