McKinsey & Company

European Consumer Sentiment Survey: How current events in Europe are shaping consumer behavior
Insights from Germany

Survey period: June 8–12, 2022

Executive summary

German consumers' greatest concerns are rising prices and the invasion of Ukraine. Consumers in Germany, like those across Europe, most often say their top concern is rising prices (48 percent); the invasion of Ukraine is a distant second (24 percent). Concerns on rising prices are strongest in the low-income group (55 percent). Extreme weather events and climate change are becoming more important, together ranking third (10 percent), ahead of **COVID-19, which has dropped to fourth place (4 percent).**

Almost half of consumers rate the economy negatively. Only 14 percent rate Germany's current economic situation as positive; 46 percent hold negative views. The low-income group has an even gloomier perspective, with 61 percent negative. Consumers for whom rising prices are the top concern are likeliest to be negative on the economy (50 percent negative, 8 percent positive). Consumers identify the greatest economic uncertainties as shortages of supply chains leading to unavailability of products (52 percent), energy shortages (45 percent), and gasoline shortages (43 percent). Expectations for an economic recovery have slightly improved: 30 percent pessimistic (versus 33 percent in April) and 17 percent optimistic (versus 14 percent April). However, this outlook resembles the high level of pessimism that existed when COVID-19 peaked and is much lower than it was last October.

Inflation is having a strong impact on shopping behavior. With inflation at 8.7 percent, almost all German consumers (96 percent) say they have perceived a price change, especially for groceries and gasoline. Two-thirds of consumers predict that price increases will continue in the next 12 months. German consumers report increased spending for energy, transport, food, and essential items in the past three months, and they have cut back on saving—and assume these trends will continue. While 63 percent indicate they spent more on gasoline and 53 percent spent more on groceries, spend decreased most for discretionary goods, jewelry, accessories, and home and furniture. Behavior changes are most evident in more conscious use of home energy (59 percent say they do this).

Price consciousness is driving consumers to lower-priced brands and retailers. Among the 70 percent of consumers who tried a new shopping behavior in the last three months, the largest share (46 percent) tried buying a private label. Younger generations are more prone to trying new behaviors, led by Gen Z at 86 percent. The shift to discounters is highly visible, with 46 percent saying they shop there more, while specialty grocery stores and convenience stores have lost traffic. Consumers say their choice of a new retailer is dominated by price/promotions (cited by 45 percent) and value for money (41 percent), with the same criteria driving choice of a new grocery or essentials brand (50 percent for each). The clear trade-down trend across categories is strongest for household products and frozen food, but consumers also indicate that brand choices are influenced by sustainability aspects of brands, especially natural ingredients (cited by 50 percent). Despite all the hardships mentioned, 46 percent of German consumers plan to splurge in 2022, mostly on dining, travel, and apparel.

Three emerging consumer themes in June 2022

1 How do consumers feel?

Rising prices and invasion of Ukraine dominating concerns; optimism in economy stagnating

Rising prices and the invasion of Ukraine are by far the strongest concerns of German consumers. Climate change ranks third; COVID-19 is now fourth

Rising prices are **particularly worrying for low-income consumers, while unemployment and job security are** now a concern for about a quarter of young consumers (Gen Z and millennials)

Pessimism about economic recovery has decreased very slightly since April but is as high as during the direst COVID-19 period and much higher than in October 2021

2 What do consumers observe?

Sharply rising prices on essentials, with noticeable consequences for spending priorities

A vast **majority of respondents have observed price increases**, especially for groceries/essentials and gasoline

German consumers cut back on savings while budgets for **energy, transport, and groceries/essentials** have strongly increased and are expected to rise further

Especially in **certain discretionary categories,** such as jewelry, accessories, and home and furniture, **spend is reduced**

3 How are consumers reacting?

Noticeable activity, demand, and channel and brand shifts in search for value for money

73% of consumers have changed shopping behavior in response to concerns and pressures faced in the past 3 months

Trading down is widespread, and **almost half** of those having changed their shopping behavior are **testing private labels**

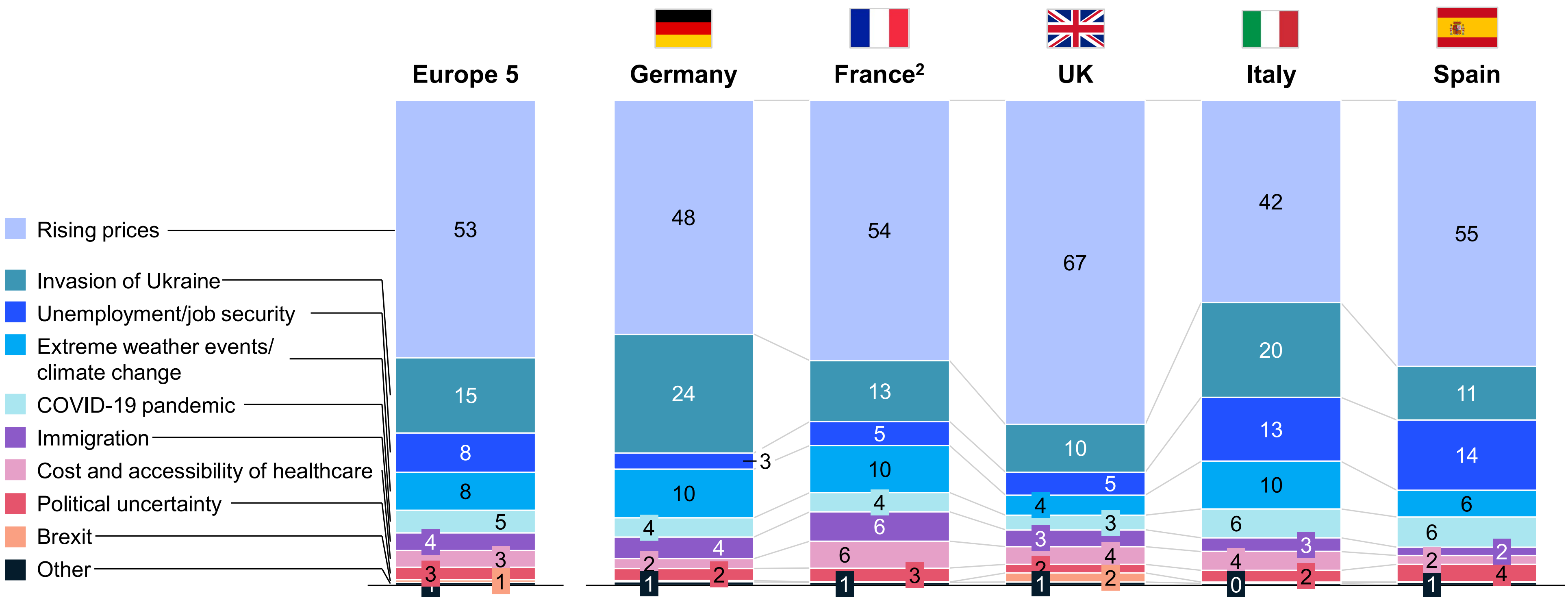
There is a massive shift to discounters, with almost half of consumers who shopped at other retailers now shopping more at discounters

44% of German consumers plan to splurge in 2022——most in dining, travel, and apparel

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Despite the pandemic's continuing grip on societies in Europe, rising prices and the invasion of Ukraine have eclipsed COVID-19 as top concerns for consumers

Top source of concern[1]
% of respondents



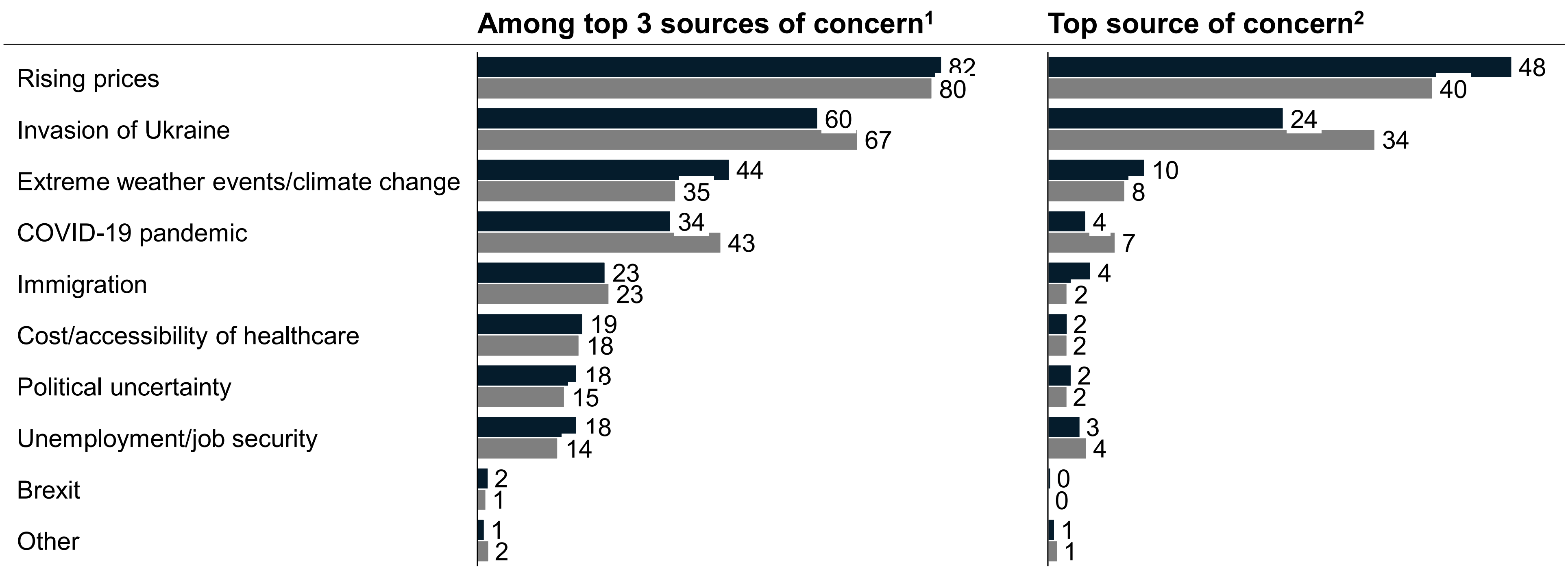
1. Q: *Which of the following is your top concern today?* Figures may not sum to 100%, due to rounding.
2. For France, political insecurity (9%) and immigration (8%) are concerns mentioned by more than 5% of consumers.

