

Press release

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"GfK Purchasing Power Europe" study finds Europeans' consumer potential on the rise again in 2010

The updated "GfK Purchasing Power Europe 2010/2011" study reveals the regional distribution of the population's purchasing power in 42 European countries. This year's study suggests the beginning of a recovery from the economic and financial crisis.

According to the GfK study, European consumers have a net household income of approximately €7.9 billion available for consumer purchases in 2010. This corresponds to an average purchasing power of €11,945 per inhabitant of the 42 countries considered by the study. This is an increase of around 2.1 percent over the previous year's level.

The crisis has definitely left its mark in some countries. There are however no major shifts in the purchasing power levels of the wealthier countries evaluated by the study, with the exception of Sweden. Here per capita purchasing power rose significantly due to the revised 2009 figures and 2010 exchange rate fluctuations. Even so, Sweden's purchasing power lags behind Finland's.

The Baltic countries, which bore the full brunt of the financial crisis, slipped further in 2010 despite improvements to Europe's overall economy. With a per capita purchasing power of €4,938, Estonia fares best among the Baltic states.

The countries comprising former Yugoslavia as well as Moldova, the Ukraine and Belarus continue to occupy the lowest ranks: Inhabitants of these areas have less than one-third of Europe's average purchasing power. Exceptions are Croatia and Slovenia. In recent years, Slovenia has climbed to the top of the rankings among the Baltic countries and even overtook Portugal in the crisis year of 2009. Slovenia has consolidated this position in 2010 with a per capita purchasing power of €10,045.

Portugal, Italy, Ireland, Greece and Spain fall in the middle of Europe's purchasing power rankings. All of these countries have purchasing power levels that have remained relatively stable since last year's study.

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A few countries are already enjoying a clear upswing. Turkey is among those European countries that successfully weathered the economic crisis and achieved positive economic development in 2010. Turkey's per capita purchasing power consequently rose by over 10 percent, moving it up several places in the rankings.

Regional purchasing power distribution in selected countries:

Finland

Finland's population has reason to feel optimistic about the future. The country has profited from the global economic recovery. The economic upswing is mainly due to Finland's share of exports, which has risen to 50 percent of the country's GDP. This development has been accompanied in 2010 by a rise in the per capita purchasing power to approximately €17,500 – a growth rate of 3.2 percent. This gives Finland an economic prognosis that easily trumps the European average.

Recession-fraught 2009 more or less equally affected the regional distribution of wealth and did not cause any major purchasing power shifts among Finland's regions. The greater metropolitan area of the capital of Helsinki continues to encompass affluent municipalities, including Kauniainen, whose 8,000 inhabitants pay Finland's lowest municipal taxes and have more than twice the average disposable income per inhabitant. Espoo, the second-wealthiest municipality, has a purchasing power index of 139 - not quite Kauniainen's caliber, but still well above the national average.

Bringing up the bottom end of the purchasing power rankings are smaller municipalities in sparsely populated areas of the country with weak infrastructures. Kivijärvi, a municipality in central Finland with a population density of 2.8 inhabitants per square meter, has the nation's lowest purchasing power rating (63).

The sparsely populated nature of Finland leads to a particularly impressive distribution of purchasing power density: The region around Helsinki has 160 times more purchasing power per square kilometer than the Lappi region in the north of the country.

Estonia

The focal point of Estonia's economic activities and disposable income is the area around the capital of Tallinn. The municipalities with the highest purchasing power are located in a band around the capital. Bordering Tallinn to the north, Viimsi vald is Estonia's wealthiest municipality, with an average disposable income of €7,765. Even so, this level is still far below that of the purchasing power of the poorest municipalities of Estonia's key trading partners - Sweden and Finland.

Purchasing power declines the further away one moves from the capital. The poorest municipalities are located in the extreme southeast of the country, which is primarily an agricultural region. The only areas outside of the capital region with above-average levels of disposable income – so-called purchasing power "islands" – are located in the vicinity of the cities of Tartu and Pärnu.

There is a significant gap between Estonia's poorest and richest municipalities, even though there are only 226 municipalities in the country. Estonia's poorest municipality

has only slightly more than one-fourth of the purchasing power of the wealthiest municipality.

Estonia has more purchasing power than the other two Baltic states, Latvia and Lithuania: Estonians have an average of €200 more per person than their Lithuanian counterparts. However, the tables are turned when it comes to the purchasing power of their respective capitals. Inhabitants of Vilnius have €6,204 per person at their disposal, which is €200 more than is available to inhabitants of Tallinn. The purchasing power level of Latvia's capital and the country as a whole lies significantly below these figures.

Slovenia

The most successful country among the new EU member states is gradually recovering from the crisis year of 2009. The impact of the crisis is evident in the country's stagnating purchasing power level, which still amounts to approximately 84 percent of the European per-capita average.

The crisis has had a less severe impact on economically robust conurbations that contain a large variety of businesses and a flexible employment market with many work opportunities. Harder hit are economically underdeveloped areas; the most economically developed regions of central Slovenia enjoy relative stability.

