McKinsey & Company

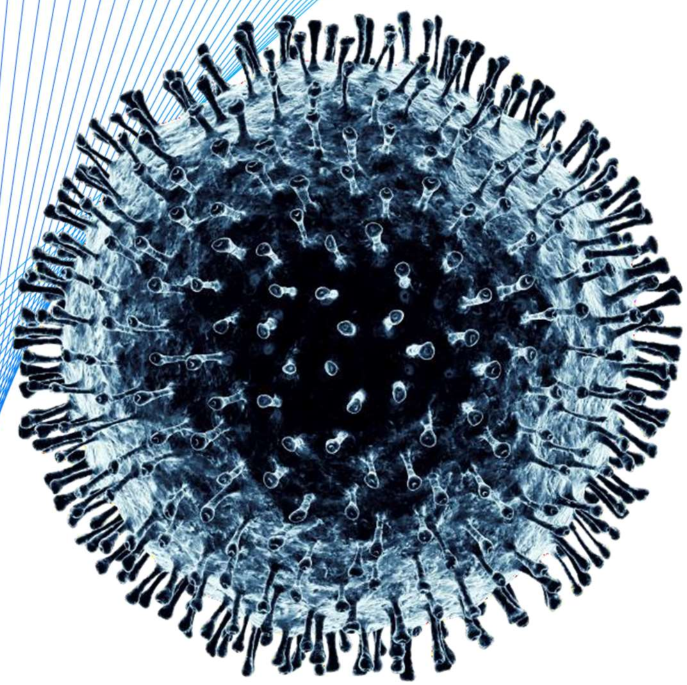
Coronavirus COVID-19

Consumer insights from Germany

Results from consumer survey September 24–27, 2020

Updated: October 19, 2020

Michael Day, Jesko Perrey, Peter Saffert, Julia Katharina Schmidt, Dennis Spillecke, Yvonne Staack



We have seen 5 fundamental shifts to consumer behavior, some of which will have a lasting impact

1. Shift to value and essentials

10-40%

consumers (net) say they will decrease spend on discretionary categories

2. Flight to digital and omnichannel

5–20%

net increase in intent to spend online even post COVID

3. Shock to loyalty

50%

of German consumers have changed stores, brands or the way they shop

4. Homebody economy

62%

of German consumers are not yet resuming "normal" out-of-home activities

5. New holiday outlook

22%

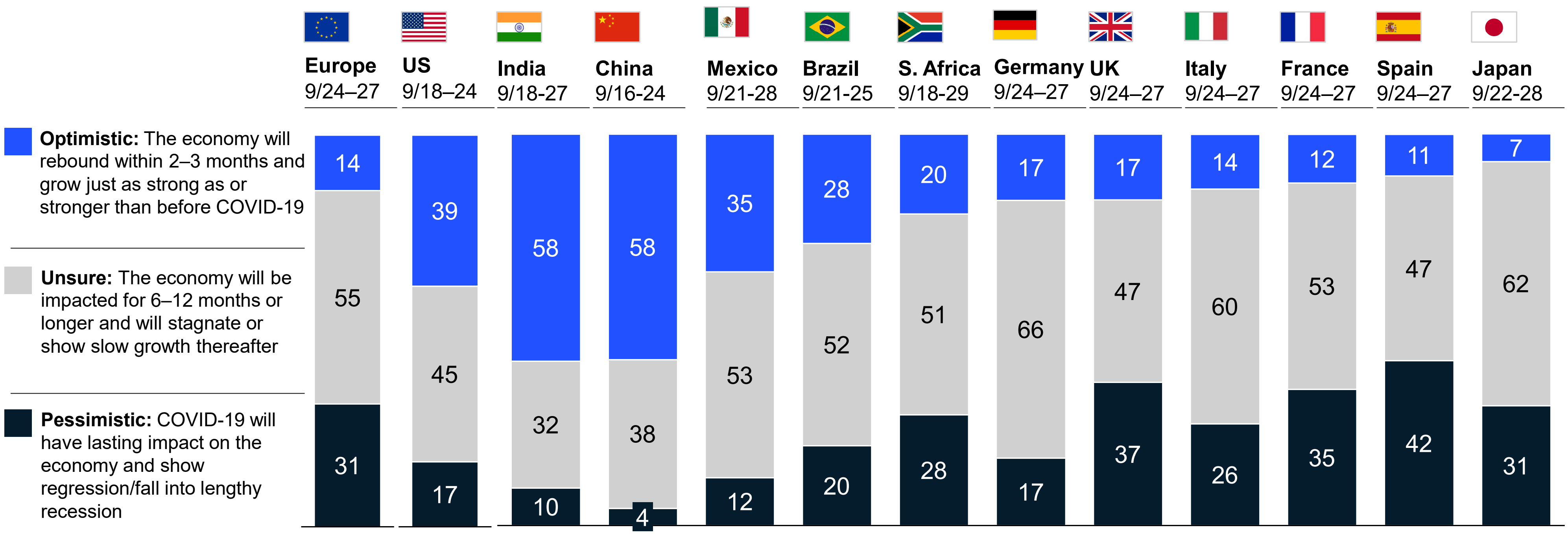
decrease in net intent for holiday spend