Source: McKinsey & Company Europe Consumer Pulse Survey, 6/8–6/12/2022, n = 5,076 (France, Germany, Italy, Spain, UK), sampled to match European general population 18+ years

Rising prices dominate German consumers’ minds, even more than the invasion of Ukraine; only a third cite COVID-19 as a top concern

Top sources of concern today
% of respondents

June 2022
Apr 2022



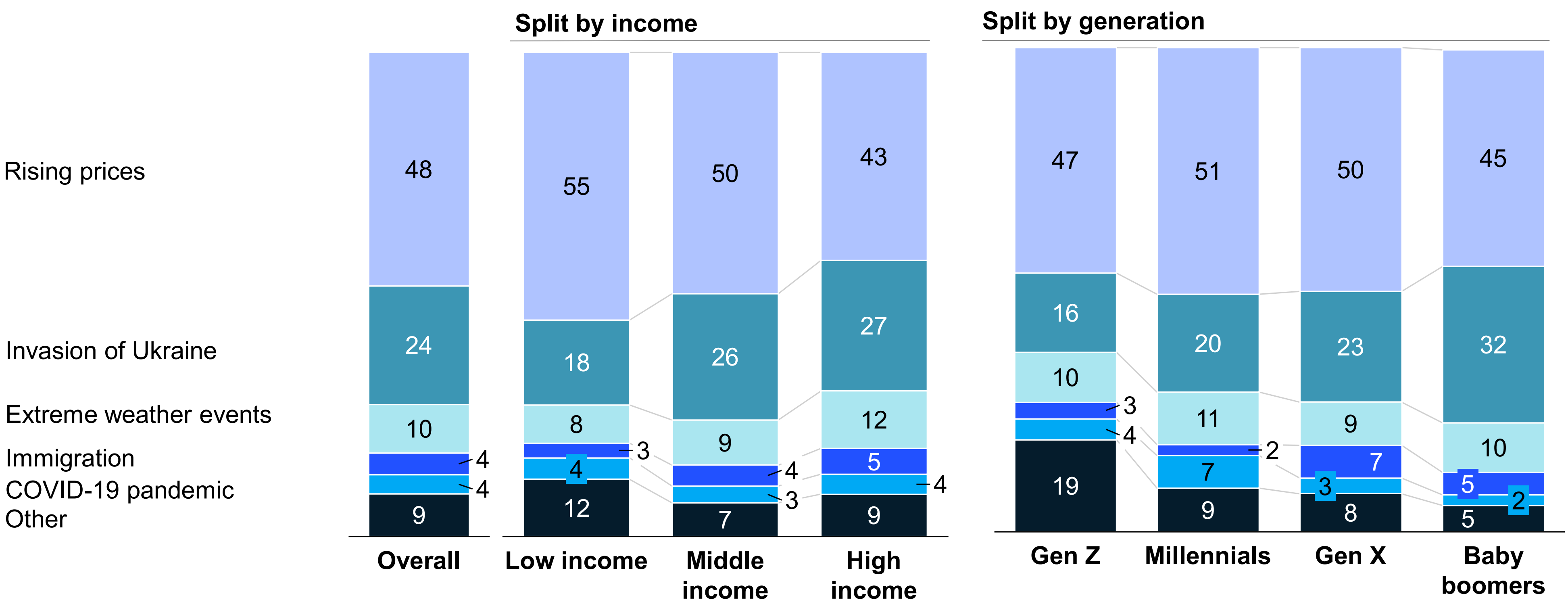
1. Q: *What are the greatest source(s) of concern for you right now? Please select the top 3.*
2. Q: *Which of the following is your top concern today?*

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Rising prices are dominant concern for low-income and millennial consumers, invasion of Ukraine for high-income and baby boomer consumers

Top source of concern[1]

% of respondents



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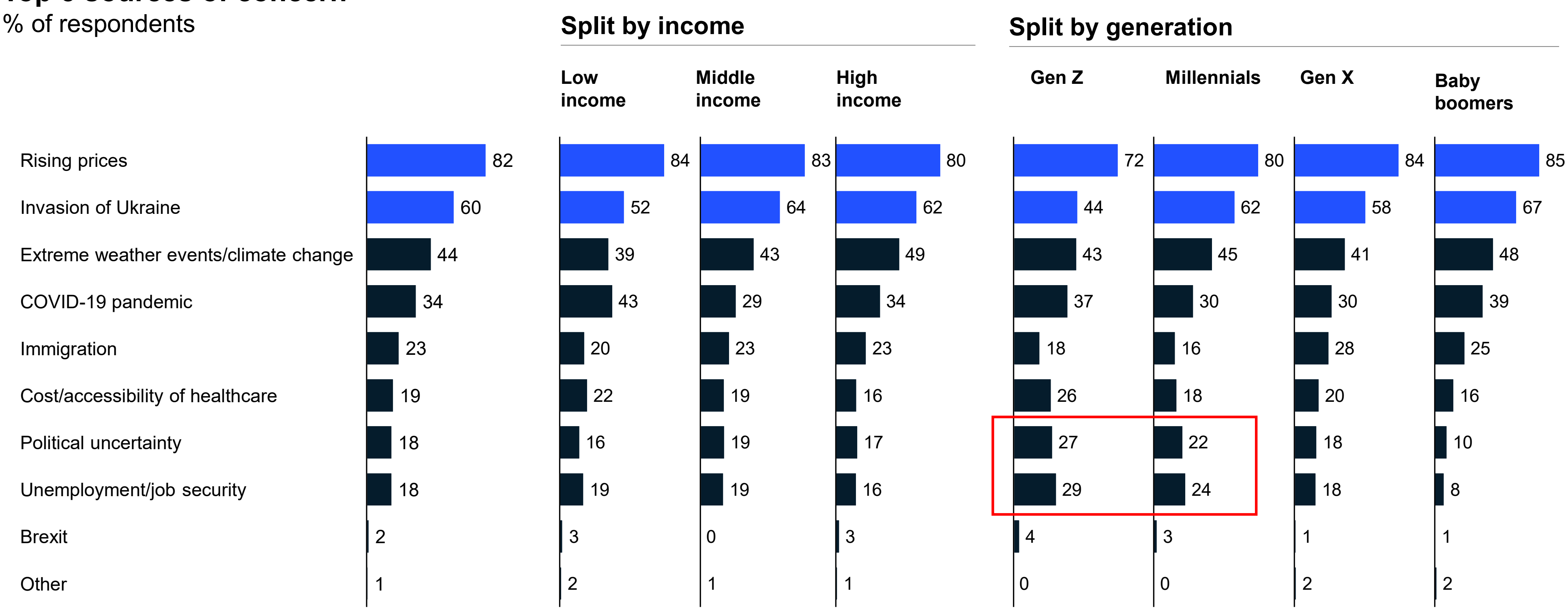
Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

For Gen Z and millennials, political uncertainty and unemployment are much more concerning than for older consumers

Top 3 sources of concern[1]

% of respondents



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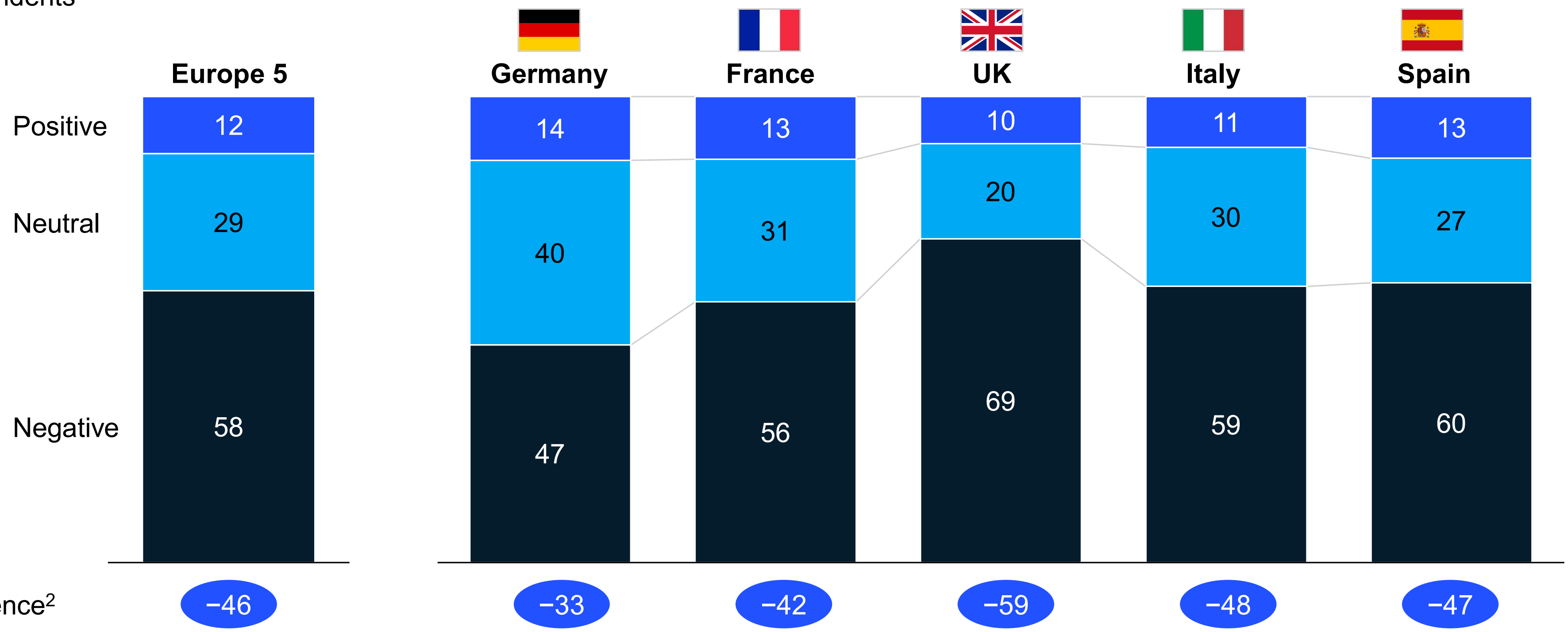
Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Almost two out of three consumers—and significantly more in the UK—are negative about their own country's current economic state

Confidence in own country's current economic state[1]
% of respondents

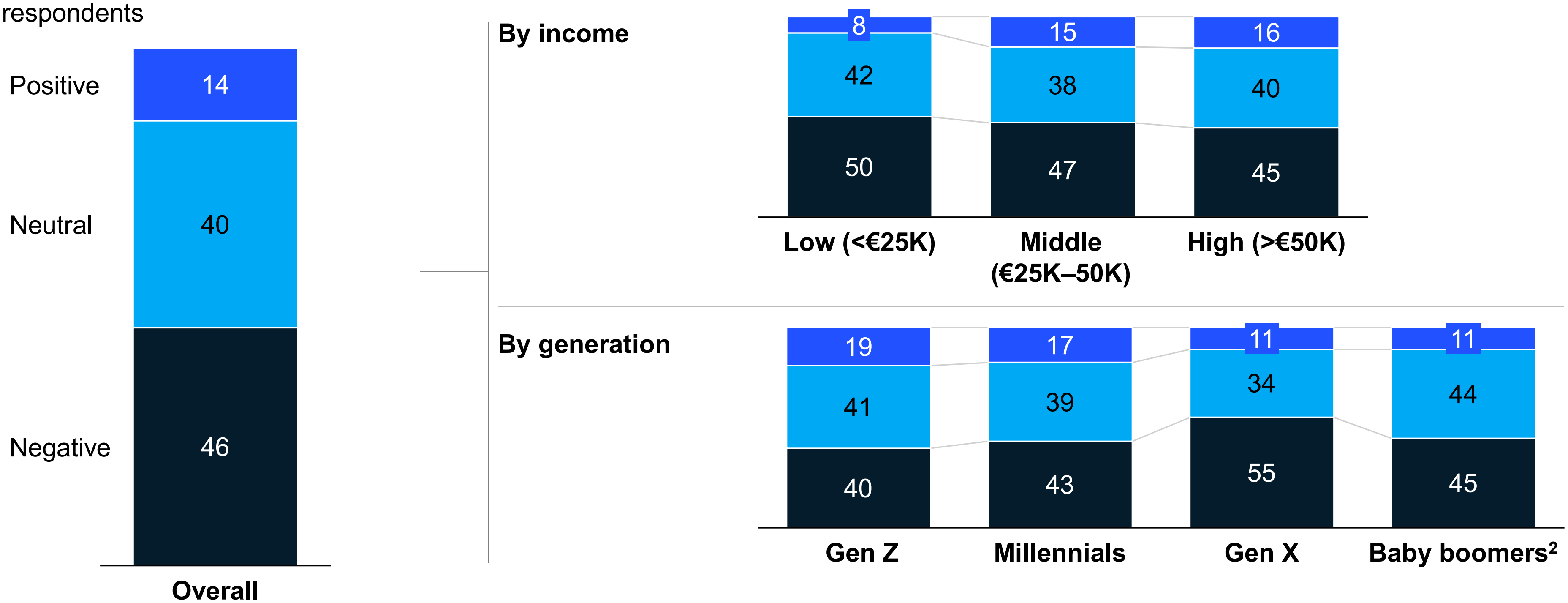


1. Q: *How are you feeling about [COUNTRY]'s economy today?* Rated from 1 "very positive" to 5 "very negative." For visualization, we merged the categories "very positive" and "positive," as well as "very negative" and "negative." Figures may not sum to 100%, due to rounding.
2. Calculated by subtracting all "negative" answers from all "positive" answers.

