



A "fateful year"¹ for the out-of-home market?

Dear readers,

The news in the trade press on the VAT increase in the out-of-home market is coming thick and fast. There is hardly an industry medium that does not discuss the impending consequences of the VAT increase for the out-of-home market. gvpraxis even quotes the new chairman of the Dehoga catering department as asking whether 2024 could be a fateful year for the industry¹.

¹ gvpraxis: "2024 kann zum Schicksals-Jahr werden"

Because many had hoped for a fundamental recovery in the market with the decline in inflation in 2023, we are looking at the status quo after the end of the year with mixed feelings.

The current market situation in 2023

Value in the out-of-home market rose by 10% in 2023, based on growth of 22% in the previous year—absolute value in 2023 amounts to EUR 49 billion in the overall market. The value increase comprises a 6% increase in shopping frequency, a 5% increase in average receipts, and a slight decrease of 2% in shoppers.

Note: All change rates compare 2023 with the previous year.

FY 2023 vs. 2022	Change rates of value
CPS GfK OOH-Total	+10%
Retail ²	+9%
Full-Service-Restaurants	+9%
Quick-Service-Restaurants ³	+7%
Workplace/Education	+25%
Leisure/Entertainment	+36%



The key figures suggest that a large part of the growth in expenditure in 2023 is due to price increases.

² Retail: Modern Trade incl. Drugstore, Traditional Trade, Nonfood-Retail, Convenience (Travel Retail, Food to go, Petrol stations, On-board catering, Kiosk, Newsstand, Tobacco store, Vending)

³ Quick Service Restaurants: Fast food restaurants, Snack bars, Ice cream parlours, Coffee shops, Delivery services

An example of the average price per dish shows that prices have risen significantly in 2022 and 2023. Compared to 2022, a pasta and pizza dish in full-service restaurants cost +9%⁴ more in 2023 (cf. +11% more per dish in 2022 than in 2021)⁴. In quick-service restaurants, the average price increases for menus with drinks were somewhat more moderate at +4% compared to 2022.⁴

The price increases are particularly challenging for low-income earners. Shoppers with a household income of up to €1,999 have increased their out-of-home consumption the least in 2023 compared to the previous year concerning their consumption for dinner with +3% purchase frequency (freq.), but have increased their purchase frequency for lunch the most significantly with +8% compared to the previous year.

The shift to lunch is currently a much-discussed coping strategy. However, the fact that people are also increasingly visiting more affordable OOH channels has been neglected in this discussion. As an example, restaurants have a tough time with low-income earners. They are losing many occasions for lunch (-15% freq.) and dinner (-3% freq.), which occur in shops instead.

At the same time, consumption by low-income earners is increasing at an above-average rate in the leisure sector (lunchtime: +34% freq.), which indicates a deliberate shift by these shoppers towards experiences that are particularly valuable to them, while everyday consumption is being curtailed.

Conclusion: Even though growth had already slowed in 2023, the VAT increase is again threatening the out-of-home market's return to its former strength. How strongly consumers will react to the VAT increase and the associated price rises is unclear.

Our Out-of-Home Panel enables us to observe the actual price changes and the subsequent reactions of consumers. This makes the CPS GfK method superior to others and gives you a clear understanding of the confusing market situation.

Stay informed and visit our virtual future pop-up event, "Out-of-home market under VAT stress: strategically counter price increases by understanding the behaviour of different buyer segments in detail with us", on 22 February 2024 at 09:30 am. There, you will receive further information on

⁴ Change rates of price in EUR per dish/item



market developments and our study concept, making it easier to get started in 2024 with valuable insights. Make your decisions based on reliable information!

Free participation without prior registration (German): [Click here](#)

With kind regards

Bianca Corcoran und Sebastian Walter

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Your CPS GfK Out-of-Home Team:

Bianca Corcoran und Sebastian Walter

Consumer Panel Services GfK

+49 911 9503 4741

outofhome@gfk-cps.com