Source: McKinsey & Company COVID-19 Germany Consumer Pulse Survey 9/24-9/27/2020, n = 1053, sampled and weighted to match Germany's general population 18+ years

Europe is less optimistic than the US, India or China

Confidence in own country's economic recovery after COVID-19[1]

% of respondents



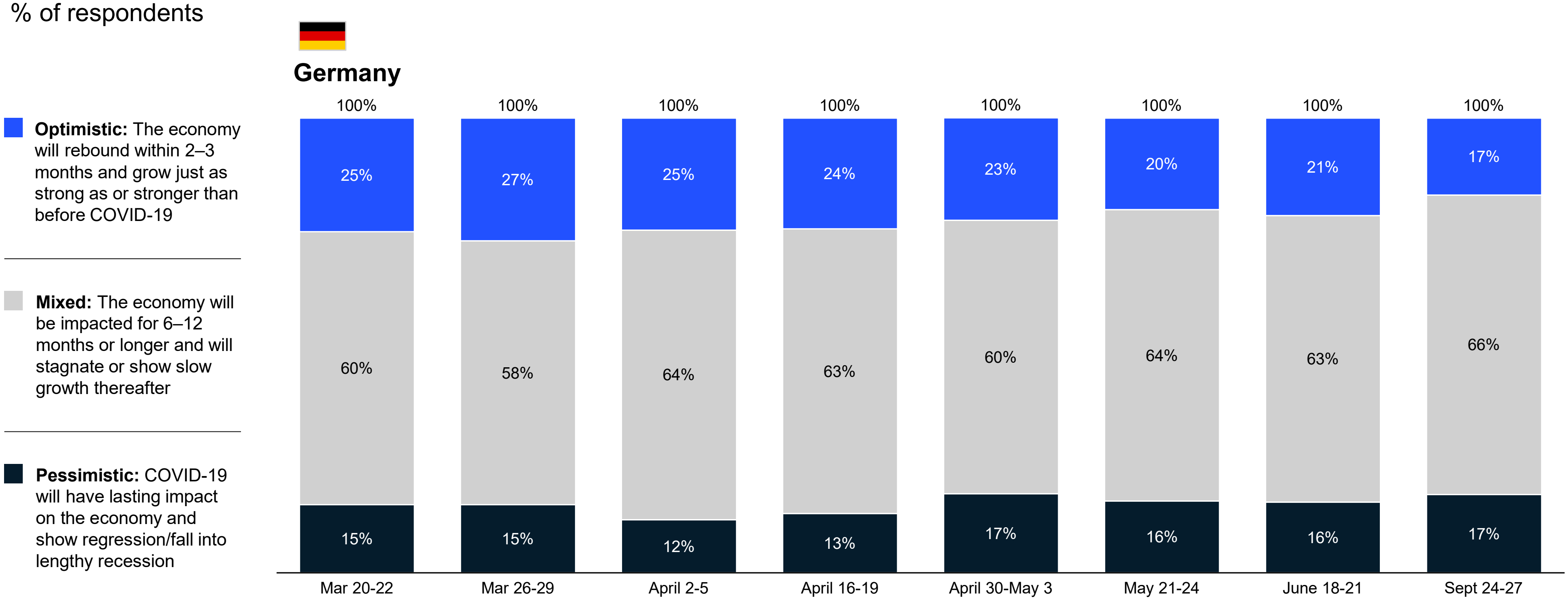
[1] Q: *How is your overall confidence level in economic conditions after the COVID-19 situation?* Rated from 1 "very optimistic" to 6 "very pessimistic"; bars may not sum to 100% due to rounding.

