

Press release

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GfK expert Simone Baecker-Neuchl forecasts significant changes in Europe's consumer structures

At the GfK Retail & Real Estate Conference in Hamburg, Germany, Simone Baecker-Neuchl outlined the socio-demographic changes she anticipates in Europe in the next few decades. This included an evaluation of how the changing attitudes and consumer behaviors will affect retail.

Simone Baecker-Neuchl, GfK GeoMarketing's head of market data & research, presented an analysis of changing socio-demographic trends among European consumers according to region at the 2009 GfK Retail & Real Estate Conference. Her analysis examined influences on consumption and regional differences among a variety of factors, including unemployment rates, innovation, population growth and aging, migration trends and lifestyle choices and consumer perspectives.

Purchasing power in today's Europe

Baecker-Neuchl noted that Europe's current purchasing power distribution is concentrated in Central Europe as well as in metropolitan areas, including those in otherwise economically weak Eastern Europe. Northern European countries have high purchasing power but also high price levels. Baecker-Neuchl expects this trend to continue and grow more pronounced: "The situation in eastern Germany will continue to worsen. The regions around Warsaw, Poland, and Stockholm, Sweden will further consolidate their favorable positions. Southern Germany will also remain strong."

Developments

Unemployment

"The unemployment rate in eastern Germany resembles that of southern Italy and even parts of Poland," said Baecker-Neuchl, summarizing the results of her comparative analysis. "Northern Italy, western Germany and Sweden are all performing well in this regard."

Unemployment rates will continue to grow in the future, predicted Baecker-Neuchl, particularly in those regions with presently high levels of both purchasing power and

employment. This means that some of the current differences between regions will lessen to some extent, although only very slowly.

Innovation (as seen by patent applications)

While southwestern regions of Germany such as Stuttgart, Upper Bavaria and Karlsruhe are currently among Europe's most innovative, this distinction will eventually shift to other regions such as Malopolskie and Mazowieckie in Poland – a forecast based on an evaluation of the number of patent applications in these areas. Baecker-Neuchl demonstrated that the annual growth rate in patent applications is developing in a positive direction in Poland, while remaining stagnant in German regions. She indicated that Germany may eventually lose its status as Europe's most innovative area.

Population growth

Baecker-Neuchl showed that the percentage of senior citizens in Europe is growing, albeit at different rates according to region. Retail must address this challenge, taking a country-specific approach to adjust for regional demographic differences. In Central Europe, eastern Germany faces the "largest age-related demographic challenge."

"The population in Eastern Europe is noticeably declining as a result of low birthrates and emigration," she elaborated.

Lifestyles and consumption

"Consumer preferences and possibilities differ according to lifestyle choice," commented Baecker-Neuchl. "There are, for example, discernible differences between the lifestyles that dominate in individual countries. This is due to varying levels of economic development in these areas. As a result of new growth markets, these lifestyles are currently undergoing significant changes."

Baecker-Neuchl used the comparative analysis provided by the GfK Roper Consumer Styles dataset to comment on the prevalent attitudes in the countries considered in the study: "Sweden's predominant lifestyle differs significantly from that of the other countries: post-materialism and hedonism are well above-average. But it is also thanks to their high average purchasing power that the Swedes can afford to have this attitude."

The settled and homebodies consumer subtypes constitute the most widespread group in Italy and Poland. In these areas, people's energy is devoted almost exclusively to building wealth. The percentage of those fitting the open-minded consumer profile will increase in all four countries – Germany, Sweden, Poland and Italy, indicated Baecker-

Neuchl. "This will raise consumer's quality expectations regarding shopping venues, and the number of bargain hunters will decline."

Consumption as a share of total income

"There is a Europe-wide trend of consuming at the limit of one's financial means, and even beyond," said Baecker-Neuchl. This is problematic with regard to the purchasing power available for retail, an area that has already struggled significantly amidst the current economic crisis: "Trends of pre-crisis times, such as credit card-financed consumption like in the UK, or purchases made possible through transfers from abroad, such as in Latvia, have declined amidst the current crisis, because they have proven to be unsustainable." Consequently, Baecker-Neuchl anticipates at least a short-term decline in consumption beyond one's means.

Baecker-Neuchl also examined favored product lines according to country: "Much emphasis is placed on groceries and home-related products in Poland and on clothing in Italy, while Sweden and Germany tend to focus on home-related products. However, if the historical trajectory of these product range trends continues, these variations will eventually equalize."

Additional information

Additional information on Simone Baecker-Neuchl's presentation on "European consumer perspectives", the conference as well as accompanying photographs can be obtained from Cornelia Lichtner, Public Relations, GfK GeoMarketing: +49 (0)7251 9295270 or c.lichtner@gfk-geomarketing.com.

Simone Baecker-Neuchl

Simone Baecker-Neuchl is head of GfK GeoMarketing's Market Data & Research Division and has over 15 years of experience in market research and project consultancy. Her specialty is regional market data and microgeography. Before joining GfK GeoMarketing in 2007, she occupied upper-level positions at Acxiom Germany and Consodata Germany. She holds a degree in statistics from the Ludwig-Maximilians University in Munich, with a concentration in political science and economics.

About the GfK Retail & Real Estate Conference





The theme of this year's GfK Retail & Real Estate Conference was "The Future of Retail in Europe". Presentations and panel discussions led by experts provided conference participants with insights into Europe's current retail and real estate situation as well as future challenges.

The GfK conference for the retail and real estate sectors is a theme- and content-oriented get-together at which experts present branch market players with exclusive and cutting-edge research results and analyses relating to the conference topic. The conference also provides a forum for the productive exchange of experience and ideas.

The conference – organized by GfK GeoMarketing – is part of a 30-year tradition of GfK's location research division. The conference takes place once every three years and celebrated its tenth anniversary this year. The next conference will take place in 2012.

About GfK GeoMarketing

GfK GeoMarketing is one of the largest providers of geomarketing services in Europe for customers and users from all branches of trade.

-  Consultancy
-  Market data
-  Digital maps
-  Geomarketing software RegioGraph

GfK GeoMarketing is one of the leading independent providers of consultancy services in the area of real estate and location research. The company produces studies and reports for customers from the retail, public authority, investment, banking and project development sectors.

GfK GeoMarketing is a subsidiary of the globally active GfK Group. Ranked fourth among the world's market research institutes, the GfK is represented by approximately 10,000 employees belonging to more than 115 subsidiaries located in 100 countries.