Source: McKinsey & Company Europe Consumer Pulse Survey, 6/8–6/12/2022, n = 5,076 (France, Germany, Italy, Spain, UK), sampled to match European general population 18+ years

Low-income and Gen X respondents have the lowest confidence in Germany’s current state of the economy

Confidence in own country’s current economic state[1]
% of respondents



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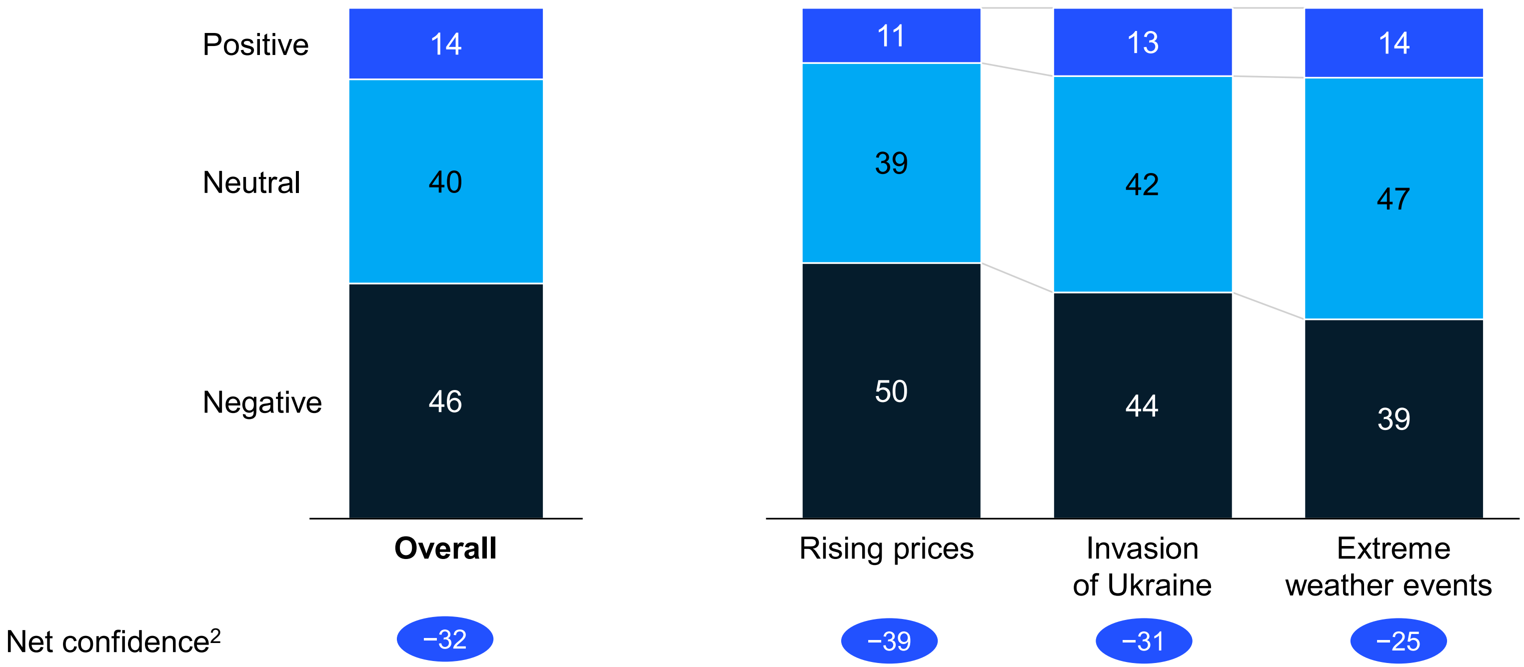
2. Baby boomers includes silent generation.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

German consumers who are concerned about price increases are the most pessimistic on the current economy

Confidence in own country's current economic state[1]
% of respondents overall and by top concerns



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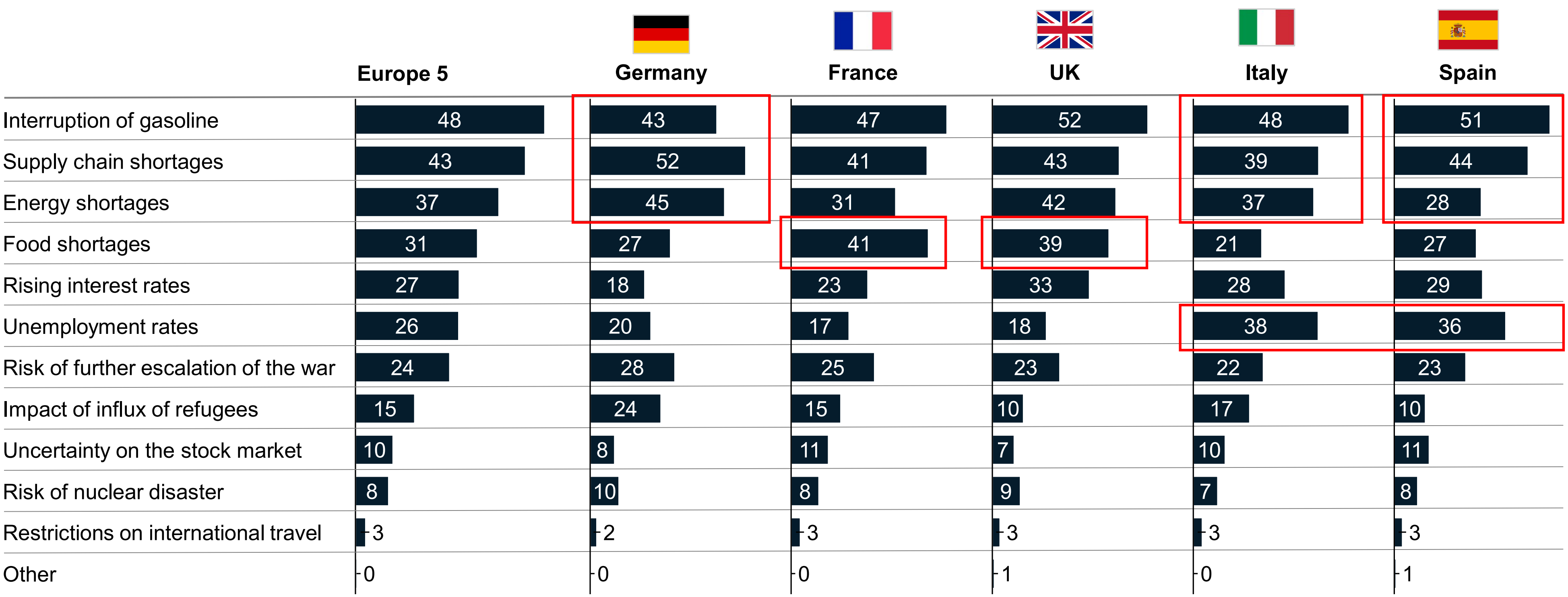
2. Calculated by subtracting all "negative/very negative" answers from all "positive/very positive" answers.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Supply-related risks are the greatest worries of consumers with a negative outlook on the current economy

Top 3 reasons for negative view on economy[1]

% of respondents who indicated a negative view of the economy's current status and/or outlook

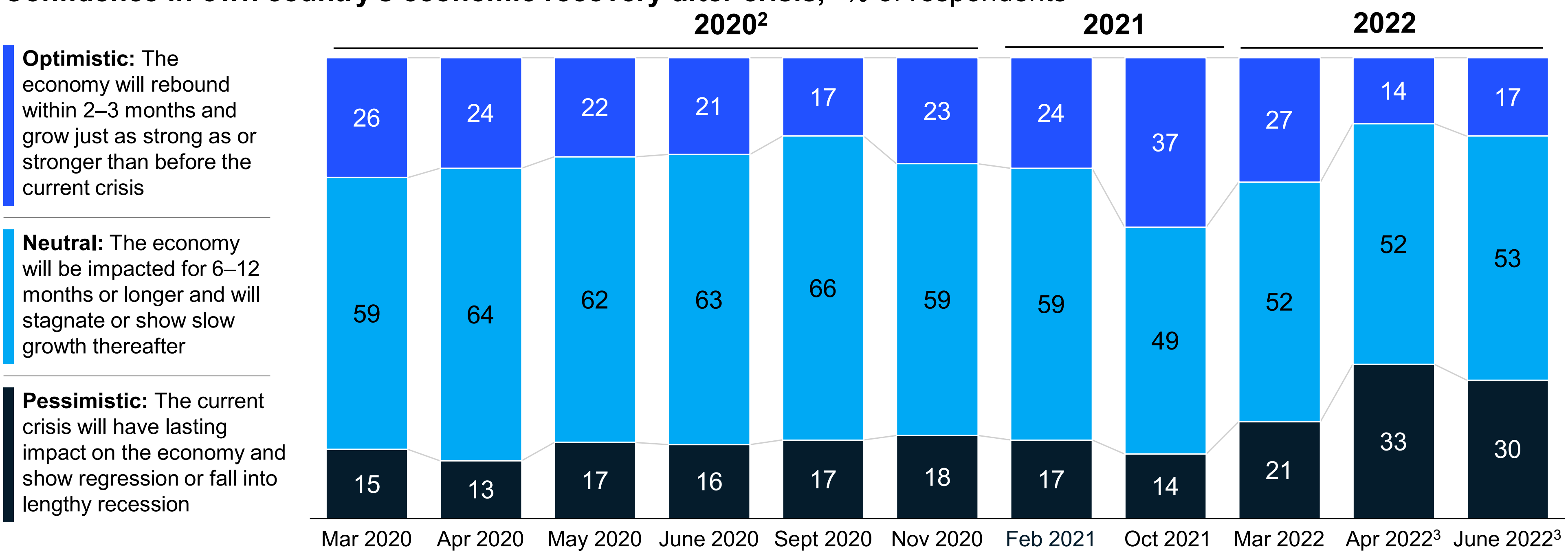


1. Q: *You mentioned that you are feeling negatively about [COUNTRY]'s economy in light of the Ukraine invasion. Which of the following topics are you most uncertain about? Please select up to 3.* Figures may not sum to 100%, due to rounding. Bars only show reasons with agreement >20%.

