Press release

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German consumers rarely shop close to home

GfK studies on retail turnover, purchasing power and centrality

Bruchsal, Germany, June 11, 2015. – Germans have a 2015 retail purchasing power of €5,692 per person. But they do not spend most of this money in the places they live. This is one of the findings of GfK's 2015 study on retail centrality.

In 2015, Germans have on average just under €5,700 per person at their disposal for online and offline retail purchases. This retail purchasing power varies on a regional basis, ranging from just under €7,447 in Hochtaunuskreis to around €4,718 in Eifelkreis Bitburg-Prüm. Not all of this money is spent at stationary retail venues, and it's often not spent where consumers live. According to GfK's study on retail centrality, Germany's stationary retail will generate approximately €404 bil. (nominal) in turnover. This turnover varies substantially from region to region, but in a completely different way from the population's purchasing power. The study demonstrates that German consumers often do not shop where they live.

The study GfK Retail Centrality 2015 provides a breakdown of retail potential for all of Germany's regions. The study also incorporates retail purchasing power values and compares them to the regional retail turnover. This yields the retail centrality, which measures the retail drawing power of a given region. Values in excess of 100 indicate an inflow of purchasing power, while values under 100 indicate an outflow of purchasing power. In 2015, 166 German districts have an inflow of purchasing power, while 236 districts have an outflow.

Which regions are profiting from an inflow of purchasing power?
As would be expected, urban districts top the list, because retail is concentrated in these locations and exerts a high draw on the surrounding areas. As in previous years, the forerunner is the urban district of Straubing, with a centrality rating of 209.

Würzburg is a good example of a city that serves as a retail magnet for the surrounding region. With a centrality rating of just 56, the rural district of Würzburg is in last place among all of Germany's districts; inhabitants of the rural district of Würzburg usually travel to the nearby city to do their shopping. Thanks to this influx of shoppers from surrounding areas, the *urban district* of Würzburg has a centrality rating of 195.8, which puts it in sixth place nationwide.

Top 10 districts – GfK Retail Centrality

rank	urban district (UD) / rural district (RD)	inhabitants	retail purchasing power index, 2015*	retail centrality**
1	Straubing UD	45,502	100.6	209.0
2	Passau UD	49,454	100.9	207.3
3	Trier UD	107,233	89.3	204.9
4	Weiden i.d.OPf. UD	41,726	100.5	200.6
5	Schweinfurt UD	51,851	98.9	197.1
6	Würzburg UD	124,698	102.2	195.8
7	Rosenheim UD	60,464	107.1	177.7
8	Hof UD	44,522	95.5	172.7
9	Zweibrücken UD	34,084	97.5	172.6
10	Kempten (Allgäu) UD	65,044	108.1	172.3

source: GfK Retail Centrality Germany 2015

*(100 = national average)   ** (100 = inflow and outflow of purchasing power are balanced)

Germany's large metropolises such as Berlin, Munich and Düsseldorf are not the highest ranking with regard to retail centrality. Mid-sized cities such as Straubing, Weiden and Passau serve as retail hotspots for the surrounding rural areas. Beyond the boundaries of these cites, there are usually only limited and sparsely dispersed shopping options. A common trait of these mid-sized cities is that they serve a large catchment area that encompasses relatively high purchasing power. At the same time, these cities have a relatively low number of inhabitants, such that the influx of purchasing power from the surrounding area significantly exceeds the purchasing power of the cities alone.

Large retail objects such as decentralized shopping centers and factory outlet centers can exert similar drawing power. For example, the high centrality rating (rank 9) of the district of Zweibrücken is a result of its factory outlet center.

Mass versus class

Expansion-minded retailers should not underestimate the significance of mid-sized cities, because these have a reach that often significantly exceeds the number of the inhabitants in the immediate vicinity. At the same time, it's important to consider the amount of retail turnover, because this value shows where the bulk of turnover potential is to be found:

Top 10 districts – retail turnover

rank	urban district (UD) / rural district (RD)	inhabitants	2015 retail turnover in bil. €	retail centrality*
1	Berlin UD	3,421,829	17.5	105.5
2	Hamburg UD	1,746,342	10.7	110.9
3	Munich UD	1,407,836	10.3	114.4
4	Cologne UD	1,034,175	6.9	122.9
5	Hannover region	1,119,526	6.4	108.0
6	Düsseldorf UD	598,686	4.2	118.3
7	Frankfurt am Main UD	701,350	4.2	104.6
8	Stuttgart UD	604,297	4.1	122.6
9	Nuremberg UD	498,876	3.5	135.9
10	Dortmund UD	575,944	3.4	121.9

source: GfK Retail Centrality Germany 2015

*(100 = inflow and outflow of purchasing power are balanced)