Source: McKinsey & Company COVID-19 Consumer Pulse Survey

For the first time optimism dropped resulting in more consumers with mixed feelings how long economy will be impacted

Confidence in own country's economic recovery after COVID-19[1]

% of respondents



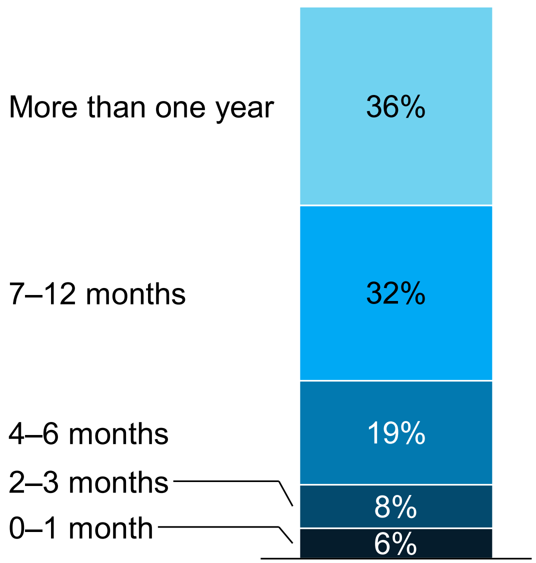
[1] Q: *How is your overall confidence level in economic conditions after the COVID-19 situation?* Rated from 1 "very optimistic" to 6 "very pessimistic"; figures may not sum to 100% because of rounding.

Source: McKinsey & Company COVID-19 Germany Consumer Pulse Survey 9/24-9/27/2020, n = 1053; 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; 3/28-3/29/2020, n = 1,002; 3/24-3/25/2020, n = 1,014, sampled and weighted to match Germany's general population 18+ years

Shift to value and essentials

Germans believe that the impact of COVID-19 on routines will last longer than the impact on finances

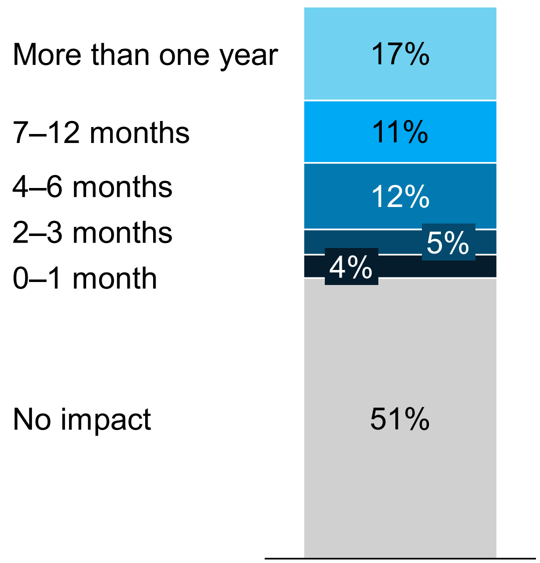
Adjustments to routines[1]
% of respondents



~87%

believe it will take another **4+ months** before routines can return to normal, in line with 83% in the last pulse survey

Impact on personal/household finances[2]
% of respondents



~40%

believe their **finances will be impacted for another 4+ months** by the COVID-19 situation, up from 43% in the last pulse survey

[1] Q: *How long do you believe you need to adjust your routines, given the current COVID-19 situation, before things return back to normal (e.g., government lifts restrictions on events/travel)?* Figures may not sum to 100% because of rounding.
[2] Q: *How long do you believe your personal/household finances will be impacted by the COVID-19 situation?* Figures may not sum to 100% because of rounding.