Source: McKinsey & Company Europe Consumer Pulse Survey, 6/8–6/12/2022, n = 5,076 (France, Germany, Italy, Spain, UK), sampled to match European general population 18+ years

Overall pessimism about economic recovery has slightly decreased but is still much higher than before the invasion of Ukraine

Confidence in own country's economic recovery after crisis,[1] % of respondents



1. Q: *What is your overall confidence level surrounding economic conditions after the coronavirus (COVID-19) crisis subsides (ie, once there is herd immunity)?* Rated from 1 "very optimistic" to 6 "very pessimistic." Top, middle, and bottom two boxes of scale aggregated to "Optimistic," "Neutral", and "Pessimistic." Figures may not sum to 100%, because of rounding.
2. Average of biweekly pulse surveys shown for Mar–May 2020.
3. Question in Apr and June 2022 was not framed for coronavirus: *What is your overall confidence level surrounding the potential economic impact related to the invasion of Ukraine that began in Feb 2022?*

Source: McKinsey & Company COVID-19 Germany Consumer Pulse Survey, 6/8-6/12/2022, n = 1,007; 4/12–4/18/2022, n = 1,028; 3/22–3/29/2022, n = 1,005; 10/15–10/22/2021, n = 1,025; 2/23–2/27/2021, n = 1,013; 11/09–11/16/2020, n = 1,053; 9/24–9/27/2020, n = 1,053; 6/18–6/21/2020, n = 1,011; 5/21–5/24/2020, n = 1,008; 4/30–5/3/2020, n = 1,002; 4/16–4/19/2020, n = 1,005; 4/2–4/5/2020, n = 1,010; 3/26–3/29/2020, n = 1,002; 3/20–3/22/2020, n = 1,014, 04/14–04/18/2022, n = 1,028, sampled to match Germany's general population 18+ years

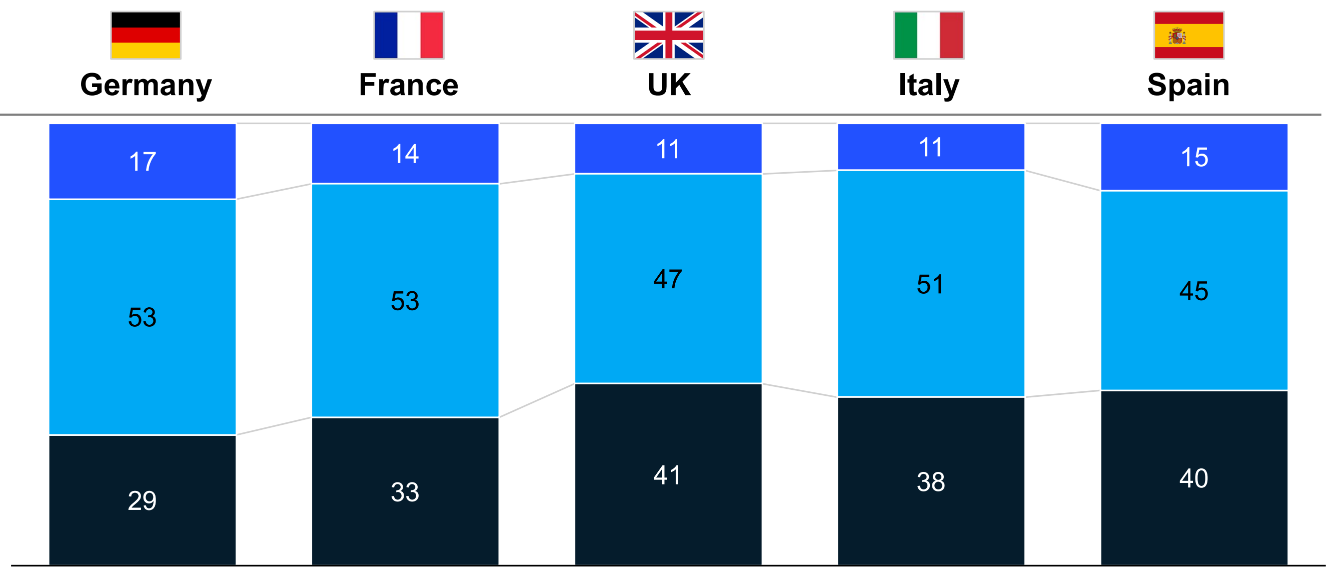
Pessimism about economic recovery is high across countries and remains stable since April 2022

Confidence in own country's economic recovery after current crisis,[1] 2022
% of respondents

Optimistic: The economy will rebound within 2–3 months and grow just as strong as or stronger than before the current crisis

Neutral: The economy will be impacted for 6–12 months or longer and will stagnate or show slow growth thereafter

Pessimistic: The current crisis will have lasting impact on the economy and show regression or fall into lengthy recession



	Germany	France	UK	Italy	Spain
Change in % optimistic vs Apr 2022 survey, percentage points	+3	0	−5	−1	+1
Change in % pessimistic vs Apr 2022 survey, percentage points	−4	−2	+6	0	−2

1. Q: *What is your overall confidence level surrounding the potential economic impact related to the invasion of Ukraine that began in Feb 2022?* Rated from 1 "very optimistic" to 6 "very pessimistic." Top, middle, and bottom 2 boxes of scale aggregated to "Optimistic," "Neutral," and "Pessimistic." Figures may not sum to 100%, due to rounding.

Source: McKinsey & Company Europe Consumer Pulse Survey, 6/8–6/12/2022, n = 5,076 (France, Germany, Italy, Spain, UK), sampled to match European general population 18+ years

Low-income and elder consumers have the lowest confidence in their country's future economic recovery

Confidence in own country's expected economic recovery after current crisis[1]
% of respondents

1. Q: *What is your overall confidence level surrounding the potential economic impact related to the invasion of Ukraine that began in Feb 2022?* Rated from 1 "very optimistic" to 6 "very pessimistic." Top, middle, and bottom 2 boxes of scale aggregated to "Optimistic," "Neutral," and "Pessimistic." Figures may not sum to 100%, due to rounding.
2. Baby boomers includes silent generation.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

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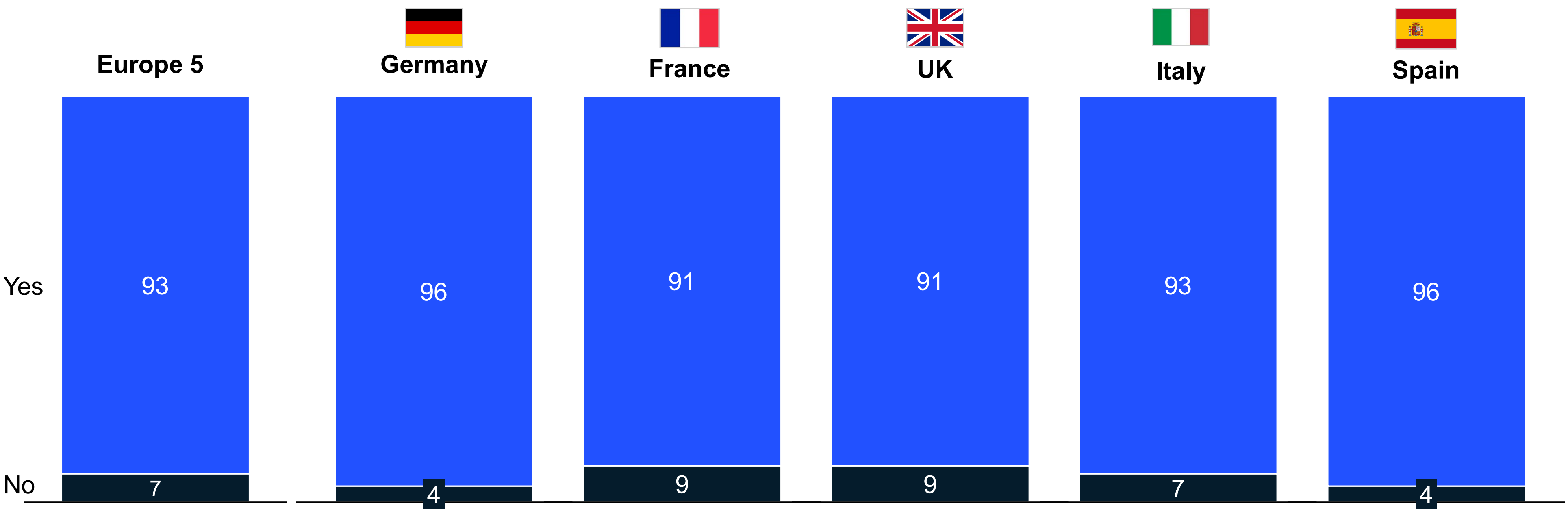
44% of German consumers plan to splurge in 2022——most in dining, travel, and apparel

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Across countries surveyed, more than 90 percent of respondents observed price changes

Price changes perceived in last 3 months[1]
% of respondents



	Germany	France	UK	Italy	Spain
Year-over-year inflation, May 2022, %	8.7	5.8	9.1	7.3	8.5

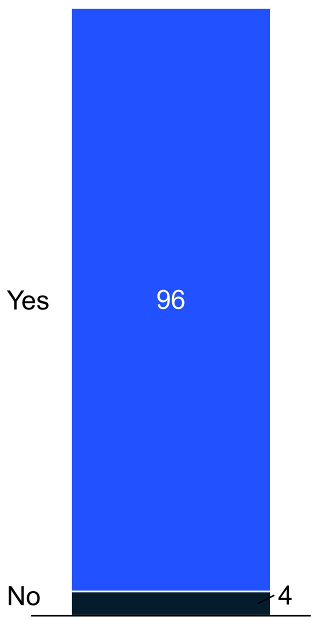
1. Q: *In the last 3 months, have you seen a general change in the prices of any goods you commonly buy?*

Source: McKinsey & Company Europe Consumer Pulse Survey, 6/8–6/12/2022, n = 5,076 (France, Germany, Italy, Spain, UK), sampled to match European general population 18+ years; inflation data from Eurostat

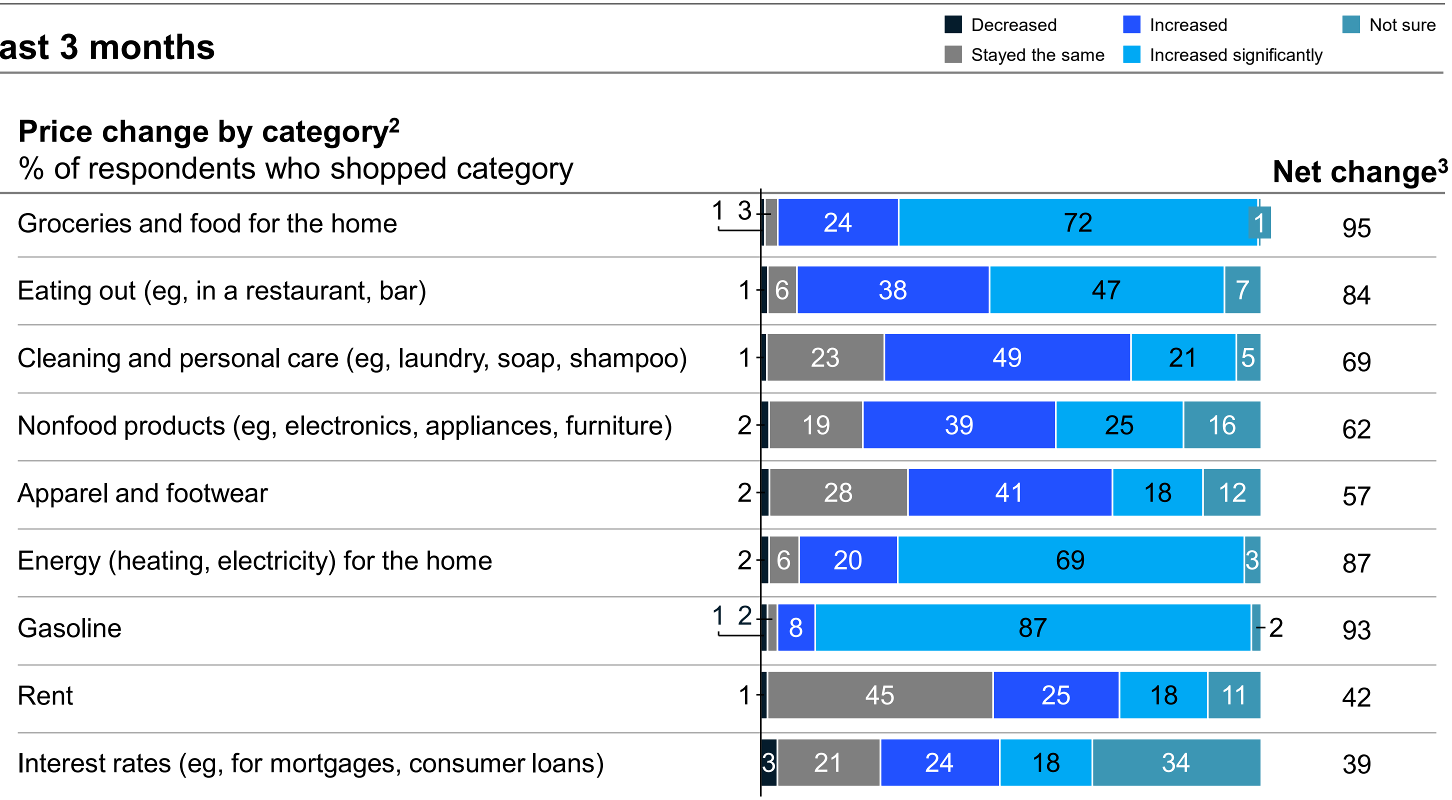
A majority of respondents perceive price increases across categories; almost all see increases in groceries, fuel, energy, and eating out

