



Positive signs in the out-of-home market: Consumption in March raises hopes of recovery

Dear reader,

the turn of the year is traditionally not an easy time for the out-of-home market, as a period of festivities and high spending mood is often followed by a lean period at the beginning of the year. Many guests watch their costs and prefer to save themselves a visit or two to a restaurant. This year, the turn of the year was also characterized by further price increases across the board due to the withdrawal of the VAT reduction, which put an additional damper on consumer sentiment.

In January of this year, the reluctance to spend was particularly high. This was followed by a somewhat stronger February, although restaurants continued to sell fewer dishes and drinks than in the same month last year.

The out-of-home market trend in March 2024, on the other hand, is worthy of note, as despite continued high prices and an unchanged high propensity to save of 12.4 points in March 2024 (+11 points vs. March 2023)¹, significantly more was consumed in large parts of the market than in the same month of the previous year.

Restaurants in particular benefited from this sudden upturn with +23% value. Quick-service restaurants also saw a double-digit increase in value, as did businesses in the leisure and entertainment sector. Ice cream parlours led the way, with a 74% higher value than in March 2023. On average, spending in the out-of-home market rose by 13% compared to the same month last year. Unlike in previous months, these increases in all of the channels mentioned are largely based on a higher number of dishes and drinks sold, which is due to additional buyers and a slightly higher frequency of visits. Price increases are therefore no longer the only reason for the higher expenditure.

The out-of-home retail sector is developing in the opposite direction, recording a negative value and purchasing frequency in all major sub-sectors (convenience, food retail, specialist retail). The number of shopping acts fell by an average of 9%.

One of the reasons for the unexpectedly high influx in the out-of-home market was the unusually warm and dry weather, which, according to the German Weather Service, has not been recorded in this form for decades.² The summery temperatures, coupled with the national holiday weekend, ensured that many people put their reservations aside and gave in to their desire for happy, enjoyable moments in restaurants.

Cold drinks were particularly popular on these warm spring days, with purchases significantly higher at +12% compared to the same month last year and compared to the average market trend (food and drinks), which only saw +3% volume growth in units/dishes. Carbonated drinks led the way in the cold drinks category, followed by other soft drinks (e.g. iced tea or energy drinks) and mineral water, all of which saw double-digit growth in the number of units sold.

Conclusion: Benefiting from the warm spring weather and the national holiday weekend, which encouraged short trips with out-of-home consumption, we are seeing the first positive signs in the out-of-home market in March. This gives us hope that the restraint in out-of-home consumption in

1 NIM Consumer Climate March 2024 powered by GfK
2 Press release 'Deutscher Wetterdienst', 2nd of April, 2024



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the coming months will be less pronounced than was feared last year. The current consumer mood and the actual reasons for the current upswing can be ascertained via our current VAT study concept. Regardless of an additional survey, the actual OOH visit data suggests that for many people, a visit to a restaurant is an indispensable highlight in their everyday lives, and they do not want to be spoiled by high prices.

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With kind regards

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