

## Press release

The next GfK Consumer Climate Study will be published on  
May 26, 2020, 8:00 a.m.

April 23, 2020

Rolf Bürkl  
GfK Consumer Expert  
Tel. +49 911 395 3056  
[konsumklima@gfk.com](mailto:konsumklima@gfk.com)

Julia Richter  
Public Relations  
Tel: +49 911 395 4440  
[public.relations@gfk.com](mailto:public.relations@gfk.com)

### Coronavirus shock: Consumer climate Germany hits all-time low

**Nuremberg, April 23, 2020 – The coronavirus pandemic and the measures introduced to contain the virus hit consumer sentiment in Germany hard in April. Income expectations and propensity to buy are in freefall, while economic expectation suffered albeit moderate losses. As a result, GfK has forecast a historic low of -23.4 points for May 2020, 25.7 points lower than in April of this year (revised to 2.3 points). These are the results of the GfK consumer climate Germany study for April 2020.**

Data were collected during the first two weeks of April. At this time, consumers were feeling the full impact of containment measures such as closures of schools and businesses, production shutdowns and restrictions on going out for the first time. The consumer climate is currently in freefall. A value of -23.4 points is unprecedented in the history of the consumer climate to date.

"Given that the economy is largely frozen, this unprecedented cliff dive is hardly surprising. Retailers, manufacturers and service providers must prepare for a tough recession in the immediate future," **explains Rolf Bürkl, GfK Consumer Expert.** "Since it now seems evident that the easing of the COVID-19 containment measures will be very slow in order to take a cautious approach, the consumer climate can expect to face tough times in the coming months too."

The decline in the consumer climate is also being worsened by a large jump in propensity to save in April. The subject of the European Central Bank's (ECB) zero interest rate policy is fading into the background in light of the uncertainty caused by the coronavirus crisis. This uncertainty has caused propensity to save to increase by more than 51 points in April, which puts a significant strain on the consumer climate.

GfK SE  
Nordwestring 101  
90419 Nuremberg  
Germany

Tel. +49 911 395 0

Management Board:  
Peter Feld (CEO)  
Lars Nordmark (CFO)

Chairman of the  
Supervisory Board:  
Ralf Klein-Bölting

Commercial Register:  
Nuremberg HRB 25014

### **Consumers expecting recession**

Consumers are assuming that Germany will sink into a tough recession as a result of the coronavirus crisis. The economic expectations indicator suffered only moderate losses of 2.2. points in April, slipping to -21.4 points. A lower value was last recorded in May 2009 during the financial crisis at -26 points.

Production shutdowns, closures of businesses and bars and restaurants have brought economic activity almost to a standstill in many sectors. Disruptions in supply chains are also hampering production in many areas of industry. A great many businesses are making use of reduced working hours (short-time work) to avoid layoffs. Nevertheless, there will be no stopping an increase in unemployment as the year goes on. This is giving rise to anxieties over job losses which are putting a strain on sentiment.

### **Income expectations in freefall**

While the economic outlook is currently getting off lightly considering the seriousness of the crisis, income expectations are seeing an unprecedented nosedive. The indicator lost 47.1 points compared to the previous month, falling to -19.3 points. A higher monthly loss in income expectations has never been recorded since monthly data collection on consumer sentiment began in 1980.

Compared to economic outlook, the drop in income expectations is significantly greater. This may at least partially explain the enormous losses. However, the main reason is the lockdown of essential sectors of the Germany economy. Many workers are already suffering or will suffer noticeable losses in income due to reduced working hours and unemployment. As well as contracted workers, this is also affecting many self-employed workers in the commerce and services sector, such as hairdressers, whose income has fallen to zero.

### **Propensity to buy falling hand-in-hand with income expectations**

Propensity to buy is now being pulled into the vortex of plummeting income expectations. The indicator lost 36 points, slipping to -4.6 points. This means that it is currently almost 58 points lower than at the same time last year.

Uncertainty among consumers is currently enormous. As well as actual income losses already being suffered, anxieties over job losses have increased massively among many workers. This is inhibiting consumption significantly and is being worsened by the fact that it is frequently not possible to purchase items due to stores being closed.