Price changes perceived in last 3 months

General price change[1]
% of respondents



Price change by category[2]
% of respondents who shopped category



1. Q: *In the last 3 months, have you seen a general increase in the prices of any goods you commonly buy?*
2. Q: *In the last 3 months, how have you observed prices changing across the following categories?* Rated from 1 "Prices decreased" to 5 "Prices increased significantly."
3. Calculated by subtracting all "decreased" answers from all "increased/significantly increased" answers.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Millennials see the strongest effect of price increases on their current lifestyle

Agreement with price-related statements
% of respondents rating agreement as 5 or 6 on 6-point scale

Difference vs all consumers[2]
percentage points

< −3 | Between −3 and +3 | > +3

Statements	All consumers: June 2022	All consumers: Apr 2022	Generational cut: Gen Z	Generational cut: Millennials	Generational cut: Gen X	Generational cut: Baby boomers[3]
I believe prices will continue to rise throughout the next 12 months	68	68	57	68	71	71
I am concerned that the prices of everyday purchases have been increasing	66	62	53	70	65	68
I am planning to buy fewer products/ services in the future if prices continue to rise	48	44	47	52	45	49
I have had to scale back my lifestyle due to an increase in prices	33	29	41	38	28	30
I intend to use more "buy now, pay later" services in the coming months	11	9	19	13	8	8

1. Q: *Please read the following statements and indicate your level of agreement with each.* Rated from 1 "Strongly disagree" to 6 "Strongly agree."
2. Calculated by subtracting the answers of all consumers from those in a subgroup—here split by generation.
3. Baby boomers includes silent generation.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

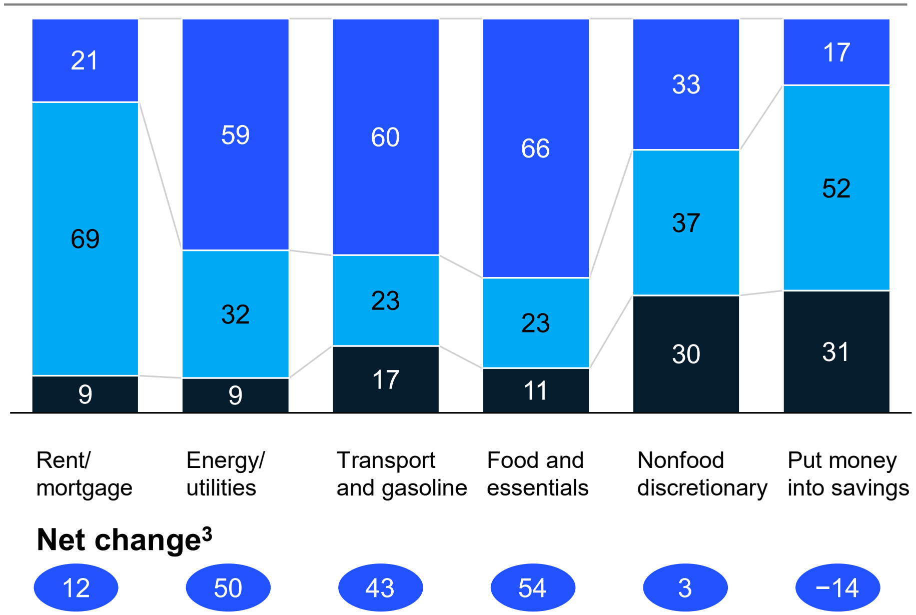
German consumers struggle with increased household budgets on energy, transport, and food/essentials, reducing their savings

Change of spend and expected spend in general categories

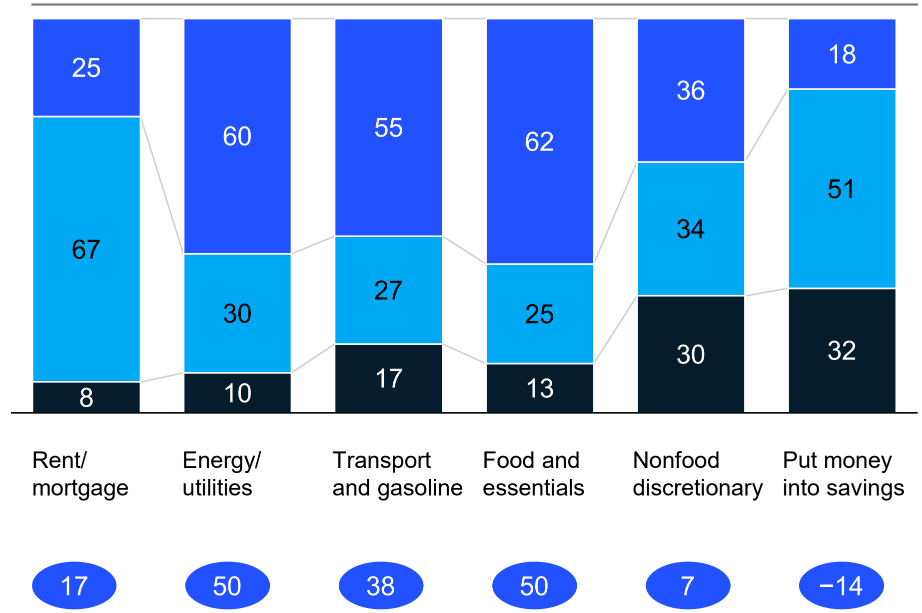
% of respondents

Higher | About the same | Lower

Change in spend in the last 3 months[1]



Expected change in spend in the next 3 months[2]



1. Q: *How have your household finances been affected over the past 3 months?* Rated from 1 “Reduced a lot” to 5 “Increased a lot.” For visualization, we merged “increased a lot” and “increased,” as well as “reduced a lot” and “reduced.” “Last 3 months” refers to the change in behavior vs before the invasion of Ukraine.
2. Q: *How do you expect your spend on the following categories to change in the next 3 months?* Rated from 1 “Will spend significantly less” to 5 “Will spend significantly more.” For visualization, we merged “significantly more” and “more,” as well as “significantly less” and “less.” “Next 3 months” refers to the plan consumers make today, so this change is incremental to past change.
3. Calculated by subtracting all “lower” answers from all “higher” answer in each column/time frame.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Majorities of consumers report spend increases and expect further increases in energy, transport and gasoline, and food

Change of spend in general categories in last 3 months[1] and expected in next 3 months,[2] % of respondents

Difference from all consumers,[2] percentage points: < −3 | Between −3 and +3 | > +3

Calculation example

Change in spend in last 3 months, %	Change of spend in next 3 months, %: Decrease	No change	Increase
Decrease	4	3	1
No change	4	63	6
Increase	2	7	10

Observed/expected price increase,[3] % 23

Observed/expected price increase,[3] %	Europe 5	Germany	France	UK	Italy	Spain
Rent/mortgage	25	30	21	32	17	26
Energy/utilities	63	67	51	75	65	58
Transport and gasoline	58	61	52	61	59	57
Food and essentials	58	70	47	63	51	59
Nonfood discretionary	31	39	26	27	28	33
Put money into savings	13	21	10	10	9	12

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3. Calculated by adding the highlighted cells, ie, increased past spend or expect to increase future spend, excluding consumers who have decreased or expect to decrease their spend.

Source: McKinsey & Company Europe Consumer Pulse Survey, 6/8–6/12/2022, n = 5,076 (France, Germany, Italy, Spain, UK), sampled to match European general population 18+ years

Spending on food and gasoline increased sharply and is expected to grow further; strongest spend reduction for jewelry and accessories

Change of spend in categories in last 3 months[1] and expected in next 3 months[2]

% of respondents who shopped category

xx Net change < −15 | xx Net change −15 to +15 | xx Net change > +15

Decrease | Stay the same | Increase

Category	Change, last 3 months: Decrease	Change, last 3 months: Increase	Net change[3]	Net change expected,[3] next 3 months
Groceries	8	61	53	42
Tobacco products	15	32	17	7
Food takeout and delivery	29	32	3	−10
Alcohol	28	19	−9	−13
Quick-service restaurant	33	25	−8	−17
Restaurant	32	35	3	−4
Footwear	28	13	−15	−20
Apparel	29	17	−12	−12
Jewelry	44	14	−30	−35
Accessories	36	14	−23	−28
Toys and baby supplies	21	21	0	−5
Household supplies	12	21	9	3
Personal-care products	9	20	11	9
Skin care and makeup	20	15	−5	−6
Home and furniture	35	15	−20	−26
Sports and outdoors	29	15	−14	−19
Home improvement, garden	24	22	−1	−13
Kitchen and dining	32	17	−15	−22

Category	Change, last 3 months: Decrease	Change, last 3 months: Increase	Net change[3]	Net change expected,[3] next 3 months
Pet food and supplies	7	31	25	19
Vitamins and OTC medicine	19	17	−2	−7
Entertainment at home	11	12	1	−8
Books/magazines/newspapers	26	11	−15	−21
Consumer electronics	28	15	−12	−21
Out-of-home entertainment	34	20	−14	−14
Pet care services	22	20	−2	−2
Fitness and wellness	19	17	−2	−6
Personal-care services	22	24	2	−6
Gasoline	10	74	63	48
Vehicles	15	38	22	10
Short-term home rentals	35	21	−14	−1
Travel by car	21	43	22	15
Cruises	29	24	−5	−11
Adventures and tours	29	27	−2	2
International flights	26	30	4	9
Hotel/resort stays	28	26	−2	0
Domestic flights	31	30	−1	−9

1. Q: *In the past 3 months, how has the amount you have spent on these categories changed?* Choices include “Spent less on this category,” “Spent the same amount,” “Spent more on this category.”
2. Q: *Over the next 3 months, do you expect that you will spend more, about the same, or less money on these categories than usual?*
3. Net change is calculated by subtracting the % of respondents stating they decreased (or expect to decrease) spend from the % of respondents stating they increased (or expect to increase) spend in the category.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Over half of German consumers are more conscious about their home energy usage; Gen Z consumers made the most changes in purchase behavior in the last 3 months

Change in purchase behavior in last 3 months[1]

% of respondents

Difference from all consumers,[2] percentage points: < −3 | Between −3 and +3 | > +3

	All consumers	Generational cut: Gen Z	Millennials	Gen X	Baby boomers[3]
home energy usage	59	47	57	63	62
use less gasoline/to save money	22	27	27	24	14
y or household items) that I use often in the event that there are supply chain shortages	20	12	21	21	22
cts from Russian companies	16	21	14	15	17
cation	14	19	16	10	14
ase of a car/other vehicle	13	17	17	15	5
e Ukraine humanitarian to volunteer	11	17	12	10	8
cts from companies ion of Ukraine	9	17	9	7	9
products from companies of Ukraine	6	8	7	6	6
ase of a new home	6	17	9	4	2
hicle	6	7	7	5	5
n refugees	5	10	6	4	3
w home	3	10	6	2	0
	16	9	12	18	22