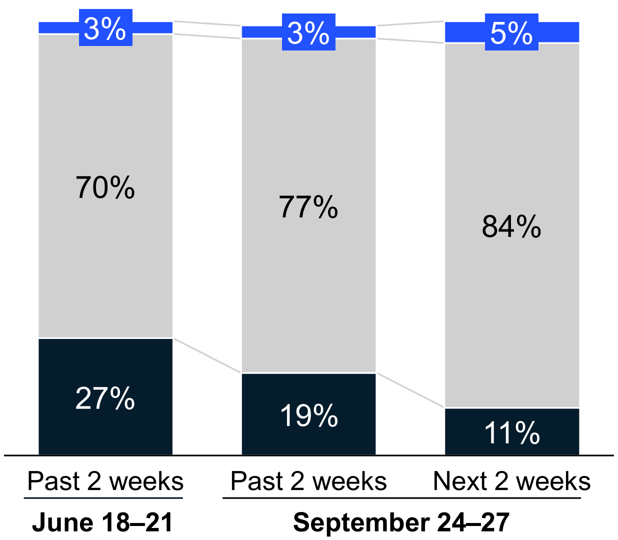
Source: McKinsey & Company COVID-19 Germany Consumer Pulse Survey 9/24-9/27/2020, n = 1053; 6/18–6/21/2020, n = 1,011, sampled and weighted to match Germany's general population 18+ years

Decreasing numbers of Germans are pessimistic about household incomes, spending and savings

Reduce slightly / reduce a lot | About the same | Increase slightly / increase a lot

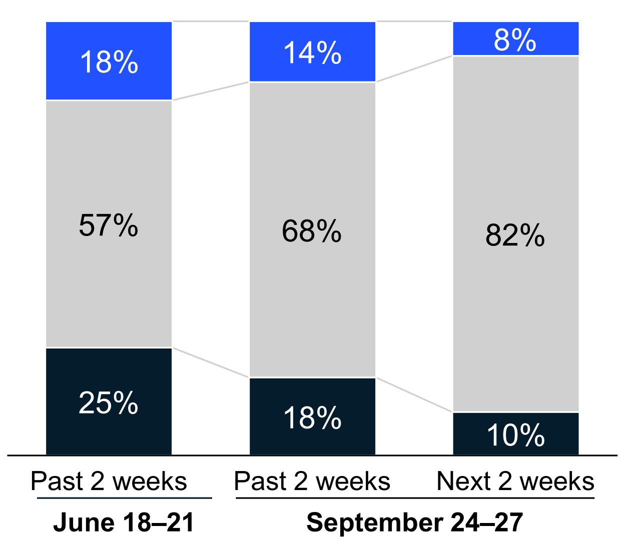
Household **income**[1,2]

% of respondents



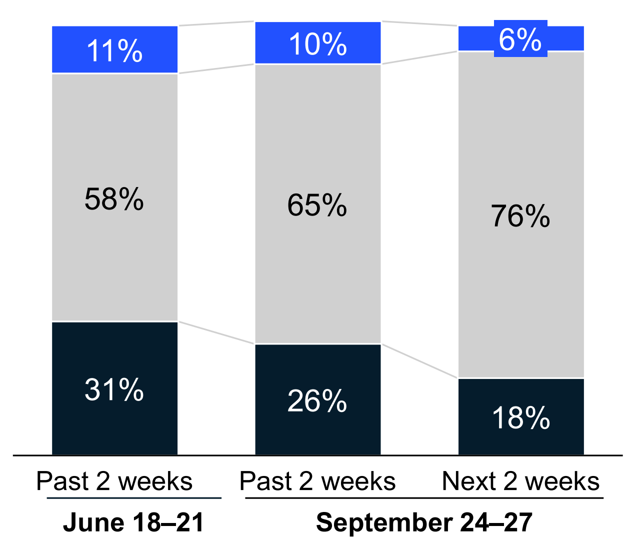
Household **spending**[1,2]

% of respondents



Household **savings**[1,2]

% of respondents



[1] Q: *How has the COVID-19 situation affected your (family's) overall available income, spending, and savings in the past two weeks?* Figures may not sum to 100% because of rounding.
[2] Q: *How do you think your overall available income, spending, and savings may change in the next two weeks?* Figures may not sum to 100% because of rounding.

