

Press release

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Wide variations in Europeans' retail-line spending

For the first time, GfK GeoMarketing is releasing a study on purchasing power for retail product lines for European countries such as Austria and the Czech Republic. The study shows that Europeans' consumption potential varies widely both between and within individual countries.

GfK GeoMarketing is releasing a new study on purchasing power for retail product lines in European countries. The study gives retailers an objective benchmark for assessing consumption potential on a region-by-region basis. Due to the significant differences in Europe's income levels, consumer behavior and expenditures on product lines vary widely across the continent.

People with lower incomes typically spend a larger share of their earnings on daily needs, such as groceries. The share of spending on luxury product lines such as jewelry and consumer electronics increases as average income levels rise. However, there is not a linear relationship between these two variables, as higher income earners often devote a large share of their earnings to non-retail items such as rent, traveling, insurance and various services.

The GfK Purchasing Power for Retail Product Lines dataset reveals region-specific demand for retail and mail-order goods in both the food and non-food sectors. The data give retailers a precise indication of the total market potential on a region-by-region basis. The purchasing power figures are based on consumers' places of residence and, as such, serve as guideposts for retailers' marketing-related planning and product-line management.

Czechs spend around one-third of income on groceries

Czechs spend around 35 percent of their retail purchasing power on groceries, while Austrians and Germans only spend 30.1 percent and 26.1 percent, respectively.

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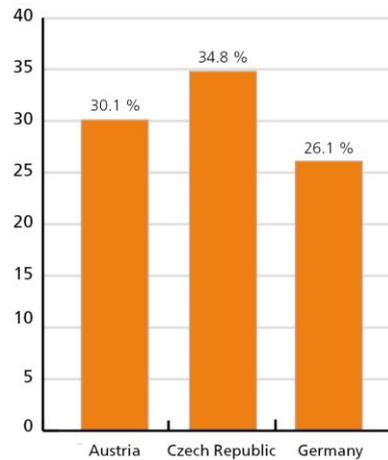
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GfK Purchasing Power for groceries

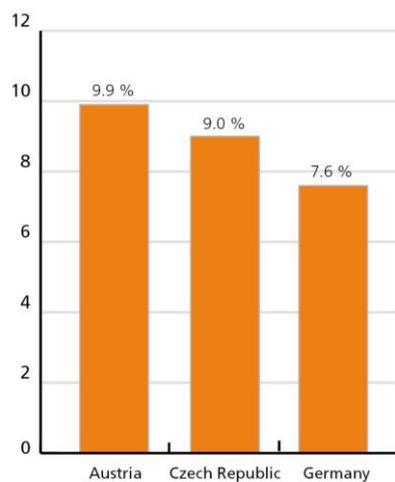


Source: GfK Purchasing Power for Retail Product Lines 2010, © GfK GeoMarketing

Austrians value health and appearance

Austrians are in the lead when it comes to expenditures related to health- and body care.

GfK Purchasing Power for health- and body care items



Source: GfK Purchasing Power for Retail Product Lines 2010, © GfK GeoMarketing

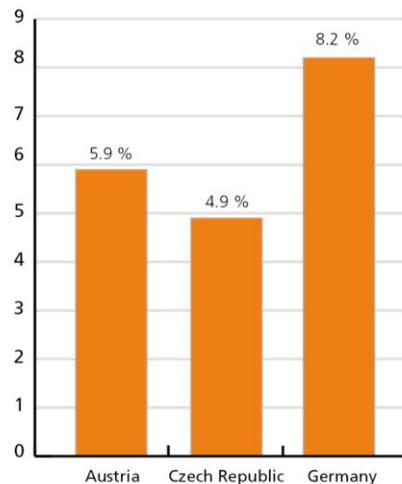
At €568 per person, Austrians spend twice as much on this product line as Czechs (€249 per person) and significantly more than Germans (€389 per person). Austrians also spend almost four times as much on furniture and furnishings as Czechs (€524 versus €134).

