An NIQ Company

GfK Purchasing Power

Europe

Applications

All companies that sell directly or indirectly to consumers can use “GfK Purchasing Power Europe“ to better achieve their goals.
The dataset provides support for a variety of tasks:

- **Market analyses: Locate your turnover potential**

Not every country offers the same turnover opportunities for your products. So in which countries and regions should you concentrate your sales and marketing efforts? “GfK Purchasing Power Europe” reveals the population's disposable income available for retail purchases based on place of residence, giving you a window into the economic health of a given region. This allows you to quickly determine your turnover potential.

- **Sales territory planning: Create balanced territories**

Whether you're active in Poland or Cyprus, “GfK Purchasing Power Europe” allows you to evaluate and optimize your sales territories according to set criteria, Europe-wide. Use the purchasing power data to set realistic and fair goals for your external sales force. This gives you the ability to create a sales structure that realizes your full turnover potential.

- **Sales controlling: Profit from transparency**

How well is your company doing? You can determine the degree of market exploitation by comparing your turnover results with objective market data such as purchasing power. Want to expand? Create test scenarios and find out how much turnover your company can generate under various simulated conditions. This lends transparency to your planning.

- **Location planning: Pinpoint promising sites**

“GfK Purchasing Power Europe” is an objective benchmark for the planning of new locations and branches, whether in Germany, Romania or Turkey. Purchasing power data show you, for example, how large your catchment area should be in order to reach your turnover goals. Use the dataset to position your products and services only in those regions where customers with sufficient purchasing power reside.

- **Direct marketing: Reach your target group with greater precision**

Take better advantage of existing purchasing power with targeted marketing actions. The “GfK Purchasing Power Europe” dataset reveals regions where high numbers of potential buyers live. By concentrating your marketing efforts on these regions, you can generate better results, increase efficiency and conserve resources.

GfK GeoMarketing also provides purchasing power data for a wide variety of products and retail branches, allowing you to determine your market potential more precisely and allocate your resources more efficiently. We are always happy to give advice and support!

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Basis of calculation I

GfK GeoMarketing annually carries out regional studies of purchasing power in countries throughout Europe.

“GfK Purchasing Power” refers to the amount of funds an individual has at his or her disposal for a particular period of time. Put simply, GfK Purchasing Power is the sum of the net incomes of a particular region. As such, this calculation is the most important benchmark of consumer potential – i.e., the level of disposable funds available in a given region.

GfK Purchasing Power figures are calculated for both administrative and postcode districts.

GfK’s purchasing power figures are based on the most up-to-date data available at the time of analysis on net household income levels and the consumer spending of private households. These figures take into account fluctuations in the gross domestic product, the net national income level and current inhabitant and household numbers. Additional factors taken into consideration include anticipated changes in the gross domestic product, consumer expenditures and projected economic and market developments.

GfK GeoMarketing intensively researches its data to ensure both international comparability and the highest level of accuracy with regard to individual countries. The used data comes in large parts from National Accounts figures reported by individual countries. Most of these countries collect this data according to the guidelines of the European System of Accounts of 2010 (ESA 2010). The available sources of data have improved significantly as Europe has become more unified. Due to the expansion of the European Community and the current accession talks, almost all European countries have adapted their national basis of data calculation to the international standard.

The per capita purchasing power is always calculated and updated using nominal values (current market prices) and listed in the euro currency. The exchange rate forecasted by the European Commission and published in the AMECO database is used for countries with non-euro currencies . In the case of some eastern European countries, the exchange rate provided by the Vienna Institute for International Economic Studies is used, or, if unavailable, an estimate based on data provided by the relevant national bank.

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Basis of calculation II

In addition to official government data sources, GfK GeoMarketing also draws on decentralized and select private data sources. GfK GeoMarketing‘s research and analysis division has built a large network of data partners over the years. In order to regionalize the data, GfK GeoMarketing intensively researches each individual country. This makes it possible to provide purchasing power data at a very detailed level.

The chief data source used for the compilation of the purchasing power figures is each country’s distribution of income – information obtained through an analysis of official tax statistics. In the case of countries for which this kind of information is only partially – or not at all – available, other factors are taken into account, such as data on demographics, the workforce, unemployment figures, etc. In the case of countries without official population statistics at the level of postcodes, population data is calculated. We avoid area-based projections as much as possible. For cases in which this is unavoidable, we indicate this on the corresponding dataset description sheet. The date of the data source used for calculating population figures can be found on the dataset description sheet. The calculation of highly accurate purchasing power figures is possible through the use of mathematical formulas that have been refined over the course of many years.

Our quality-assurance principles

- **Intensive research and data validation**
- **Annual updates**
- **International comparability**
- **Comprehensive coverage of Europe**
- **Competitive pricing**

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Data structure

Territory key (e.g., municipalities, postcode districts, etc.)

Name of territory (e.g., name of municipalities, postcode districts, street names)

Inhabitants and households
Number of inhabitants and households for a given region, provided both as an absolute value and as 1/10th of one percent (1/1000)

GfK Purchasing Power in millions of euros
The purchasing power of a given region's population is provided in millions of euros.

GfK Purchasing Power in 1/10th of one percent (i.e., 1/1000)
GfK Purchasing Power in 1/10th of one percent corresponds to the extent to which the population of a given region contributes to the nationwide purchasing power value. The 1/10th of one percent value is calculated based on the purchasing power of a region in relation to the nationwide purchasing power figure multiplied by 1,000. The sum of all 1/10th of one percent values for all regions is 1,000.

GfK Purchasing Power in euros per inhabitant

GfK Purchasing Power in euros per household

Country index

GfK Purchasing Power as an index per inhabitant
This per-inhabitant figure is based on the country average (index = 100). An index value of 110 or 90 means that the purchasing power for the region is 10% more or less than the national average.

GfK Purchasing Power as an index per household
Calculated based on the nationwide average ("country index")

Europe index

GfK Purchasing Power as an index per inhabitant
Calculated based on the European average ("Euro-index")

GfK Purchasing Power as an index per household
Calculated based on the European average ("Euro-index")

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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.

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Questions?

Contact us at any time.

Your Geomarketing team

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