1. Q: *In which other areas of your life, if any, have you changed your shopping behavior in the last 3 months?*
2. Calculated by subtracting the answers of all consumers from those in a subgroup—here generational cut.
3. Baby boomers includes silent generation.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Three emerging consumer themes in June 2022

1 How do consumers feel?

Rising prices and invasion of Ukraine dominating concerns; optimism in economy stagnating

Rising prices and the invasion of Ukraine are by far the strongest concerns of German consumers. Climate change ranks third; COVID-19 is now fourth

Rising prices are **particularly worrying for low-income consumers, while unemployment and job security are** now a concern for about a quarter of young consumers (Gen Z and millennials)

Pessimism about economic recovery has decreased very slightly since April but is as high as during the direst COVID-19 period and much higher than in October 2021

2 What do consumers observe?

Sharply rising prices on essentials, with noticeable consequences for spending priorities

A vast **majority of respondents have observed price increases**, especially for groceries/essentials and gasoline

German consumers cut back on savings while budgets for **energy, transport, and groceries/essentials** have strongly increased and are expected to rise further

Especially in **certain discretionary categories,** such as jewelry, accessories, and home and furniture, **spend is reduced**

3 How are consumers reacting?

Noticeable activity, demand, and channel and brand shifts in search for value for money

73% of consumers have changed shopping behavior in response to concerns and pressures faced in the past 3 months

Trading down is widespread, and **almost half** of those having changed their shopping behavior are **testing private labels**

There is a massive shift to discounters, with almost half of consumers who shopped at other retailers now shopping more at discounters

44% of German consumers plan to splurge in 2022——most in dining, travel, and apparel

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Two-thirds of consumers changed shopping behavior; a plurality of them have tried or plan to try private label

Activities when shopping for groceries or essentials

95% of consumers noticed a price increase when shopping for groceries

Activities	**Activities in last 3 months**[1] % of respondents	**Plans to do activities in next 3 months**[2] % of respondents who did not do activity in the last 3 months
Total: Any new shopping behavior[3]	73	40
Try a private-label brand	46	25
Switch to a different brand than normal	28	17
Shop from a different retailer/store than normal	25	15
Switch from a brick-and-mortar store to online	14	7
Try a new digital shopping method (eg, order groceries via app)	12	11
Shop from a different website than normal	11	10
Use a new shopping method (eg, pickup and food delivery subscription)	10	10
Switch from online to a brick-and-mortar store	9	14

1. Q: *In the last 3 months, which of the following have you done when purchasing groceries and other essentials (eg, toiletries, cleaning products)?*
2. Q: *How likely are you to change your shopping behavior in the next 3 months when purchasing groceries and other essentials (eg, toiletries, cleaning products)?* Rated from 1 "Not likely at all" to 6 "Extremely likely." Here, the answers "Extremely likely" and "Likely" are shown in an aggregated view.
3. Any new shopping behavior applies if a respondent has chosen at least 1 of the other categories mentioned.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

For groceries and essentials, Gen Z and millennials were much more likely than older consumers to explore new shopping behaviors

Activities when shopping for groceries and essentials in the last 3 months[1]

% of respondents

Difference vs all consumers[2] percentage points: < −3 | Between −3 and +3 | > +3

	All consumers	Generational cut: Gen Z	Millennials	Gen X	Baby boomers
Total: Any new shopping behavior[3]	73	90	86	74	54
Try a private-label brand	46	45	51	49	38
Switch to a different brand than normal	28	43	36	28	15
Shop from a different retailer/store than normal	25	49	32	26	13
Switch from a brick-and-mortar store to online	14	21	17	14	8
Try a new digital shopping method (eg, ordered groceries via app)	12	21	19	11	3
Shop from a different website than normal	11	26	14	8	5
Use a new shopping method (eg, pickup and food delivery subscription)	10	21	15	5	4
Switch from online to a brick-and-mortar store	9	19	14	7	2

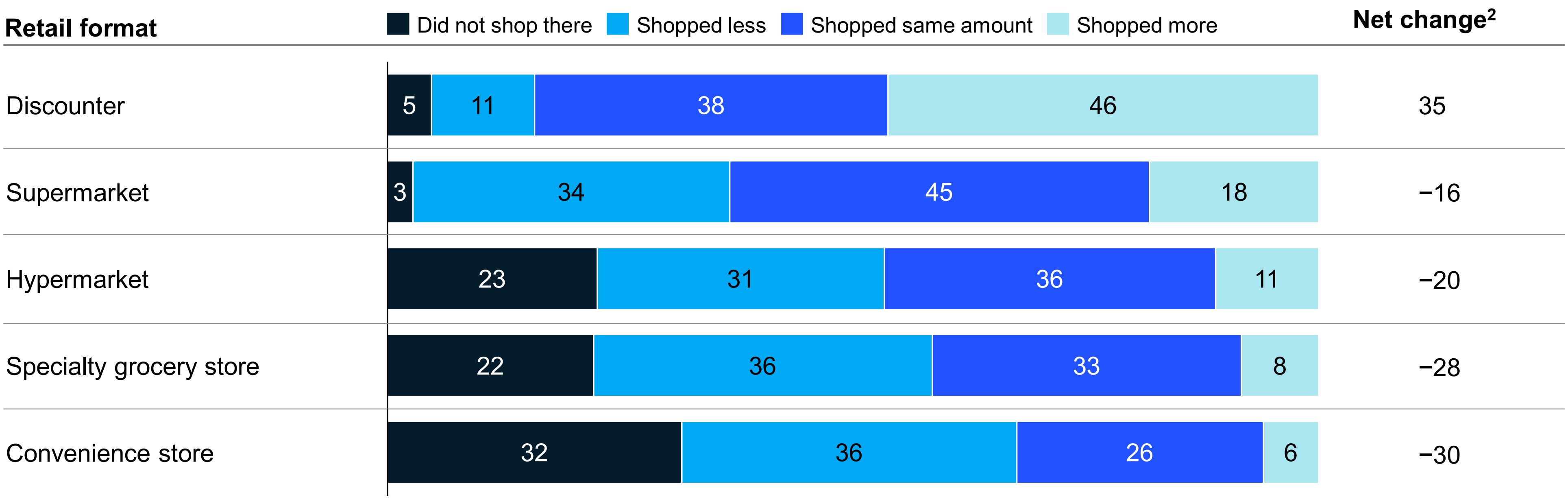
1. Q: *In the last 3 months, which of the following have you done when purchasing groceries and other essentials (eg, toiletries, cleaning products)?*
2. Calculated by subtracting the answers of all consumers from those in a subgroup—here generational cut.
3. Any new shopping behavior applies if a respondent has chosen at least one of the other categories mentioned.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Many consumers increased their purchases in discounters; many shopped less in convenience and specialty stores and hypermarkets

Amount of shopping by retail format in past 3 months[1]
% of respondents who shopped at a different retailer/store than normal in last 3 months

25% of consumers changed their retailer/store in the last 3 months



1. Q: *You mentioned that in the last 3 months you started shopping from a different retailer or store than you normally would when purchasing groceries and other essentials. How has your shopping at the following types of retailers/stores changed?*
2. Calculated by subtracting all "shopped less" answers from all "shopped more" answers.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Consumers across countries shifting to shopping at discounter retail formats, with Germany and UK leading the way

Net change in shopping by retail formats, past 3 months[1]
% of respondents who shopped at a different retailer/store than normal

27% of consumers changed their retailer/store in the last 3 months

Difference vs all consumers,[2] percentage points
< −3 | Between −3 and +3 | > +3

■ Net change

Channels	All consumers	Germany	France	UK	Italy	Spain
Discounter	25	35	22	30	20	18
Supermarket	-11	−16	−16	−8	−13	−6
Hypermarket	-22	−20	−24	−25	−26	−16
Specialty grocery store	-24	−28	−21	−20	−30	−23
Convenience store	-27	−30	−24	−31	−34	−16

1. Q: *You mentioned that in the last 3 months you started shopping from a different retailer or store than you normally would when purchasing groceries and other essentials. How has your shopping at the following types of retailers/stores changed?* Net change calculated by subtracting all "shopped less" answers from all "shopped more" answers.
2. Difference calculated by subtracting the answers of all consumers from those in a subgroup—here split per country.

Source: McKinsey & Company Europe Consumer Pulse Survey, 6/8–6/12/2022, n = 5,076 (France, Germany, Italy, Spain, UK), sampled to match European general population 18+ years

Consumers’ top reasons for moving to a new retailer are prices/ promotions and value for money, particularly in the UK and Italy

Top reasons for choice of new retailer/store for groceries/essentials[1]

% of respondents who shopped at a different retailer/store than normal in last 3 months

27% of consumers changed their retailer/store in the last 3 months

Difference vs Europe 5,[2] percentage points

< −2 | Between −2 and +2 | > +2

Reason	All consumers	Germany	France	UK	Italy	Spain
Better prices/promotions	46	45	41	50	51	40
Better value for money	46	41	38	62	44	35
Better quality	20	17	22	15	23	24
More easily accessible from my home	20	20	22	13	20	25
I wanted to save on the cost of gasoline	16	19	12	13	18	17
Supporting local businesses	15	13	13	9	15	23
Products are in stock	13	22	13	16	8	8
Family/friend recommendations	13	13	12	11	11	17
Less crowded/has shorter lines	10	9	11	10	8	12
Wanted variety/a change from normal	10	10	9	9	10	10
One-stop shop	8	14	5	8	8	5
Offers natural/organic offerings	8	4	7	3	13	12
Wanted to treat myself	8	8	12	6	5	9
Shares my values	6	8	10	4	5	6
Cleaner/has better hygiene measures	6	6	7	4	8	8
The company treats its employees well	6	4	7	5	5	9
More sustainable/environmentally friendly	6	8	5	4	6	7
Their response to the invasion of Ukraine	3	2	6	2	3	3

1. Q: *You mentioned you shopped from a different retailer/store in the past 3 months when purchasing groceries and other essentials (eg, toiletries, cleaning products). What were the main reasons you decided to try this new retailer/store?* Respondents could choose up to 3 reasons.
2. Calculated by subtracting the answers of all consumers from those in a subgroup—here split per country.