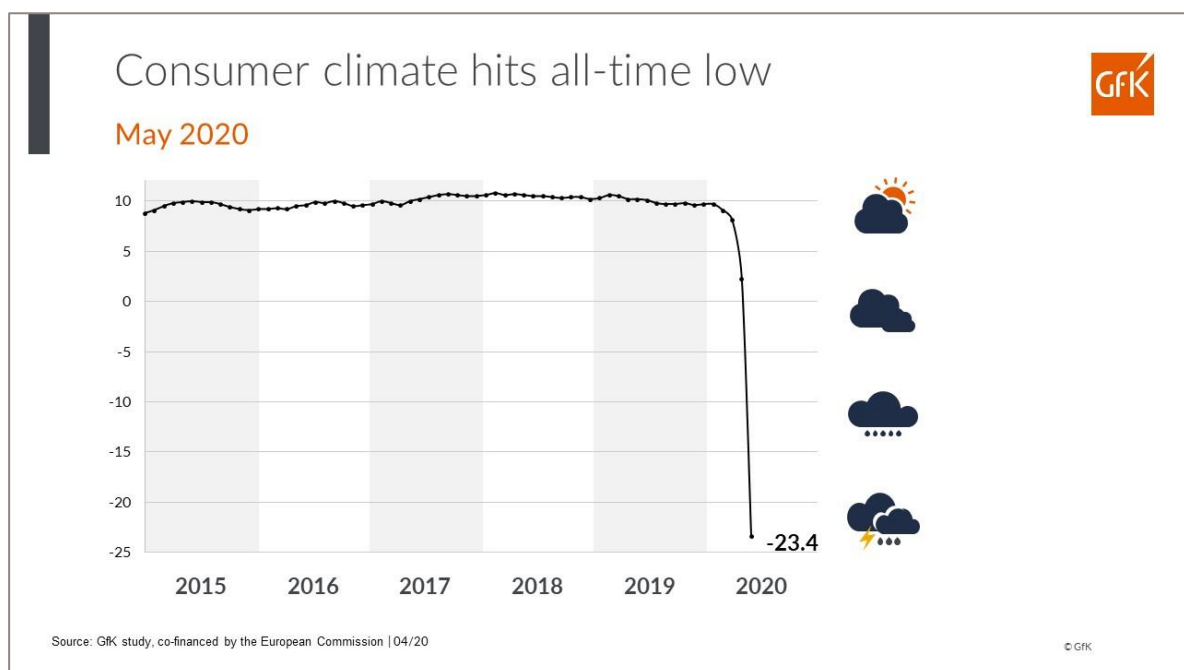
Since this survey was carried out between April 1 and April 14, respondents were not yet aware of the initial easing of the containment measures. We can only hope that the gradual opening of

businesses from April 20 onward will at least cushion, if not completely prevent, any further dive in propensity to buy.

The following table shows the change in certain indicators in April in comparison with the previous month and previous year:

	April 2020	March 2020	April 2019
<b>Economic expectations</b>	-21.4	-19.2	3.0
<b>Income expectations</b>	-19.3	27.8	56.8
<b>Propensity to buy</b>	-4.6	31.4	53.1
<b>Consumer climate</b>	2.3	8.1	10.2

The following graph tracks the Consumer Climate Index over recent years:



Provisional publication dates for Q2 2020:

- Tuesday, 05/26/2020, 8:00 am
- Thursday, 06/25/2020, 8:00 am

## About the study

The survey period for the current analysis was April 1-14, 2020. 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 graphical form and provides brief comments on the indicators. Consumer climate refers explicitly to all private consumer spending. However, retail trade, depending on the definition used, accounts for only around 30 percent of private consumer spending. Services, travel, rent, health services, and the wellness sector as a whole account for the rest. Again, this does not concern retail sales but instead refers to total consumer spending. Propensity to buy, like all other indicators, is a sentiment indicator. It queries 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 the necessary money for such a large purchase and must also see a need to make this purchase. Furthermore, this only actually concerns durable goods, which also require a larger budget.

Press contact: **Julia Richter**, Tel: **+49 911 395 4440**, [public.relations@gfk.com](mailto:public.relations@gfk.com)

Visit [GfK's Resource Center](#) for breaking insights and trends around supply chains, point of sales, consumer behavior and consumer sentiment under the impact of COVID-19.

## GfK – extracting the signals from the noise

In a world of data overflow, disruption and misuse, picking up the right "signal from noise" is key to win. We at GfK are the trusted partner with more than 85 years of experience in combining data and science to help you make the right business decisions. Together with our attention to detail and advanced Augmented Intelligence, we provide you with world-class analytics that delivers not just descriptive data but actionable recommendations always-on at your fingertips. As a result, you can make key business decisions with confidence which help you drive sales, organizational and marketing effectiveness. That's why we promise to you "Growth from Knowledge". For more information, please visit [www.gfk.com](http://www.gfk.com) or follow GfK on Twitter [www.twitter.com/GfK](https://www.twitter.com/GfK).