



Press Release

The next GfK Consumer Climate report will be published on January 26, 2012

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Stable consumer climate at year-end in Germany Findings of the GfK Consumer Climate study for December 2011

Nuremberg, December 20, 2011 – A varied picture emerges for consumer sentiment in Germany at the end of 2011. While income and economic expectations both improved, willingness to buy dropped significantly. Following a value of 5.6 points in December, the overall indicator is also forecasting a value of 5.6 points for January.

Despite rising economic risks and further escalation of the debt crisis, Germans are once again more optimistic about the future. In December, economic expectations increased for the first time in five months. In line with rising economic optimism, consumers are anticipating higher incomes next year, with the indicator once again rising from an already high level. Willingness to buy did not benefit from the improved mood and registered a severe decline, although the value continues to be very strong.

Economic expectations: downward trend halted

The downward trend in economic expectations came to an end in December, at least for the time being. The indicator fell five months in succession, but has now improved by more than 6 points to stand at -0.9. Consequently it is drawing closer to its former average value of 0 points, which was maintained for many years.

The economic indicator is therefore defying the rising fears of recession and the most recent escalation in the debt crisis in the eurozone. Consumers are evidently more perceptive at present than they have been in previous months to the economic framework conditions, which are still extremely favorable. With most German companies operating at above-average capacity, the labor market is very robust and unemployment figures continue to fall.

Whether this trend can be sustained remains to be seen. The European debt crisis is increasingly likely to become a problem for Germany's export economy if a number of countries are forced to reduce imports due to consolidation pressures on government budgets. This would also affect future export

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prospects for Germany and is already evident in the growth forecasts for 2012. According to the latest German Federal Bank estimates, gross national product will only rise by 0.6% in the coming year, down from growth of approximately 3% this year.

Income expectations: improvement at high level

Higher economic expectations are an important reason for the improved income outlook in December. The indicator has so far increased by 2.9 points and now stands at 34.0 points, distinctly maintaining its high level.

Employment prospects have a significant influence on the income expectations of consumers. The situation here is very pleasing as employment figures are steadily rising and accordingly unemployment is falling. This is having a positive impact on the development of income rates, which have recently increased more than in previous years. In light of the fact that the labor market is expected to continue its positive development in the coming year, German households also have high hopes for greater growth in incomes.

Willingness to buy: desire to shop dampened

Willingness to buy did not benefit from the improvement in economic and income expectations in December. The indicator registered a marked decline of 12.9 points, a figure that more than negates the increase of just over 9 points from the previous month. At present, the willingness to buy indicator has a value of 27.4 points, which is still at a comparatively high level.

Despite the drop, German consumers' inclination to shop remains extremely pronounced. Against the backdrop of an escalating financial crisis and with interest levels at a historic low, consumers are still more likely to buy items of higher value than put their money into savings. It is unclear whether Germans' extreme uncertainty with regard to the debt crisis was somewhat settled by the latest EU summit in Brussels as the survey had virtually been concluded at that point.

Consumer climate: stable development

The overall indicator is forecasting a value of 5.6 points for January, following 5.6 points in December too. Consequently the consumer climate is holding steady heading into 2012.

Private consumption is fulfilling its role as a crucial pillar for the economy and will be especially important in the coming year. According to predictions available so far, the upward trend will noticeably lose momentum in 2012. This primarily results from expectations of weaker export developments as the global economy slows down and some major European trading partners are faced with the threat of recession.

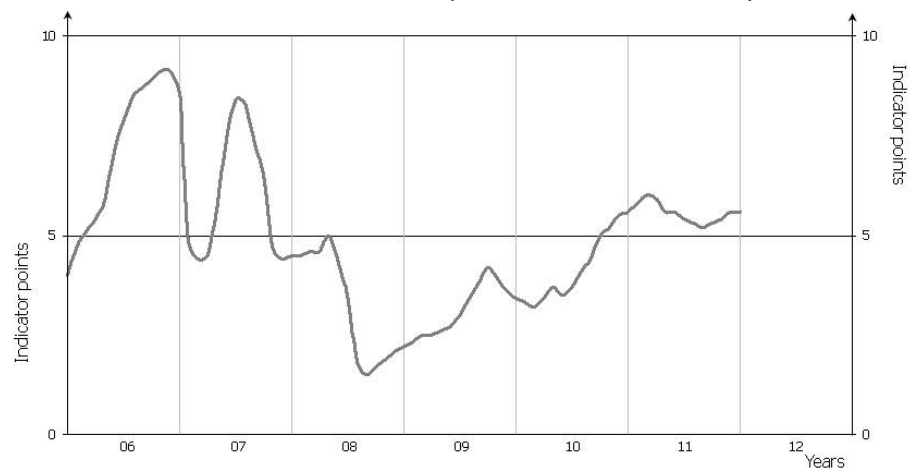
Private consumption may therefore have the vital role of ensuring that Germany avoids going into recession. In order for consumption to fulfill its intended function of boosting the economy, it is essential that Germans once again trust their politicians who must battle the crisis decisively and implement a lasting solution.

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

	December 2011	November 2011	December 2010
Economic expectations	-0.9	-7.2	58.8
Income expectations	34.0	31.1	40.3
Willingness to buy	27.4	40.3	33.8
Consumer climate	5.6	5.4	5.5

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

GfK Consumer Climate indicator (as at: December 2011)



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:

Thursday, January 26, 2012	Tuesday, February 28, 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

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You can find information on the development of the indicators in the third quarter in ten further European countries in **GfK Consumer Climate Europe** at http://www.gfk.com/consumer_climate_europe/index.de.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.

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