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## Press Release

The next GfK Consumer Climate report will be published on  
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Rolf Bürkl  
Tel. +49 911 395-3056  
[rolf.buerkl@gfk.com](mailto:rolf.buerkl@gfk.com)

Marion Eisenblätter  
Corporate Communications  
Tel. +49 911 395-2645  
Fax +49 911 395-4041  
[marion.eisenblaetter@gfk.com](mailto:marion.eisenblaetter@gfk.com)

### Consumer Climate in Germany improves slightly

#### Findings of the GfK Consumer Climate study for Germany for February 2012

**Nuremberg, February 28, 2012 – On the whole, the mood among German consumers was stable in February. While economic expectations and willingness to buy dropped slightly, income expectations improved noticeably. Following a value of 5.9 points in February 2012, the overall indicator is forecasting a value of 6.0 points for March.**

Consumers are confirming their view from previous months that the domestic economy will help stabilize economic developments in Germany. Although willingness to buy fell slightly, it remains at a high level. In contrast, income expectations were significantly more optimistic in February than in the prior month, which is partly due to the stable labor market. The slight decline in economic expectations demonstrates that the debt crisis at international level is still a risk for the German economy.

#### Economic expectations: recovery over for now

The noticeable recovery in economic expectations did not continue in February. Following two months of considerable consecutive increases, the indicator value has now fallen. However, despite a drop of 1.6 points, the indicator for economic expectations is still positive at 5.9 points. It is therefore well above the average of 0 points, which had been maintained for many years.

Given that media coverage relating to the debt crisis was somewhat reduced because of the holidays at the time of the January survey, the situation has now changed. As summit meetings resumed, events in Greece were top of the agenda and have therefore moved more strongly back into focus among Germans.

Consumers are evidently under the impression that the recovery of the German economy will be not occur entirely smoothly and, in view of the deep debt crisis in Europe, will also carry risks for Germany that should not be underestimated. The trend towards recession which is spreading throughout the EU is increasingly putting pressure on economic growth in Germany, as it will also have a negative effect on export prospects. Around 60% of German exports are to EU countries. It still remains to be seen whether the developments of the last three months can be considered a

GfK SE  
Nordwestring 101  
90419 Nuremberg  
Germany

T +49 911 395 0  
F +49 911 395 2209  
[public.relations@gfk.com](mailto:public.relations@gfk.com)  
[www.gfk.com](http://www.gfk.com)

Management Board:  
Matthias Hartmann (CEO)  
Pamela Knapp (CFO)  
Dr. Gerhard Hausruckingner  
Debra A. Pruent

Supervisory Board Chairman:  
Dr. Arno Mahler

Commercial register  
Nuremberg HRB 25014

positive trend reversal, despite the small drop in February. In contrast, for the fourth time in a row, companies however expect positive business developments, although here, too, it is clear that the German economy is currently primarily borne by domestic business.

#### **Income expectations: marked increase**

In contrast to economic expectations, Germans are clearly more optimistic when it comes to income prospects. The income expectations indicator increased by 7.2 points and is now recording a value of 41.3 points and has therefore once again improved from an already impressive level. A higher value was last recorded in June 2011.

The undoubtedly positive situation on the German labor market has caused consumers to have high expectations of management and trade unions. Employees hope that in upcoming pay negotiations, wage and salary rises will be higher than in the past with noticeable increases even after inflation has been taken into account. Furthermore, previous forecasts expect the average increase in living costs to be below 2%, down from 2.3% last year. According to preliminary figures from the Federal Office of Statistics, real wages will however only increase by 1% on average.

#### **Willingness to buy: minor drop at high level**

After the major upsurge of 14 points in the previous month, willingness to buy fell slightly in February. The indicator value decreased by 2.6 points and is now at 39.2 points, a level that can without doubt still be considered high.

The pronounced consumption mood is supported by a pleasing labor market development and further enhanced by the ongoing debt crisis. Fears of job losses are lessening as a result of the falling rate of unemployment. Consequently Germans have greater planning security, which is above all necessary for major, high-value purchases. In addition, consumers' confidence in the stability of their currency and the finance markets has noticeably fallen in the wake of the debt crisis. As a result, consumers are currently more likely to make high-value purchases rather than put their financial resources in the bank at historically low interest rates. Ultimately, the downward trend in the rate of inflation should also boost willingness to buy.

#### **Consumer climate: slight improvement in value**

Following a value of 5.9 points for February 2012, the overall indicator is forecasting a value of 6.0 points for March. The consumer climate is therefore continuing its slow but steady upward development.

