

Germany: €5329* average purchasing power for the retail sector

NUREMBERG, GERMANY: According to the latest survey by GfK GeoMarketing, there are significant regional differences in the retail purchasing power of Germans. The per capita amount available for retail spending ranges from just under €6900 in Hochtaunus district to around €4240 in the Uecker-Randow district.



Germans spend around 27% of their total purchasing power in the retail sector, equivalent to €5329 per person on average. According to a forecast by GfK GeoMarketing, the German retail sector will generate around €400 billion in total sales at current prices this year.

GfK Retail Purchasing Power indicates potential consumer spending in the conventional retail and mail order sectors for all regions in Germany, from the level of federal states down to districts and municipalities. It is worth noting that high-income inhabitants do not necessarily spend more money on retail than inhabitants with lower purchasing power. Above-average income may also be spent on high rents, property or luxury goods.

Hochtaunus district in top spot in Germany

The current list of top 10 districts with regard to GfK Retail Purchasing Power per inhabitant also includes districts that top the general purchasing power ranking. There is only a slight difference in the order. Munich urban district, for example, takes second place, while it is ranked fifth in general purchasing power. Dusseldorf urban district makes it to the top 10, although it only reaches 12th place in the ranking of overall purchasing power. Baden-Baden just misses the top 10 and is ranked 11th (18th place in the general GfK Purchasing Power ranking).

Low proportion of retail purchasing power in Germany

An international comparison shows that potential consumer retail spending is closely linked with the country-specific price structure and the particular propensity to consume. In countries with a low per capita income, people spend more on retail relative to their total purchasing power in order to cover their basic needs. In countries with high levels of income, on the other hand, the prices of housing and services are considerably higher, which in turn lowers the proportion of purchasing power available for the retail sector.

However, there is also wide variation in shopping culture, lifestyle and price levels. This is particularly evident in the case of Germany where, due to low prices, retail as a share of total purchasing power is only 27%. On the other hand, in Spain and Norway, 31% of total available income is spent on retail, while in Poland it is as much as 37%.

A comparison between Norway with its high purchasing power and mid-ranking Spain reveals that Norwegians spend more than twice as much (around €9000) as Spaniards on food and consumer goods. The Scandinavian model with high taxes and social security contributions, but also high levels of benefits and social security, also means that the proportion spent on private provisions is relatively low. There is wide variation in the structure of spending in each of these countries. The inhabitants of Spain spend most of their retail purchasing power on food and indulgence items, while Norwegians, for example, have significantly more left over for home improvement products than the Spaniards.

About the survey

The data indicates the portion of general GfK Purchasing Power that is available for spending in the retail and mail order sectors. General GfK Purchasing Power is defined as the sum of all the population's net income with reference to their place of residence. Consumers may spend this available income for different purposes. For example, spending occurs on retail purchases, rent, mortgage interest, insurance, automobile expenses, travel and services.

When calculating the GfK Retail Purchasing Power for Germany, expenditures on the following product groups are taken into account: food and indulgence items, clothing, footwear, other household goods (including furniture, flooring, household appliances, home textiles, garden items, cleaning products), beauty and health care, educational items and entertainment (for example, TV, radio, books, photographic items, magazines, toys, sports goods) as well as personal items (watches, jewellery, etc.). Spending on vehicles, fuel, services and repairs are ignored. The region-specific data on the retail purchasing power of European countries is also available down to the finest administrative and postal levels.

The underlying income is calculated from statistics on payroll and income tax, taking into account government subsidies (pensions, retirement pay, unemployment benefit, housing benefit and child benefit as well as student grants).

**Exchange rate at time of posting: €1=R9.74*

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