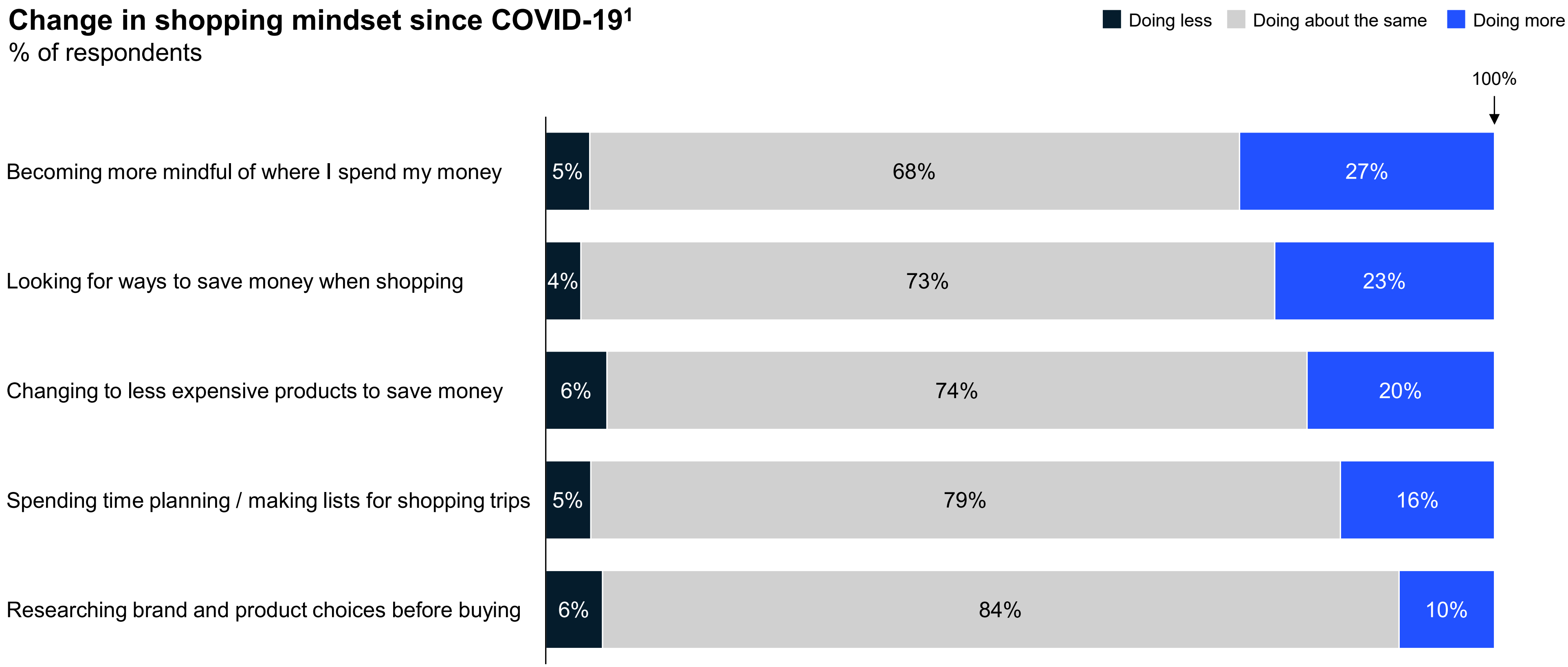
Source: McKinsey & Company COVID-19 Germany Consumer Pulse Survey 9/24-9/27/2020, n = 1053; 6/18–6/21/2020, n = 1,011, sampled and weighted to match Germany's general population 18+ years

Shift to value and essentials

Germans are becoming more mindful of how they spend their money and adopting new habits to save money

Change in shopping mindset since COVID-19[1]

% of respondents



[1] Q: *Which best describes how often you are doing each of the following items?* Possible answers: "doing less since coronavirus started"; "doing about the same since coronavirus started"; "doing more since coronavirus started"; figures may not sum to 100% because of rounding.