Germans are confirmed technophiles

Inhabitants of Germany are particularly drawn to technology-related items. German consumers devote 8.2 percent of their retail purchasing power (€415 per inhabitant) to consumer electronics, electronic media as well as information- and telecommunications

technologies. By comparison, Austrians only spend 5.9 percent (€336), while Czechs spend 4.9 percent (€137).

GfK Purchasing Power for consumer electronics



Source: GfK Purchasing Power for Retail Product Lines 2010, © GfK GeoMarketing

Although these purchasing power figures have not been adjusted for inflation or a cost-of-living index, they still effectively reveal differences in price levels between individual countries: For example, the higher prices for cigarettes in Germany and Austria mean that a greater share of purchasing power is spent on these items than in the Czech Republic, where prices for these products are lower.

Austria

Inhabitants of Wien I Innere Stadt district spend more on food and luxury items than inhabitants of any other district (index = 152.2, €3,548), while inhabitants of the Zwettl district spend the least (index = 87.1, €2,031).

Inhabitants of Wien XVIII Währing district - one of the ten districts with the highest retail-relevant income (€6,576 per inhabitant) - only spend an average amount of their retail purchasing power on DIY-specific products (index = 99.8, €604). Expenditures on this product line thus amount to a 9.2 percent share of the total retail spending.

Inhabitants of Güssings district have a retail purchasing power of €5,043 per person and spend €651 on DIY-specific products. This equates to 12.9 percent of their total consumer spending. In terms of the country as a whole, 10.6 percent is spent on DIY products. Inhabitants of Völkermarkt district spend the least on DIY products - a mere €478 per person, which is 20 percent below the national average.

Although inhabitants of Murau district have €5,100 per person available for retail purchases (index = 89.2), they only spend €148 per person on consumer electronics (index = 97.5). This corresponds to 2.9 percent of their total expenditures. The

nationwide figure is only 2.66 percent. Inhabitants of the Tamsweg district spend the smallest share of their retail purchasing power on consumer electronics - a mere 2.4 percent (index = 84.1, €128). By contrast, inhabitants of the Greater Graz area spend the largest share on this product line - 2.93 percent (index 106.2, €162).

Czech Republic

While spending on health- and body care items varies little across the Czech Republic, clothing-related spending is highly concentrated in the large metropolitan areas of Prague, Pilsen and Brün. Inhabitants of smaller municipalities in rural regions spend much less on clothing.

While spending on clothing ranges from an index of 53.9 (€164) to 133.1 (€405), spending on health- and body care items falls within a much narrower range of 77.4 (€193) to 114.5 (€285).

Prague and its immediate surroundings are characterized by particularly **high levels of spending on consumer electronics**, electronic media and information- and telecommunications technologies. Municipalities in this region are the only ones in the country with above-average levels of spending on this product line, which exceeds 20 percent of the national average (an average of €137 per inhabitant in the nation as a whole, versus €191 per inhabitant in Prague, which equates to an index value of 139.9).

By contrast, spending on **electrical household appliances** is more evenly distributed across the Czech Republic.

About the study

The "GfK Purchasing Power for Retail Product Lines Europe" study is based on various surveys and analyses of shopping-related consumer behavior. GfK GeoMarketing uses this consumer information along with socio-demographic data to create a detailed regional portrait of consumer spending. The data is then comprehensively regionalized for all administrative and postcode districts, from the NUTS level to municipalities and postcodes.

Additional information can be accessed at www.gfk-geomarketing.com/retail-lines or by contacting Cornelia Lichtner, public relations: +49 (0)7251 9295270 or c.lichtner@gfk-geomarketing.com.

Print-quality illustrations can be found at www.gfk-geomarketing.com/retail-lines-europe (approx. 4.2 MB).

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. Key business areas include:

-  Consultancy and reports
-  Market data
-  Digital maps

-  Geomarketing software RegioGraph

The company is a subsidiary of the international GfK network. 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.