Source: McKinsey & Company Europe Consumer Pulse Survey, 6/8–6/12/2022, n = 5,076 (France, Germany, Italy, Spain, UK), sampled to match European general population 18+ years

Across generations, better prices/promotions and better value for money consistently are key reasons for switching retailers; response to invasion of Ukraine is the least important driver

Top reasons for choice of new retailer/store for groceries/essentials[1]
% of respondents who shopped from a different retailer/store than normal in last 3 months

Difference vs all consumers[2]
percentage points

< −2 | Between −2 and +2 | > +2

25% of consumers changed their retailer/store in the last 3 months

	All consumers	Gen Z	Millennials	Gen X	Baby boomers
Better prices/promotions	45	37	51	45	42
Better value for money	41	45	40	38	42
Products are in stock	22	24	26	17	19
More easily accessible from my home	20	16	14	21	33
I wanted to save on the cost of gasoline	19	16	16	20	23
Better quality	17	22	16	14	14
One-stop shop	14	16	13	12	19
Supporting local businesses	13	12	13	9	23
Family/friend recommendations	13	20	11	13	7
Wanted variety/a change from normal	10	6	14	11	7
Less crowded/has shorter lines	9	6	7	12	9
Wanted to treat myself	8	12	9	8	2
Shares my values	8	8	9	9	5
More sustainable/environmentally friendly	8	4	8	9	9
Cleaner/has better hygiene measures	6	14	4	3	7
Offers natural/organic offerings	4	2	5	7	2
The company treats its employees well	4	6	2	4	7
Their response to the invasion of Ukraine	2	5	1	1	2

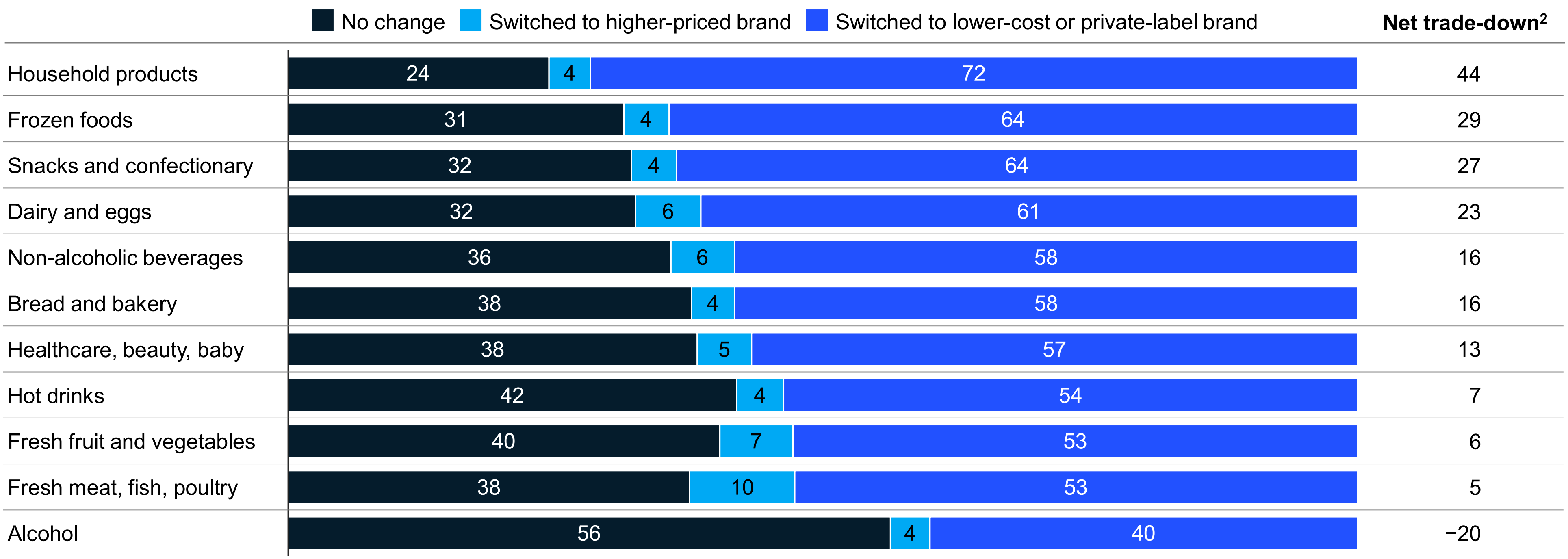
1. Q: *You mentioned you shopped from a different retailer/store in the past 3 months when purchasing groceries and other essentials (eg, toiletries, cleaning products). What were the main reasons you decided to try this new retailer/store?* Respondents could choose up to 3 reasons.
2. Calculated by subtracting the answers of all consumers from those in a subgroup—here generational split.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Trading down is particularly evident in household products, frozen foods, and snacks and confectionary

Brand-switching behavior of consumers[1]
% of respondents who switched to a different brand for groceries or essentials in last 3 months

57% of consumers changed a groceries/essentials brand in the last 3 months



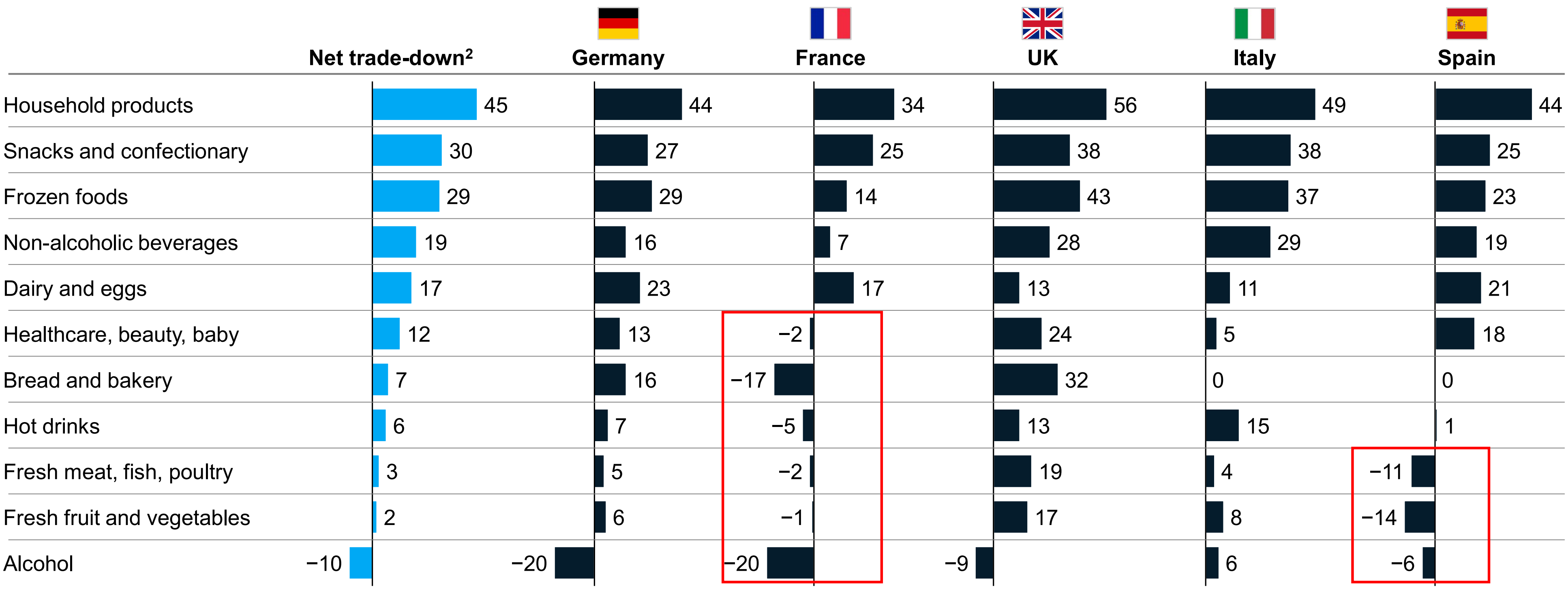
1. Q: *You mentioned that in the last 3 months you tried a different brand than you normally would when purchasing groceries and other essentials. Which of the following best describes how/where you switched brands?*
2. Calculated by subtracting the answers for "switched to higher-priced brand" and "no change" from "switched to lower-cost or private-label brand."

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Consumers across countries are switching brands for groceries and essentials; German consumers are switching for bread and bakery

Brand-switching behavior of consumers[1]
% of respondents who switched to a different brand for groceries or essentials in last 3 months

56% of consumers changed a groceries/essentials brand in the last 3 months



1. Q: *You mentioned that in the last 3 months you tried a different brand than you normally would when purchasing groceries and other essentials. Which of the following best describes how/where you switched brands?*
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Source: McKinsey & Company Europe Consumer Pulse Survey, 6/8–6/12/2022, n = 5,076 (France, Germany, Italy, Spain, UK), sampled to match European general population 18+ years

Across generations, better prices/promotions and better value for money consistently are key reasons for switching brands; ethical reasons are least important in this time of budget pressure

Top reasons for choice of new brand for groceries/essentials[1]

% of respondents who bought a different brand than normal in last 3 months

57% of consumers changed a groceries/ essentials brand in the last 3 months

Difference vs all consumers[2]
percentage points

< −2 | Between −2 and +2 | > +2

	All consumers	Gen Z	Millennials	Gen X	Baby boomers
Better prices/promotions	50	25	48	52	60
Better value for money	50	44	48	45	58
Products are in stock	19	11	22	19	18
Better quality	16	18	22	17	9
Available where I'm shopping	14	9	11	15	17
Larger package sizes	10	18	10	10	8
More sustainable/environmentally friendly	10	20	9	8	8
Wanted to try a new brand I found	10	9	13	9	7
Supporting local businesses	9	7	6	10	11
Wanted to treat myself	9	16	7	11	5
Wanted to try new type of product	7	5	6	6	11
Is natural/organic	7	7	10	4	8
Wanted variety/a change from normal	7	14	7	5	5
Better shipping/delivery cost	6	20	7	3	3
Cleaner/safer	5	14	8	3	0
Their response to the invasion of Ukraine	5	9	3	3	8
The company treats its employees well	3	9	1	3	3
Shares my values	3	7	4	2	1

1. Q: *You mentioned you tried a new/different brand than what you normally buy in the last 3 months when purchasing groceries and other essentials (eg, toiletries, cleaning products). What were the main reasons that drove this decision?* Respondents could choose up to 3 reasons.
2. Calculated by subtracting the answers of all consumers from those in a subgroup—here generational split.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

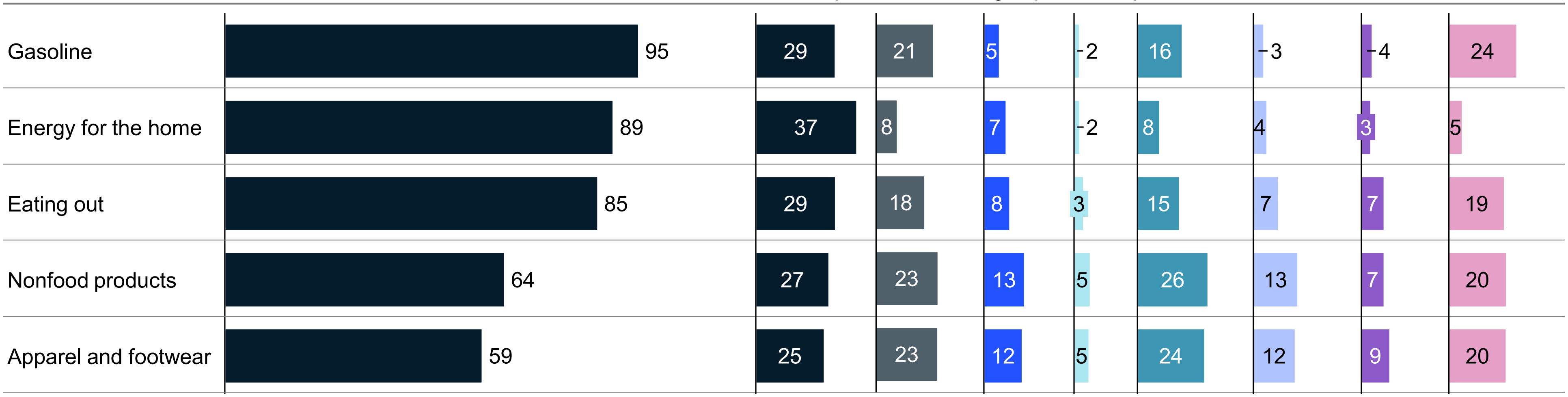
When observing price increases, more than half of consumers change behavior; about 20 percent say they delay the purchase

Perception of price increase and action taken by consumers by category

No action
Delayed a purchase
Switched to a different brand
Switched to a higher-cost brand
Switched to a lower-cost brand
Switched to a different store/website
Purchased a larger size/quantity
Purchased a smaller size/quantity

Consumer-observed price increases by category[1]
% of respondents rating increase 4 or 5 on 5-point scale

Changed behavior when price increase perceived[2]
% of respondents reacting to perceived price increase



1. Q: *In the last 3 months, how have you observed prices changing across the following categories?* Rated from 1 "Prices decreased significantly" to 5 "Prices increased significantly."
2. Q: *In the last 3 months, have you done any of the following when purchasing [product]?* Respondents who answered they switched to a different or lower-cost brand, delayed their purchase, switched to a different store or website, purchased a smaller quantity.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Across categories, majorities of European consumers switching brands are moving to private labels