Germany's top 15 districts comprise around one-fifth (21.4 percent) of the nation's total stationary retail turnover of approximately €404 bil. Inhabitants of these large cities spend a considerable portion of their purchasing power in these locations, and the amount spent elsewhere is overcompensated for through purchases made by shoppers and tourists coming from elsewhere. Centrality ratings for these cities range from mid-level values such as 104.6 in Frankfurt am Main to very high values such as 135.9 in Nuremberg. Retailers in Nuremberg attract almost 36 percent of additional purchasing power from beyond the city.

Marketing: Where can retailers and manufacturers reach their target groups?
With the exception of the most populous cities, German consumers often do not shop in the places they live. For purchases related to non-daily needs, consumers often take their money even beyond district boundaries to the next mid-sized city, to a shopping center or to a large city as part of a shopping trip. Even so, information on where the purchasing power of the population resides is very important to retailers. For example, this information allows grocery retailers to position locations close to residential areas and marketers to tailor campaigns according to the regional distribution of target groups and purchasing power.

The precise areas where advertising is mostly likely to yield fruit is revealed by GfK Retail Purchasing Power, which is included in the study on centrality.

Top 10 districts – GfK Retail Purchasing Power per inhabitant

rank	urban district (UD) / rural district (RD)	inhabitants	per-capita retail purchasing power in €	retail purchasing power index*
1	Hochtaunuskreis RD	229,167	7,447	130.8
2	Starnberg RD	130,811	7,359	129.3
3	Munich UD	1,407,836	7,300	128.3
4	Munich RD	329,981	7,195	126.4
5	Main-Taunus-Kreis RD	228,021	7,192	126.4
6	Ebersberg RD	133,007	6,894	121.1
7	Fürstenfeldbruck RD	208,272	6,740	118.4
8	Düsseldorf UD	598,686	6,682	117.4
9	Stormarn RD	234,674	6,619	116.3
10	Baden-Baden UD	53,012	6,562	115.3

source: GfK Retail Centrality Germany 2015   *(100 = national average)

Depending on the number of inhabitants in the region in question, a difference of even just a few points in the per-capita purchasing power index influences the total demand potential in euros and consequently has a dramatic effect on the regional revenue opportunities of retailers. Retail purchasing power is therefore a crucial benchmark for retailers.

"Stationary retail doesn't have it easy in today's markets, in no small measure due to the increasing significance of online retail," explains Simone Baecker-Neuchl, a market data expert at GfK. "Even so, retailers can still succeed by using the strengths of their locations and their proximity to customers to create appealing shopping experiences. To do this, retailers need to know which locations are most attractive with their product offering. And advertising efforts need to be directed primarily to the areas where the target group resides."

About the study

A municipality's retail drawing power can be measured by comparing local demand (GfK Retail Purchasing Power) with retail turnover (GfK Retail Turnover). This yields the GfK Retail Centrality. A centrality rating in excess of 100 indicates an inflow of purchasing power, while a value less than 100 indicates an outflow of purchasing power.

To calculate retail purchasing power, expenditures on the following product groups are taken into account: foods, beverages and tobacco; health and hygiene products; clothing; shoes; durables; education and entertainment

(e.g., TV, radio, books, photography, magazines, tools, sporting goods) as well as personal accessories (watches, jewelry, etc.).

The regionalized data on retail centrality is available for many European countries and provided down to the most detailed postcode and administrative levels (with at least 10,000 inhabitants) as a prognosis for the current year. The purchasing power and turnover data reflect nominal values that do not take into account inflation, regional price variations and exchange rate fluctuations during the year.

GfK Retail Centrality gives retailers an objective benchmark for identifying the regions, cities and postcodes within a given city that are able to draw and sustain particularly high levels of purchasing power with the existing retail offering. As such, this data is indispensable for planning and evaluating retail locations. In the case of expansion decisions, the retail centrality values should be considered in association with the number of inhabitants, GfK Retail Turnover and GfK Retail Purchasing Power. All three market indicators are consequently included in the study "GfK Retail Centrality".

Additional information

on the study GfK Retail Centrality can be found at www.gfk-geomarketing.com/centrality.

Print-quality illustrations can be found at www.gfk.com/Documents/News/2015/centrality.zip.

About GfK
GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.

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