

# 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

- Germany is experiencing unprecedented levels of inflation
  - Graph 2: consumer price index, 1973-2023
- Continuously high inflation shapes consumers, brands and the economy
- The German federal government's relief packages to mitigate inflation
- German consumers continue to face inflation firsthand

### Energy crisis and Germany's energy transition

- Germany's reliance on Russian energy sources has caused an energy crisis
- Recent developments in Germany's energy transition promote uncertainty among consumers

## Income and household finances

- Rising consumer prices prevent wage growth...
  - Graph 3: development of real and nominal earnings and consumer prices, Q1 2020-Q1 2023
- ...impacting financial wellbeing and consumer expenditure
  - Graph 4: financial situation, 2022 vs 2023
- Financial confidence has fallen to a record low in 2022, but shows first signs of recovery
  - Graph 5: financial confidence index, 2022-23
- The gap between rich and poor is widening
- Low-income households are hit the hardest by the cost-of-living crisis
  - Graph 6: financial situation over the next year or so, by net monthly household income, 2023

## WHAT CONSUMERS WANT AND WHY

### Expected changes in spending behaviour

- More frugal spending is still prevalent...
  - Graph 7: expected spending changes in the next six months compared to the last six months, 2023
- ...as Germans are preparing for a difficult fall/winter
- Younger Germans are keen to spend more on multiple categories
  - Graph 8: number of areas consumers plan to spend more on in the next six months compared to the last six months, by age, 2023
- Germans lean towards saving
  - Graph 9: consumers who would prioritise adding to their savings if their financial situation improved, by net monthly household income, 2023
  - Graph 10: additional discretionary spending priorities if consumers' individual financial situations improved (top five), 2023
- Germans lean towards saving
- Learn from Nubank and support consumers in reaching their savings goals
- Premium food for eating at home is more popular among younger and multiperson households
  - Graph 11: expected changes in spending on premium food for eating at home in the next six months compared to the last six months, by lifestage, 2022
- Mintel expert view: prudent spending is prevalent, but opportunities exist to convince Germans to spend the extra Euros on premium F&D
- ALDI Nord targets diverse consumer groups with its 'Everybody's Laden' ad campaign
- Play your part in promoting an inclusive society
  - Graph 12: plans to spend less on selected discretionary categories in the next six months compared to the last six months, by financial situation, 2023
- Play your part in promoting an inclusive society
- Younger consumers are most likely to spend more on BPC products

- Graph 13: expected changes in spending on beauty products and toiletries in the next six months compared to the last six months, by gender and age, 2022
- Mintel expert view: BPC sector is underpinned by the continued demand for "feelgood beauty"
- Cater to Gen Z with eco-friendly travel options
- The healthcare market proves to be quite resilient
  - Graph 14: expected changes in spending on healthcare products in the next six months compared to the last six months, by net monthly household income, 2023
- Mintel expert view: health is a priority for Germans

### Trading-down behaviours

- Less frequent and discount purchases will be dominant
  - Graph 15: how consumers plan to spend less on selected discretionary categories in the next six months compared to the last six months, 2023
- Household care: strengthen combined forces to ensure customer loyalty
- Count on 'quality over quantity' to target better-off fashion shoppers
  - Graph 16: how consumers plan to spend less on clothing and accessories (incl footwear) in the next six months compared to the last six months, by net monthly household income, 2023
- Count on 'quality over quantity' to target better-off fashion shoppers
- Watch out for an inflation-induced volume decline in foodservice
  - Graph 17: how consumers plan to spend less on food in restaurants/from takeaways in the next six months compared to the last six months, by age, 2023
- Mintel expert view: treat occasions are an opportunity for premiumisation in foodservice
- Foodservice: take inspiration from China to provide affordable indulgence

### What brands should still prioritise in times of high inflation

- Sustainability is top of mind in terms of brands' responsibilities
  - Graph 18: consumer assessment of most important things for brands to prioritise while trying to keep prices low, 2023
- Sustainability is top of mind in terms of brands' responsibilities
- Grocery retail: astonish consumers with surprising initiatives to combat food waste
- PUMA's 'Voices of a RE:GENERATION' offers young changemakers a voice in shaping the future of sustainability
- Capitalise on Germans' strong sense of localism
- Netto promotes affordable, locally produced products
- Examples of brands that are expanding their circular practices in Germany
- Younger generations are most likely to demand initiatives for promoting equality
  - Graph 19: consumers who think that it is most important for brands to promote equality in society while trying to keep prices low, by generation, 2023
- Stand up for social issues to resonate with younger generations
- Deutsche Telekom sets a sign against hate on the internet

## What it is worth paying more for

- There is more to buying than just the price tag
  - Graph 20: consumer assessment of aspects worth paying more for, 2023
- Promote quality with longevity claims
- Take inspiration from France and use durability labels
- Premium sector: explore new ways in the experience economy to win favour with more affluent consumers
- Take action against older Germans' fading brand love
  - Graph 21: consumers who think that it is worth paying more for products from a brand they shop frequently with, by age, 2023
- Take action against older Germans' fading brand love

## Behaviours and expectations for the coming months

- Germans are bracing for continued tough times ahead
  - Graph 22: consumer behaviours and expectations for the coming months, 2023
- Be aware of the impact of Germany's energy transition on spending budgets
- Get prepared for an AI-hesitant German workforce

## MARKET SIZE, SEGMENTATION AND FORECAST

- Total spending is expected to see further inflation-induced increases in 2023
- Breakdown of consumer spending
  - Graph 23: estimated consumer expenditure in €bn, by sector, 2023
- Housing accounts for the largest share of consumer spending
- Germans are affected by ongoing price increases for food
- Discretionary sectors are under pressure
  - Graph 24: percentage change in consumer spending in selected sectors, by sector, 2021-22 and 2022-23 (est)
- Discretionary sectors are under pressure
- Consumer expenditure to show further above-average increase in the short term, followed by more moderate growth
- Household budgets are squeezed by continuously high inflation
- Inflation is predicted to go down in the medium term, but consumer sentiment takes time to recover
- 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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