GfK GeoMarketing

Press release

Date
March 9, 2010

Press contact:
Cornelia Lichtner

Contact info.
Tel.: +49 (0)7251 9295270
Fax: +49 (0)7251 9295290

E-mail
c.lichtner@gfk-geomarketing.com

GfK retail and location expert Olaf Petersen: "Midsized cities offer above-average retail turnover potential"

The study "GfK POS Turnover for the Retail Trade 2010" indicates that stable retail turnover in Germany is a feasible goal for 2010. The study also shows that midsized cities with 50,000 - 100,000 inhabitants can achieve above-average retail turnover.

According to calculations by GfK GeoMarketing, Germany's 2010 stationary retail turnover will fall slightly from the previous year's level to €388.1 billion. The "GfK POS Turnover for the Retail Trade 2010" study predicts the turnover at the point of sale and serves as an important benchmark among retailers for branch network and expansion planning as well as controlling.

Petersen, a GfK GeoMarketing location expert and real estate advisory board member of Germany's Real Estate Magazine (Immobilien Zeitung) and ZIA, recently presented some results from the study at the Retail Real Estate Summit in Wiesbaden, Germany.

Petersen sees positive opportunities for development despite the economic crisis: "Despite the fact that in 2010 many consumers will feel a greater impact from the economic downturn, retail turnover will be somewhat sheltered from these effects thanks to Germans' frugality. German consumers already tend not to make purchases above their means, which provides a cushioning effect against the crisis. This is in contrast to countries like Spain or Great Britain, where consumers tend to overspend."

Also, thanks to the anticipated low inflation rate, retailers can achieve respectable results in 2010 despite the difficult economic situation. Particularly promising venues according to Petersen are midsized city centers, which are playing an ever more important role in the consumer behavior of the population: "Thanks to their relative proximity, midsized city centers with good accessibility offer an attractive mix of convenience and cosmopolitanism. As a result of these qualities, these locations generate well above-average retail turnover. In contrast to cities of other sizes, midsized city centers have a comparable level of drawing power in both Eastern and Western Germany."

Might makes money
The locations that generate the most turnover are usually those with the most inhabitants: The larger the city, the greater the turnover. Large metropolitan areas

GfK GeoMarketing GmbH

www.gfk-geomarketing.com
info@gfk-geomarketing.com

Bruchsal headquarters:
Werner-von-Siemens-Str. 9
Building 6508
76646 Bruchsal
Tel.: +49 (0)7251 9295100
Fax: +49 (0)7251 9295290

Hamburg office:
Hans-Henny-Jahnn-Weg 53
22085 Hamburg
Tel.: +49 (0)40 2271120
Fax: +49 (0)40 2277282

Nuremberg office:
Nordwestring 101
90419 Nuremberg
Tel.: +49 (0)911 3952509
Fax: +49 (0)911 3954054

Management Board:
Olaf Petersen
Wolfram Scholz
Dr. Eberhard Stegner

Mannheim County Court
HRB 250872
Ust-ID: DE 143585033

predictably head the rankings when it comes to absolute POS turnover volume at the level of Germany's urban and rural districts. Only seven heavily populated rural districts make it into the top 20. These locations generate €92.7 billion in turnover - almost a fourth of Germany's total POS turnover.

Rank by inhabitants	Urban district / rural district	Inhabitants	Share of total POS turnover in per mill values (1,000 = all of Germany)	POS turnover index per inhabitant (average = 100)	Rank by volume	Rank by relative turnover per inhabitant (of 413 urban/rural districts)
1	Berlin urban district	3,431,675	42,703	102.0	1	129
2	Hamburg urban district	1,772,100	26,287	121.6	2	71
3	Munich urban district	1,326,807	24,512	151.5	3	25
4	Hannover rural district	1,129,797	15,741	114.3	5	90
5	Cologne urban district	995,420	16,527	136.2	4	46
6	Frankfurt am Main urban district	664,838	10,135	125.0	7	62
7	Recklinghausen rural district	636,180	7,359	94.9	13	172
8	Stuttgart urban district	600,068	10,099	138.0	8	42
9	Rhine-Sieg-Kreis rural district	598,225	6,253	85.7	15	265
10	Dortmund urban district	584,412	7,830	109.9	12	98
11	Düsseldorf urban district	584,217	10,326	144.9	6	32
12	Essen urban district	579,759	8,470	119.8	10	79
13	Bremen urban district	547,360	8,042	120.5	11	76
14	Rhine-Neckar-Kreis rural district	535,284	5,637	86.4	20	256
15	Ludwigsburg rural district	515,898	5,800	92.2	19	206
16	Leipzig urban district	515,469	5,996	95.4	17	166
17	Esslingen rural district	514,646	5,801	92.4	18	201
18	Dresden urban district	512,234	6,566	105.1	14	116
19	Nuremberg urban district	503,638	8,601	140.0	9	39
20	Mettmann rural district	499,193	6,241	102,5	16	126