This confirms the assumption already expressed in previous months that private consumption will continue to be a fundamental base for economic growth in the coming year. GfK's recently published annual forecast predicts that in real terms consumption will increase by 1% this year. In light of the

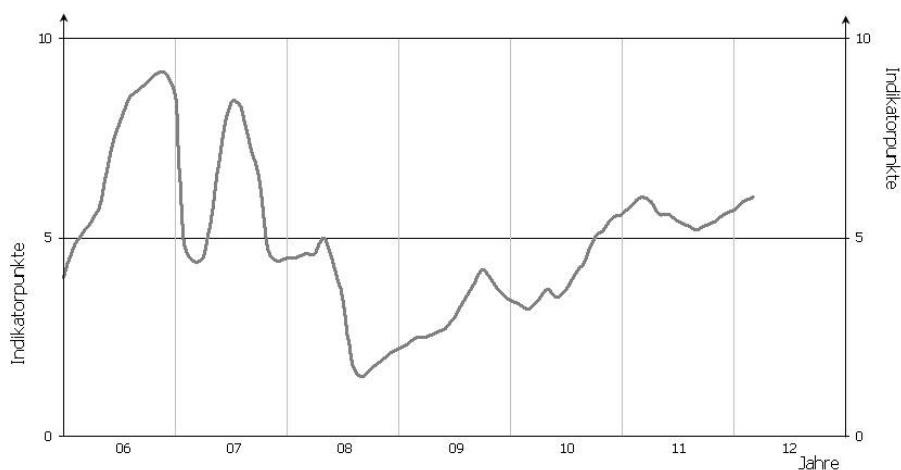
ongoing debt crisis and the outlook that gross national product will likely only rise by less than 1% in 2012, this is a pleasing development for consumption. It will therefore play a considerable role in ensuring that the German economy does not fall into recession this year.

The following table shows the development of the individual indicators in February in comparison with the previous month and previous year:

	February 2012	January 2012	February 2011
<b>Economic expectations</b>	5.9	7.5	57.1
<b>Income expectations</b>	41.3	34.1	42.9
<b>Willingness to buy</b>	39.2	41.8	38.9
<b>Consumer climate</b>	5.9	5.7	5.8

The following chart shows the development of the consumer climate over the past few years:

#### GfK Consumer Climate indicator (as at February 2012)



#### The survey

These findings are extracts from the “GfK Consumer Climate MAXX survey”, which is based on around 2,000 consumer interviews conducted each month on behalf of the EU Commission. The report contains charts, forecasts and a detailed commentary regarding the indicators. In addition, the report includes information on proposed consumer spending in 20 different areas of the consumer goods and services markets. The GfK Consumer Climate survey has been conducted since 1980.

Publication dates for 2012:

Tuesday, March 27, 2012	Friday, April 27, 2012
Friday, May 25, 2012	Monday, June 25, 2012
Thursday, July 26, 2012	Tuesday, August 28, 2012
Tuesday, September 25, 2012	Friday, October 26, 2012
Monday, November 26, 2012, 1 pm	Friday, December 21, 2012

Further information: Rolf Bürkl, tel. +49 911 395-3056, [rolf.buerkl@gfk.com](mailto:rolf.buerkl@gfk.com)

You can find information on the development of the indicators in the fourth quarter in twelve European countries in **GfK Consumer Climate Europe** at [http://www.gfk.com/consumer\\_climate\\_europe/index.en.html](http://www.gfk.com/consumer_climate_europe/index.en.html)

The table below provides an overview of the individual indicators:

Economic expectations	This index is based on the following question to consumers: "How do you think the general economic situation will develop in the next 12 months?" (improve – stagnate – deteriorate)
Income expectations	This index is based on the following question to consumers: "How do you think the financial situation of your household will develop in the next 12 months?" (improve – stagnate – deteriorate)
Consumption and buying willingness	This index is based on the following question to consumers: "Do you think it is advisable to make major purchases at the moment?" (good time – neither good nor bad time – bad time)
Consumer climate	This index is used to describe private consumption. Key factors are income expectations, buying willingness and savings trends. The economic outlook has a more indirect effect on the consumer climate, generally as a result of income expectations.

### About GfK

GfK is one of the world's largest research companies, with more than 11,000 experts working to discover new insights into the way people live, think and shop, in over 100 markets, every day. GfK is constantly innovating and using the latest technologies and the smartest methodologies to give its clients the clearest understanding of the most important people in the world: their customers. In 2010, GfK's sales amounted to EUR 1.29 billion.

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GfK SE, Corporate Communications  
Marion Eisenblätter

Nordwestring 101  
D-90419 Nuremberg  
Tel. +49 911 395-2645  
Fax +49 911 395-4041  
[public.relations@gfk.com](mailto:public.relations@gfk.com)