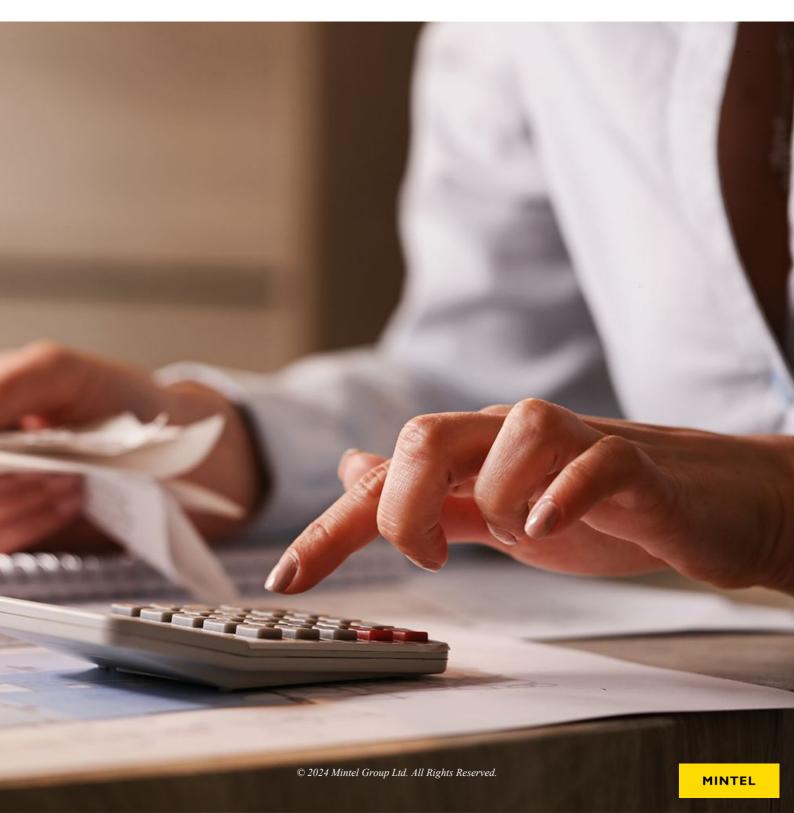
# **GERMAN LIFESTYLES – GERMANY – 2022**

Germans are facing an extended cost-of-living squeeze. Brands that provide better value for money (eg through product longevity) will stand out.



Dr. Jennifer Hendricks, Senior Analyst - Consumer Lifestyles, Germany



# German Lifestyles - Germany - 2022

## This report looks at the following areas:

- Changes in consumer spending patterns over the last year and the key factors driving these changes
- The impact of rising inflation on consumer behaviours
- Leading consumer concerns, including issues such as the cost of living, health and climate change
- How consumers expect their lives to look in five years
- Total consumer spending forecast over the next five years



Germans are facing an extended cost-of-living squeeze. Brands that provide better value for money (eg through product longevity) will stand out.

#### Overview

85% of Germans are very or somewhat concerned about the cost of living. While concerns about the pandemic take a backseat, German consumers are set for an extended cost-of-living squeeze. Consequently, in October 2022, 18% of Germans described their finances as healthy, down from 24% in March 2022, and only 13% of German consumers are confident about their financial situation over the next year.

Due to significant economic disruption caused by the Ukraine conflict, inflation rates reached an all-time high, putting significant pressure on household finances. After releasing pent-up demand **in discretionary spending categories** like travel and leisure, rising prices in essential categories negatively impact consumers' spending abilities. Consequently, 39% of Germans are delaying purchasing a major item.

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Thailand: +66 2 821 5122 UK: +44 (0) 20 7606 4533 Brands that support consumers in coping with financial pressure will win favour (eg by offering flexible payment options like retailer credit). Those operating in the German market are encouraged to rethink existing business models (eg takeback and resale) to support consumers in saving money on big-ticket purchases (eg furniture, smartphones) and likewise communicate the eco benefits of these practices.

While consumers will appreciate **low-budget alternatives for everyday essentials** in food and drink, BPC brands can provide **better value for money** with longer-lasting formulas and customised products that can be proven to work better for the individual (eg personalised vitamins). Opportunities also arise for non-discretionary spending in travel and leisure; brands can tap into new consumer groups by **attracting digital nomads** with remote work travel programs and 'workation' packages.

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# Report Content

#### **EXECUTIVE SUMMARY**

#### Key issues covered in this Report

- Overview
- · The five year outlook for consumer spending

#### Market context

- Population dynamics
- · High inflation puts pressure on household consumption

#### Mintel predicts

- · Consumer expenditure is expected to increase significantly in the short-term, followed by a more moderate growth
- · Market size & forecast

#### **Opportunities**

- · Help consumers deal with inflation
- · Guide consumers to shrink their carbon footprint
- · Travel and leisure: tap into new consumer groups as flexible working models arise
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- · Consumer research methodology
- · A note on language

#### Appendix – market size and central forecast methodology

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- · Forecast methodology fan chart
- Market size and forecast value
- · Market forecast and prediction intervals value

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Australia	+61 (0)2 8284 8100
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