Source: GfK POS turnover 2010, © GfK GeoMarketing

HINT: It should be noted that these figures are primarily mathematical benchmarks. Retail trade at any given location is not generated by the local inhabitants alone. Nonetheless, the figures do provide an indication of the retail drawing power of individual areas.

Midsized cities provide accessibility and good retail offerings

In addition to assessing a location's total turnover volume, retailers place great stock in whether a location attracts more turnover than the locally available purchasing power. A completely different ranking emerges if turnover is set against the number of inhabitants. At the top of the list are generally smaller cities, mostly in Bavaria, that generate significantly above-average levels of retail turnover thanks to their central position with regard to the surrounding area. This puts into perspective the success enjoyed by the highly populated urban and rural districts (compare table 1, last column).

When Germany's municipalities are grouped by size, structural differences emerge that play a decisive role in the success of retail companies. A key revelation is that the large cities do not generate the most proportional turnover: Cities with more than 300,000 inhabitants generate an average per inhabitant turnover just 20.4 percent above the average. Cities with 100,000 to 300,000 inhabitants outperform these larger cities with a generated turnover that lies 26.9 percent above the average. Also notable is the success enjoyed by midsized towns with 50,000 - 100,000 inhabitants: These locations generate 20.8 percent more turnover per inhabitant than the national average.

Petersen makes a further distinction in the classification through an east-west comparison: "The city classifications reveal that the Western German cities consistently generate more relative turnover than their eastern counterparts. Despite the closing of

GfK GeoMarketing

the economic gap in recent years, the remaining purchasing power differences between Eastern and Western Germany play a decisive role in the latter's outperforming of the former. Another contributing factor is the nature of urban structures in the East, which are significantly less dense than in Western Germany: There are simply fewer large cities and midsized cities in the East. For example, while Western Germany boasts 17 cities with more than 300,000 inhabitants, Eastern Germany only has three."

City size category		Number of municipalities	Inhabitants	2010 POS in mil. €	Share in per mill values (1,000 = all of Germany)	2010 POS turnover per inhabitant as an index (100 = national average)
300,000 + inhabitants	west	17	10,857,096	65,844	169,658	128.1
	east	3	4,459,378	21,448	55,265	101.6
100,000-300,000 inhabitants	west	52	8,570,877	53,072	136,748	130.8
	east	9	1,570,155	7,840	20,202	105.5
50,000-100,000 inhabitants	west	95	6,400,097	36,853	94,957	121.7
	east	11	779,078	4,204	10,832	114
10,000-50,000 inhabitants	west	1157	22,963,245	116,785	300, 914	107.5
	east	216	4,279,899	21,031	54,189	103.8

Source: GfK POS turnover 2010, © GfK GeoMarketing

About the study

GfK POS Turnover for the Retail Trade reveals the regional distribution of retail trade turnover. In contrast to GfK Retail Purchasing Power, which is calculated at customers' places of residence, GfK POS Turnover for the Retail Trade is calculated at the locations at which sales are made - the "point of sale". The GfK POS turnover is defined as retail trade turnover, excluding motor vehicle and fuel sales as well as mail-order retail, but including retail-related turnover from bakeries, confectionaries and butchers.

GfK GeoMarketing annually calculates the GfK POS Turnover for the Retail Trade for every regional level as a total sum, per inhabitant in euros and as an index (German average = 100). The figures are calculated at the level of Germany's urban and rural districts, municipalities with more than 10,000 inhabitants and postcodes.

Additional information on the GfK POS Turnover for the Retail Trade study can be found at www.gfk-geomarketing.com/pos_turnover.

Print-quality illustrations can be found at www.gfk-geomarketing.com/illustrations_pos.

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 in 100 countries with over 115 subsidiaries and 10,000 employees.