

GERMAN LIFESTYLES – GERMANY – 2023

Continuously high inflation makes Germans prepare for a difficult fall/winter. Brands offering affordable products/services across different income brackets will resonate (eg basic services, "bring your own food/drinks" options).



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German Lifestyles - Germany - 2023

This report looks at the following areas:

- Expected changes in consumer spending habits in the next six months compared to the last six months
- How consumers are planning to spend less in selected areas
- Most important aspects for brands to prioritise while trying to keep prices low
- Attitudes towards what is worth paying more for
- Behaviours and expectations for the coming months, including the perceived likelihood of a recession in the German economy in 2023, confidence in maintaining own standard of living in the six months following July 2023 and the impact of the German energy transition on budget planning for 2023



Continuously high inflation makes Germans prepare for a difficult fall/winter. Brands offering affordable products/services across different income brackets will resonate (eg basic services, "bring your own food/drinks" options).

Overview

69% of Germans expect further price increases in essentials in the six months following July 2023. The ongoing cost of living crisis has inflicted **significant damage on people's finances**, and high inflation continues to take a toll on Germans' household budgets.

In August 2023, **17% of Germans** described their finances as healthy, down from 24% in March 2022, and even **36%** say their **financial situation has worsened** in August 2023

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compared to a year ago. Facing ongoing economic disruption, **saving money is the key priority for Germans** when it comes to discretionary spending.

Continuous price increases paired with a (temporary) release of a pandemic-induced pent-up demand in 2022 mean that **lockdown savings are back to the pre-crisis level**, leaving little room for extra spending for many consumers. Hence, discretionary categories like **furniture retailing** and foodservice are increasingly under pressure.

Brands are well-advised to **continue supporting their customers through the current crisis** and make sure that their **products/services remain affordable** for a wide variety of people (eg **provision of more affordable basic services**). While more affluent Germans are better able to cope with high inflation, brands that **follow a premiumisation strategy** (eg premium fashion lines, premium experiences) will find appeal among these consumers.

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Report Content

EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview
- The five year outlook for consumer spending

Market context

- High inflation continues to take a toll on household budgets
- Income inequality is on the rise

Mintel predicts

- Consumer expenditure to show further above-average increase in the short term, followed by more moderate growth
- Market size & forecast

Opportunities

- Advocate for an inclusive society by making affordability a priority
- Count on premiumisation to attract more affluent Germans
- Highlight cost-saving potential with longevity claims
- Point out ways to save money and the planet

MARKET DRIVERS

The German economy

- Stagnation follows a technical recession
 - Graph 1: key economic data, in real terms, 2019-24

Inflation

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 - Graph 2: consumer price index, 1973-2023
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- The German federal government's relief packages to mitigate inflation
- German consumers continue to face inflation firsthand

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- Recent developments in Germany's energy transition promote uncertainty among consumers

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- Count on 'quality over quantity' to target better-off fashion shoppers
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- Sustainability is top of mind in terms of brands' responsibilities
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- Consumers will loosen self-imposed spending restrictions in the long-term

APPENDIX

Appendix – abbreviations, consumer research methodology and language usage

- Abbreviations
- Consumer research methodology
- A note on language

Appendix – market size and central forecast methodology

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

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