Consumers switching brands by product category[1]

% of respondents who perceived a price increase in category and switched to a different or lower-cost brand in the last 3 months

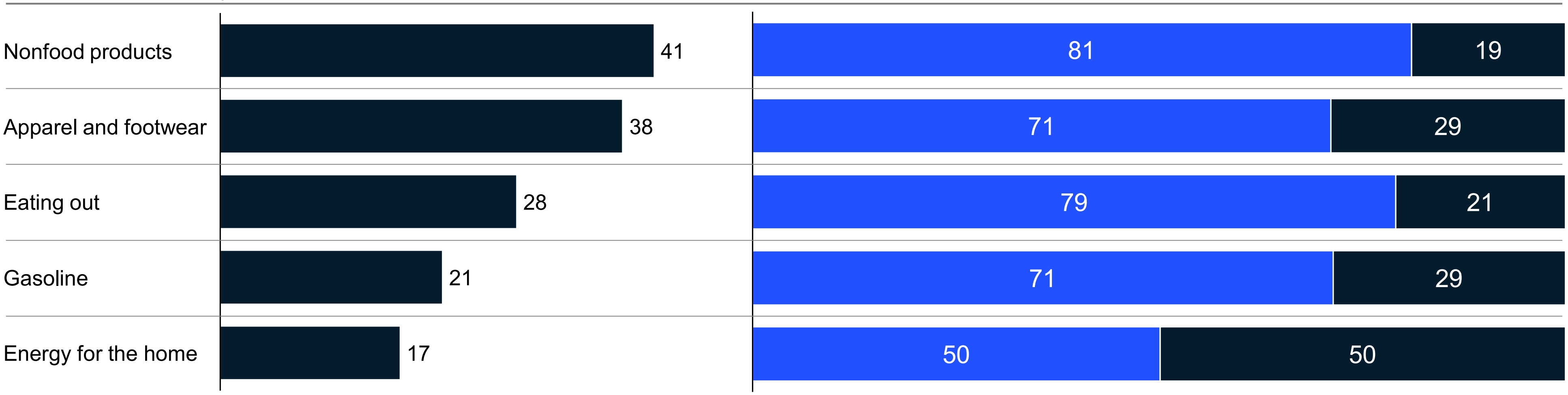
Switch to lower-cost or different brand

% of respondents reacting to a perceived price increase

Type of brand selected (private label or not)[2]

% of respondents choosing a different or lower-cost brand as reaction to a perceived price increase

Private-label brand Non-private-label brand



1. Q: *In the last 3 months, have you done any of the following when purchasing [product]?* Respondents who answered they switched to a different or lower-cost brand, delayed their purchase, switched to a different store or website, purchased a smaller quantity, none of these.
2. Q: *You mentioned that you switched to a different brand when purchasing [product]. Was this a private-label brand (eg, supermarket brand)?*

Source: McKinsey & Company Europe Consumer Pulse Survey, 6/8–6/12/2022, n = 5,075 (France, Germany, Italy, Spain, UK), sampled to match European general population 18+ years

Consumers across countries are less brand-loyal for nonfood products and for apparel and footwear, more brand-loyal for fuel and energy

Difference from Europe 5,[2] percentage points

< −3 | Between −3 and +3 | > +3

Switch to lower-cost or different brand[1]

% of respondents reacting to perceived price increase

	Europe 5	Germany	France	UK	Italy	Spain
Nonfood products (eg, electronics, appliances, furniture)	41	39	45	45	36	40
Apparel and footwear	38	37	40	39	41	34
Eating out (eg, in a restaurant, bar)	28	24	26	28	28	35
Fuel (eg, gasoline, diesel)	21	21	20	14	25	27
Energy (heating, electricity) for the home	17	15	17	12	18	22

1. Q: *In the last 3 months, have you done any of the following when purchasing [product]?* Data are for respondents who answered they switched to a different or lower-cost brand.
2. Calculated by subtracting the answers of all consumers from those in a subgroup—here split per country.

Source: McKinsey & Company Europe Consumer Pulse Survey, 6/8–6/12/2022, n = 5,076 (France, Germany, Italy, Spain, UK), sampled to match European general population 18+ years

Trying out a new brand is strongly driven by ‘rational’ reasons, though trust and no artificial ingredients are also very important; ethical reasons related to invasion in Ukraine least important

Reasons for choosing a product/brand in the past 3 months[1]

% of respondents rating reason as 1 or 2 (unimportant) and 5 or 6 (important) on 6-point scale

		Unimportant	Important	Net importance[2]
Sustainability	No artificial ingredients/natural/GMO-free	9	50	41
	Brand known for good animal welfare	10	41	31
	Recyclable products, packaging, or initiatives	12	38	26
	Small or neutral carbon footprint	15	38	23
	Sustainably sourced materials	14	31	17
	Fair trade practices	14	27	13
	Locally sourced/locally owned	10	39	29
Rational	Lower price	5	58	54
	Available in the store closest to me	4	53	49
Beliefs	Brand that I know and trust	6	47	41
	Brand that treats employees well	8	42	34
	Brand actively supporting the humanitarian effort in Ukraine	26	23	−3
	Brand that has stopped doing business in Russia	30	27	−3
	Brand that has made public statements in support of Ukraine	33	19	−14

1. Q: *In the last 3 months, when choosing a product/brand to purchase, how important to your purchase decision were the following factors that may be attributed to the product or brand?* Rated from 1 "Not important at all" to 6 "Extremely important."
2. Calculated by subtracting the unimportant (ratings of 1 or 2) value from the important (ratings of 5 or 6) value.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Consumers in Germany, Italy, and Spain place more value on sustainability; those in Spain also value a clear position on Ukraine

Reason for trying a new brand in the past 3 months[1]

Net importance rating[2]

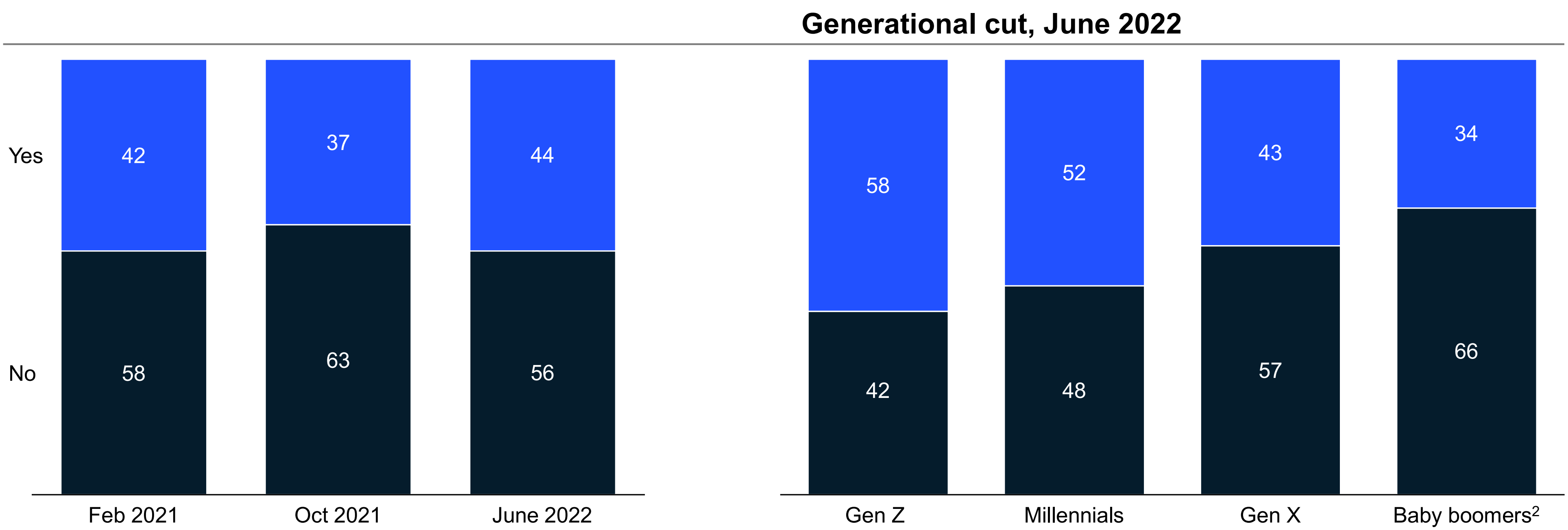
		Europe 5	Germany	France	UK	Italy	Spain
Sustain-ability	No artificial ingredients/natural/GMO free	29	41	25	10	31	38
	Brand known for good animal welfare	29	31	16	28	29	43
	Recyclable products, packaging, or initiatives	21	26	10	16	19	35
	Small or neutral carbon footprint	17	23	7	11	14	32
	Sustainably sourced materials	10	17	-2	-1	13	24
	Fair trade practices	2	13	-14	-1	-3	15
	Locally sourced / locally owned	28	29	23	9	34	44
Rational	Lower price	54	54	40	67	43	64
	Available in the store closest to me	46	49	38	53	35	55
Beliefs	Brand that I know and trust	41	41	33	40	38	52
	Brand that treats employees well	32	34	23	28	31	46
	Brand is actively supporting the humanitarian effort in Ukraine	-1	-3	-17	3	-3	16
	Brand has stopped doing business in Russia	-2	-3	-16	6	-8	11
	Brand has made public statements in support of Ukraine	-12	-14	-23	-13	-11	3

1. Q: *In the last 3 months, when choosing a product/brand to purchase, how important to your purchase decision were the following factors that may be attributed to the product or brand?* Rated from 1 "Not important at all" to 6 "Extremely important."
2. Calculated by subtracting the unimportant (ratings of 1 or 2) value from the important (ratings of 5 or 6) value.

Source: McKinsey & Company Europe Consumer Pulse Survey, 6/8–6/12/2022, n = 5,076 (France, Germany, Italy, Spain, UK), sampled to match European general population 18+ years

Majority of Gen Z and millennials still plan to splurge or treat themselves in 2022

Respondents who plan/do not plan to splurge/treat themselves in 2022[1]
% of respondents



1. Q: *With regard to products and services you will spend money on, do you plan to splurge/treat yourself in the next 6 months? For example, are there categories of products or services you have spent less on over the last year and half which you feel you will spend more on now?*
2. Baby boomers includes silent generation.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

Splurging most often planned for restaurants for older consumers; apparel more often planned by Gen Z

Categories where consumers intend to treat themselves[1]

% of all respondents with intent to splurge in 2022

Difference from all respondents
percentage points

< −3 | Between −3 and +3 | > +3

Categories	% of all respondents	Change from Oct 2021, percentage points	Generational cut: Gen Z	Generational cut: Millennials	Generational cut: Gen X	Generational cut: Baby boomers[2]
Restaurants, dining out, bars	38	−6	27	38	40	44
International travel for holidays	36	N/A	37	34	38	35
Apparel, shoes, accessories	34	0	44	36	30	28
Domestic travel for holidays	30	N/A	27	23	34	37
Electronics	29	+1	31	34	24	25
Personal services	26	−2	21	19	33	31
Out-of-home entertainment	24	−1	23	26	24	21
Household essentials	19	+6	30	13	16	22
Fitness	17	-4	29	16	18	12
Sports apparel and equipment	17	−5	24	23	14	9
Items for your home	17	−5	20	20	14	15
Makeup and skin care products	16	−1	19	11	17	14
Outdoor living	16	+7	17	16	18	13
Pets	9	0	20	6	9	7

1. Q: *You mentioned that you plan to splurge/treat yourself in next 6 months. Which categories do you intend to treat yourself to? Please select all that apply.*
2. Baby boomers includes silent generation.

Source: McKinsey & Company Germany Consumer Pulse Survey, 6/8–6/12/2022, n = 1,007, sampled to match German general population 18+ years

McKinsey & Company