Source: McKinsey & Company COVID-19 Germany Consumer Pulse Survey 9/24-9/27/2020, n = 1053; sampled and weighted to match Germany's general population 18+ years

Consumers expect to decrease spending across categories, although net spending intent has increased since March

Expected spending per category over the next two weeks compared to usual[1]

% of respondents

Net intent: Above +1 | Net intent: -15 to 0 | Net intent: Below -15

Decrease | Stay the same | Increase

Category	Decrease	Increase	Net intent[2]	Change since March survey
Groceries	4	11	+7	-5
Snacks	17	5	-12	+6
Tobacco products	11	5	-6	+3
Food takeout & delivery	25	8	-17	-6
Alcohol	23	4	-19	+5
Quick-service restaurant	36	5	-31	+40
Restaurant	36	9	-27	+58
Footwear	37	6	-31	+25
Apparel	30	8	-22	+27
Jewelry	51	2	-49	+16
Accessories	48	2	-46	+24
Non-food child products	15	11	-4	+9
Household supplies	8	5	-3	+2
Personal-care products	6	5	-1	+0
Skin care & makeup	15	4	-11	+14
Furnishing & appliances	42	8	-34	+28
OTC medicines	18	7	-11	N/A[3]

Category	Decrease	Increase	Net intent[2]	Change since March survey
Vitamins/supplements	17	8	-9	N/A[3]
Entertainment at home	12	8	-4	-16
Books/magazines/newspapers	15	7	-8	+6
Consumer electronics	32	11	-21	+15
Out-of-home entertainment	38	8	-30	+57
Pet-care services	21	8	-13	+26
Fitness & wellness	20	6	-14	+48
Personal-care services	22	4	-18	+58
Gasoline	14	8	-6	+43
Vehicle purchases	29	8	-21	+32
Short-term home rentals	53	6	-47	+21
Travel by car	40	9	-31	+43
Cruises[4]	50	10	-40	N/A[3]
Adventures & tours	52	9	-43	+33
International flights	59	6	-53	+28
Hotel/resort stays	57	6	-51	+35
Domestic flights	50	5	-45	+41

[1] Q: *Over the next two weeks, do you expect that you will spend more, about the same, or less money on these categories than usual?* Figures may not sum to 100% because of rounding.
[2] Net intent is calculated by subtracting the % of respondents stating they expect to decrease spending from the % of respondents stating they expect to increase spending.
[3] Not included or insufficient sample (n = < 75) in first survey.
[4] Based on small subset (n < 100) of sample population.

