GfK

Growth
from
Knowledge

GfK Purchasing Power

Germany

Applications

GfK Purchasing Power is especially indispensable for all companies who sell directly to end consumers. Key areas of application include:

- **Location & expansion planning**

Choose the ideal area in which to enter a new market or expand existing operations based on purchasing power levels. In addition to planning new locations, GfK Purchasing Power allows you to quickly and efficiently analyze your existing locations.

- **Market-oriented sales and service area planning and optimization**

Use GfK Purchasing Power to create sales areas with equal turnover potential for your external sales team members. This lets you concentrate your sales efforts where they are most likely to yield fruit. You can also objectively compare and evaluate the performance of sales force members and company branches.

- **Sales controlling**

Compare your actual turnover with the potential of a given area to determine whether you are over- or under-performing. Your turnover figures can only be meaningfully evaluated by comparing them to an objective benchmark. GfK Purchasing Power is an ideal instrument for gauging your company's relative strengths and weaknesses.

- **Advertising planning / direct marketing**

Concentrate your marketing efforts in areas with high purchasing power in order to conserve resources. Distribute your mailings and place your placards in areas with particularly high purchasing power in order to increase your response rate. GfK Purchasing Power gives you the ability to intelligently target your marketing actions, down to the level of street segments.

- **GfK purchasing power products**

In addition to GfK Purchasing Power, GfK GeoMarketing calculates the following specialized purchasing power datasets:

- GfK Retail Purchasing Power
- GfK Purchasing Power for Retail Product Lines (food and non-food lines)

Upon request, GfK GeoMarketing also calculates purchasing power for client-specified branches and products. Use these figures to precisely determine your potential and employ your resources more effectively and efficiently. We'd be happy to advise you further.

Basis of calculation

Many data sources are consulted in the calculation of GfK Purchasing Power. The resulting figures indicate the funds that the inhabitants of a given area have at their disposal for consumer-related purchases. Official statistics on earnings and income tax comprise the key data source. Supported by data from tax and revenue offices, these statistics reveal, among other things, earnings from self-employed and non self-employed work as well as capital gains. The net income can be determined by deducting the relevant income taxes from the calculated gross income.

The next step involves estimating income that is only partially reported or even fully omitted in the official income tax statistics. For example, incomes in the agricultural sector, which are underreported in the official statistics due to tax concessions, are estimated through a detailed assessment of actual income levels in this industry. In addition to work-related income, any state subsidies received must also be taken into account. All relevant statistics are evaluated to ensure that income in the form of pension payments, unemployment benefits, housing subsidies, child and parenting benefits and student grants is factored into the calculation of purchasing power.

The resulting purchasing power figures reflect the available disposable income for all private households in Germany based on the place of residence.

This disposable income is used for consumer purchases (travel, retail, etc.) and for expenses related to rent, savings and retirement contributions.

Entrepreneurs tend to deviate from the above-described groups. When their income exceeds a certain base rate, it is usually reinvested into their businesses. It's not possible to precisely quantify this income, even though it can have a substantial and disproportionate effect on purchasing power levels, particularly in small municipalities. Because GfK Purchasing Power reflects the average purchasing power of a given region in Germany, the income of high-earners exceeding a threshold of €500,000 (approximately €300,000 net) is not taken into consideration in order to avoid a misleading inflation of the purchasing power level of the region in question.

The last step in the calculation of GfK Purchasing Power is the association of the results with information and prognoses from economic institutes and the subsequent projection of these values into the current year.

Data structure

Regional code (e.g., regional identifier, postcode, etc.)

Regional identifier (e.g., municipality name, postcode name, street name)

Inhabitants and households
Number of inhabitants and households by region, provided in absolute and per mill values.

GfK Purchasing Power in millions of euros
GfK Purchasing Power by region, provided in millions of euros

GfK Purchasing Power in per mill values
GfK Purchasing Power in per mill values reveals the extent to which the inhabitants of a given area contribute to the nationwide purchasing power level. The per mill value is calculated by dividing the purchasing power of a given region by the nationwide purchasing power and then multiplying the total by 1,000. The sum of all per mill values equals 1,000.

GfK Purchasing Power in euros per inhabitant
GfK Purchasing Power per inhabitant by region, provided in absolute euro values.

GfK Purchasing Power as an index per inhabitant
The index per inhabitant is based on the national average (index = 100. An index of 110 or 90 means that the purchasing power of the inhabitants of the area in question lies 10% over or below the national average.

GfK Purchasing Power in euros per household
GfK Purchasing Power per household by region, provided in absolute euro values.

GfK Purchasing Power as an index per household
The purchasing power index per household compares the regional purchasing power to the national average (index=100). For example, an index of 110 means that the households of the region in question have 10% more purchasing power at their disposal than the national average. An index of 90 means that the purchasing power of the households of the region in question lies 10% below the national average.

Regional levels

GfK Purchasing Power is provided at a consistently high quality for all of Germany, from federal states, country's, municipalities and postcodes down to localities and city districts such as the country's street segments.

GfK Purchasing Power can be obtained for specific areas of your choice, such as your company's catchment areas or external sales regions.

1

Administrative regions

- federal states
- Counties
- urban/rural districts
- municipalities

2

Postal regions

- 1-digit postcodes
- 2-digit postcodes
- 5-digit postcodes
- postal directing areas

3

Microgeographic regions

- localities and city districts
- street segments

4

Client-specific regions

- sales regions
- catchment areas

Time series comparisons

Our high-quality data allow you to make precise regional comparisons. However, we advise against using our data for time series comparisons due to ongoing methodological refinements that have been implemented over the years. These refinements mean that results can vary from year to year – for example, due to changes in data sources and the statistical methods used to compile and calculate our data.

GfK GeoMarketing places great emphasis on providing data that represent regional differences as accurately as possible. This commitment to accuracy means that we are regularly adopting improved methods as well as newer and more detailed data sources. As a result, time series comparisons are not advisable, because they will not be comparing like with like.

Stated in a different way, if we were to place our primary emphasis on ensuring that clients can carry out meaningful time series comparisons, we would have to ignore the discovery and emergence of improved methods and data sources. This would be a mistake in our view. Moreover, frequent administrative changes hinder the ability to carry out accurate time series comparisons.

Questions?

If you have any questions, please contact us!

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