The capital of Ljubljana and bordering municipalities comprise the most affluent region of the country. Two of the municipalities in this area – Trzin (purchasing power index of 135) and Log-Dragomer (purchasing power index of 127) – even outrank the capital in terms of wealth.

On the other hand, a moderate downswing in purchasing power is discernible among rural regions in the country's western and particularly eastern extremes. The five municipalities with the lowest purchasing power (under 70 index points) are located in the district of Murska Sobota in the northeast, near the border with Slovenia, Hungary and Austria. Comparing the two NUTS3 regions on the Gulf of Trieste, the Italian side not only has more than double as many inhabitants, but also more than double the amount of per capita purchasing power of the Slovenian region of Obalno-Kraska.

Italy

With a total purchasing power of around €985.5 billion, Italy holds steady at third place behind Germany and France in Europe's purchasing power rankings of accumulated national values. However, Italy's per capita purchasing power of €16,333 puts the country in the middle of the rankings - after Ireland, but before Portugal, Greece and Spain.

The more granular the view, the more apparent are Italy's striking contrasts. There are stark purchasing power differences between Italy's three most populated cities: Inhabitants of Milan have on average double the per capita purchasing power as inhabitants of Naples. Both provinces are among the 100 NUTS3 regions with the highest purchasing power density in Europe. Even the capital cannot compete with Milan: Rome's inhabitants have net incomes that are approximately 21 percent less than those of inhabitants of Milan.

Italy's characteristic north-south divide remains unchanged: In Italy's economically underdeveloped south, inhabitants have approximately 25 percent less per capita purchasing power than the national average. Seven of the country's ten poorest municipalities in terms of per capita purchasing power are located in the province of Naples.

Turkey

Turkey's per capita purchasing power has climbed to €5,107, overtaking the crisis-ridden nations of Hungary, Croatia and the Baltic States.

Eighteen percent of the country's population and 28 percent of the nation's disposable income are concentrated in the province of Istanbul. This province also comes out on top in a per capita comparison with Ankara, the country's second wealthiest province: Inhabitants of Ankara have 8 percent less per capita purchasing power and the purchasing power density is 14 times higher in Istanbul than in Ankara.

However, regional differences exist within Istanbul. Inhabitants of the district of Sultanbeyli have €6,215 at their disposal, which is around 23 percent less than the average for the province. Bakirkoy, Turkey's wealthiest district, is also located within the province of Istanbul. With a per capita purchasing power of €11,027, this district's 218,000 inhabitants have more than twice the national average.

The postcodes within the province of Istanbul have purchasing power indices that range from 107 (postcode 34799, with 51,033 inhabitants) to over 300. For example, the postcode 34398 encompasses more than 10,000 inhabitants and is located within the district of Sisli in Istanbul, in close proximity to a technical college and various universities. With an average income of €16,288, these inhabitants occupy the wealthiest postcode in Turkey and fare well when compared to inhabitants of other nations. The disposable income of these inhabitants is 36 percent higher than the European average, putting it on par with Italy's level.

Turkey's poorest regions are all located in the eastern part of the country. The rural regions within the provinces of Van, Agri, Bitlis and Mus have a particularly low level of purchasing power. The ten poorest districts have an average per capita purchasing power of just €750, which amounts to a mere 10 to 15 percent of the average national income. However, this gap closes somewhat with regard to the average purchasing power per household (instead of per inhabitant): Households in Turkey's ten poorest districts have an average of between 20 to 25 percent of the nation's average purchasing power per household. This is because households in these poorer areas tend to accommodate many family members.

About the study

Purchasing power is a measure of per capita disposable income (including any received state benefits) after the deduction of taxes. The study indicates annual per person purchasing power levels in euros and as an index value. GfK purchasing power figures reflect the nominal disposable income, meaning that the values have not been adjusted for inflation. The study draws on statistics on income and tax levels, government benefits and forecasts by economic institutes. The GfK purchasing power study does not take into account regional cost-of-living variations or recurring monthly deductions

from disposable income such as rent, mortgage payments and contributions to private retirement funds and insurance policies.

GfK Purchasing Power Europe is calculated every year for 42 European countries, with coverage down to the level of municipalities and postcodes. The complete 2010 / 2011 study is available immediately and also includes data on population and households. GfK GeoMarketing also offers Europe-wide digital maps that fit seamlessly with the GfK purchasing power data.





Internationally active companies require precise information regarding the amount of disposable income available to the population of various countries and regions. GfK Purchasing Power Europe provides this information and comprises an important component of a geomarketing approach to enhanced target group identification, sales territory optimization, financial controlling and location planning and expansion.

Additional information on GfK Purchasing Power Europe can be found at www.gfk-geomarketing.com/purchasing_power_europe or by contacting Thorsten Lauszus at +49 (0)7251 9295145 or t.lauszus@gfk-geomarketing.com.

Print-quality illustrations can be found at www.gfk-geomarketing.com/purchasing_power_europe2010.

About GfK GeoMarketing

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-  Consultancy
-  Market data
-  Digital maps
-  Geomarketing software RegioGraph

GfK GeoMarketing is a subsidiary of the globally active GfK Group. Ranked fourth among the world's market research institutes, the GfK is represented in 100 countries with over 150 subsidiaries and 10,000 employees.