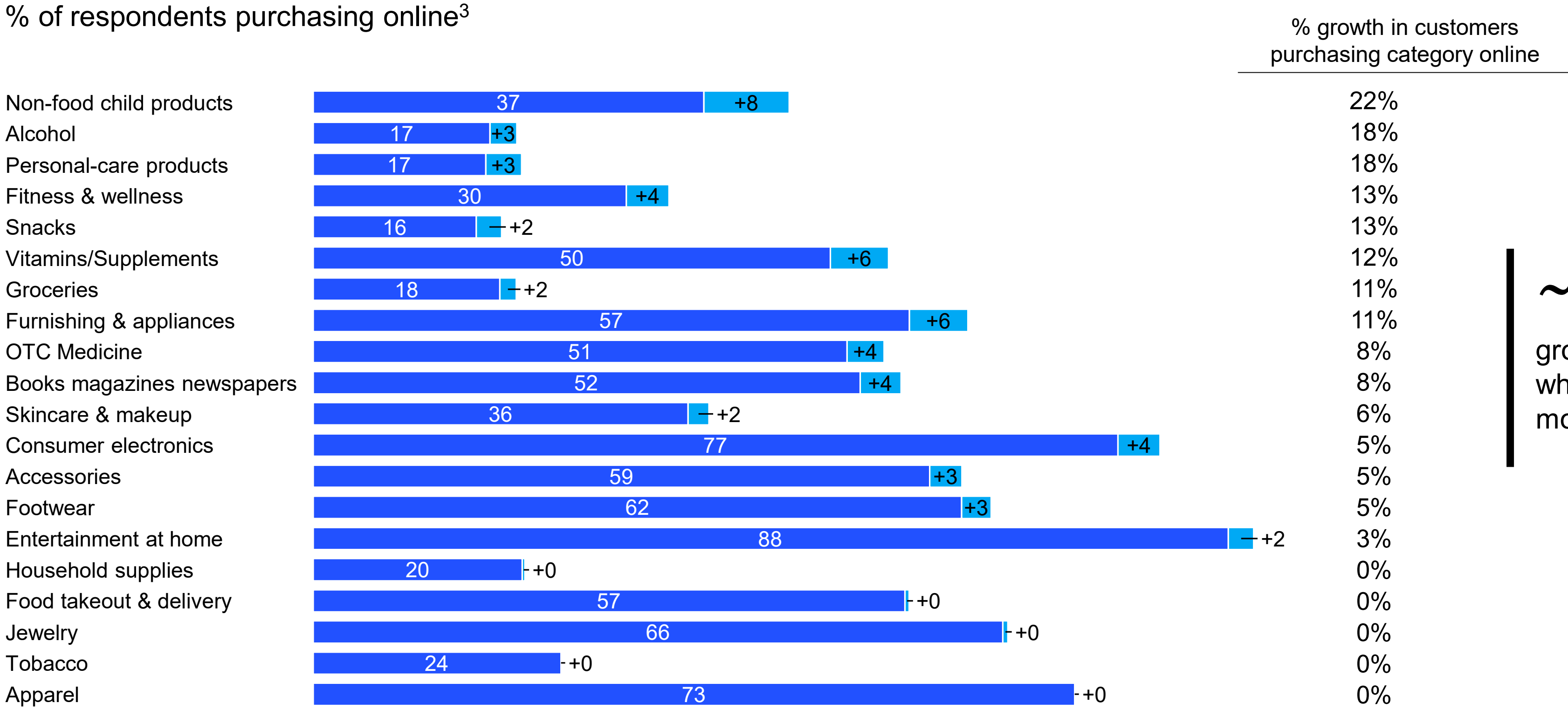
Source: McKinsey & Company COVID-19 Germany Consumer Pulse Survey 9/24-9/27/2020, n = 1053; 3/28-3/29/2020 N = 1,002, sampled and weighted to match Germany's general population 18+ years

More people expect to make a portion of their purchases online post-COVID-19 than before…

Consumers' use of online channel before and expected use after COVID-19[1,2]

% of respondents purchasing online[3]

Pre-COVID-19 | Expected growth after COVID-19



~5–20%

growth in consumers who purchase online for most categories[4]

[1] Q: *Before the coronavirus (COVID-19) situation started, what proportion of your purchases in this category were online vs from a physical store/in person?*
[2] Q: *Once the coronavirus (COVID-19) situation has subsided, tell us what proportion of your purchases in this category you think will be online vs from a physical store/in person?*
[3] Includes respondents who chose "some online," "most online," and "all online." Respondents who indicated that they have not bought the category online and do not intend to do so in the next two weeks are classified as not purchasing online.
[4] Expected growth after COVID-19 compared to pre-COVID-19 slightly lower than previous waves due to respondents reporting higher online activity in pre-COVID-19 situation.

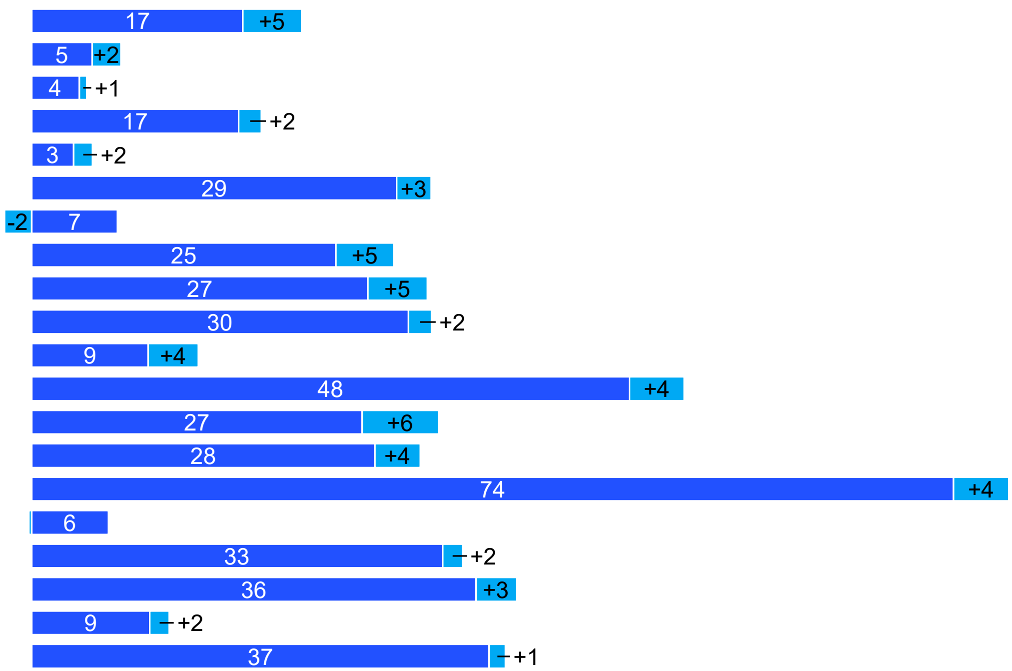
Source: McKinsey & Company COVID-19 Germany Consumer Pulse Survey 9/24-9/27/2020, n = 1053, sampled and weighted to match Germany's general population 18+ years

…with some consumers planning to shift almost completely online

Consumers' use of online channel before and expected use after COVID-19[1,2]

% of respondents purchasing most or all online[3]

Pre-COVID-19 | Expected growth after COVID-19



	Pre-COVID-19	Expected growth after COVID-19	% growth in customers purchasing category most or all online
Non-food child products	17	+5	29%
Alcohol	5	+2	40%
Personal-care products	4	+1	25%
Fitness & wellness	17	+2	12%
Snacks	3	+2	67%
Vitamins/Supplements	29	+3	10%
Groceries	7	-2	-29%
Furnishing & appliances	25	+5	20%
OTC Medicine	27	+5	19%
Books magazines newspapers	30	+2	7%
Skincare & makeup	9	+4	44%
Consumer electronics	48	+4	8%
Accessories	27	+6	22%
Footwear	28	+4	14%
Entertainment at home	74	+4	5%
Household supplies	6		0%
Food takeout & delivery	33	+2	6%
Jewelry	36	+3	8%
Tobacco	9	+2	22%
Apparel	37	+1	3%

~20–45%

growth in consumers who purchase most or all online for most categories[4]

1 Q: *Before the coronavirus (COVID-19) situation started, what proportion of your purchases in this category were online vs from a physical store/in person?*
2 Q: *Once the coronavirus (COVID-19) situation has subsided, tell us what proportion of your purchases in this category you think will be online vs from a physical store/in person?*
3 Respondents who indicated that they have not bought the category online and do not intend to do so in the next two weeks are classified as not purchasing online.
4 Expected growth after COVID-19 compared to pre-COVID-19 slightly lower than previous waves due to respondents reporting higher online activity in pre-COVID-19 situation.

Source: McKinsey & Company COVID-19 Germany Consumer Pulse Survey 9/24-9/27/2020, n = 1053, sampled and weighted to match Germany's general population 18+ years