European retail in 2024 and 2025

Study on key retail indicators in Europe

NIQ Geomarketing powered by GfK intelligence

Contents

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Trend analyses from Eurostat may be adjusted retrospectively.

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Editorial

European retail between stability and uncertainty

Dear readers,

The year 2024 was marked by contrasts across Europe, including the retail sector. While some economies showed signs of recovery from past crises, others remained stagnant or even contracted. Inflation, geopolitical tensions, and demographic shifts shaped the broader economic landscape, directly influencing consumer behavior and retail dynamics.

Southern and Eastern European countries experienced strong economic growth, offering a glimpse of optimism. In contrast, major Western economies such as Germany and France stagnated, and Austria even saw a slight decline. Despite these disparities, the labor market remained surprisingly resilient in 2024. However, weak productivity growth and demographic changes – driven by retiring baby boomers and slowing intra-European migration – pose long-term challenges.

Germany, for instance, recorded a negative migration balance within the EU in 2024. Fewer people moved to Germany from Poland, Bulgaria, and Romania, while migration to these countries remained stable or even slightly increased. For the whole economy and the retail sector, this shift means fewer potential workers, evolving consumer demographics, and new challenges in workforce planning.

Compounding these structural changes is a sharp rise in global uncertainty. After a gradual decline in uncertainty following the COVID-19 pandemic, the war in Ukraine reintroduced volatility. By early 2024, the conflict had become a “new normal.” Yet, with the U.S. elections in the course of the year and escalating geopolitical tensions, uncertainty reached new heights.

European consumer sentiment remained stable throughout 2024 but stayed below its long-term average. In 2025, it declined further, reflecting growing concerns about the future. Consumers are increasingly influenced by global developments – from trade tariffs to foreign policy decisions.

In this complex environment, European consumers – and with them the retail sector – face a dual challenge: responding to short-term volatility while preparing for long-term structural shifts. This study aims to shed light on the development, risks, and opportunities shaping retail in Europe. It offers meaningful insights into key retail indicators such as purchasing power, retail turnover, retail share of private consumption and inflation.

Additionally, a dedicated chapter explores regional purchasing behavior across generations – highlighting how demographic shifts are reshaping consumer dynamics. As Baby Boomers exit the workforce and Gen Z enters it, earning income and forming households, a generational divide emerges that will significantly influence retail trends. I hope you enjoy reading it!

Kind regards,

Philipp Willroth
Study lead, NIQ Geomarketing

Purchasing Power 2024

Moderate rise in nominal purchasing power

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Purchasing Power 2024

Moderate rise in nominal purchasing power

In 2024, purchasing power in Europe continued to rise, although at a noticeably slower pace than in the two preceding years. On average, residents of the 27 EU member states had a per capita purchasing power of 21,008 euros, representing a nominal increase of 3.0 percent compared to the revised 2023 figures. While the growth in available net income has moderated, inflation also continued to ease, helping to relieve pressure on consumer prices. In total, the purchasing power across the European Union amounted to approximately 9.5 trillion euros, available for spending on food, housing, services, energy, private pensions, insurance, vacations, and mobility.

A continuing trend in 2024 was the stronger growth in countries with traditionally lower purchasing power, contributing to a gradual narrowing of the purchasing power gap across Europe. Notably, Bulgaria and Croatia recorded the highest real income increases.

+3.0%

purchasing power in the EU-27 in 2024

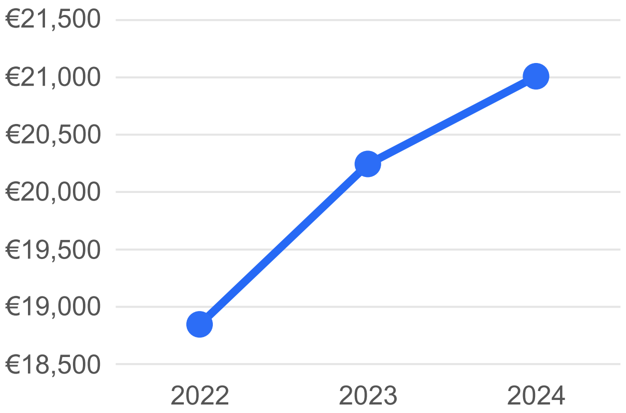
Despite these positive developments, regional disparities remain significant. Countries such as Malta, Croatia, and Denmark experienced robust growth well above 3 percent, while economic activity contracted in Austria, Latvia, and Estonia. Among the largest EU economies, real GDP growth ranged from -0.2 percent in Germany to +3.2 percent in Spain.

Wage trends further illustrate the uneven landscape, directly impacting consumers' purchasing power and willingness to spend. Across Europe, nominal wages rose by 4.5 percent, while real wages increased by 2.1 percent. In Germany, nominal wages grew by 5.4 percent, real wages by 3.1 percent, with inflation at 2.2 percent. Eastern European countries such as Romania, Poland, Hungary, Croatia, and Bulgaria saw double-digit nominal wage growth, and despite higher inflation, they still ranked high in terms of real wage gains.

Among the larger member states, alongside Germany, the Netherlands and Spain recorded above-average nominal wage growth, whereas France and Italy experienced more modest growth. Real wage developments varied significantly – from declines in Ireland, Luxembourg, and Finland to increases of up to 10 percent in parts of Eastern Europe.

Nevertheless, Luxembourg remains the frontrunner in terms of absolute purchasing power within the EU-27, with an average per capita figure of 41,785 euros. Bulgaria, on the other hand, has once again fallen to last place, with just 8,969 euros per person. This means that Luxembourgers have nearly five times the spending power of Bulgarians. The disparity becomes even more striking when looking at all of Europe: residents of Liechtenstein have the highest purchasing power at 70,180 euros, while Ukrainians in last place have only 2,827 euros at their disposal.

Per capita purchasing power (EU-27)



A closer look at regional disparities within and between European countries reveals persistent and significant differences in purchasing power. In 2024, the average per capita purchasing power in Romania stood at 9,092 euros, compared to 27,746 euros in Germany – making Germans roughly 3.1 times wealthier on average.

However, the gap between the two countries has narrowed over time: in 2019, Germans had more than four times the purchasing power of Romanians (23,779 euros vs. 5,881 euros).

In addition to disparities between countries, significant regional differences in income and purchasing power also exist within individual nations. In Bulgaria, for example, residents of the capital region enjoy up to five times the purchasing power of those living near the Serbian border.

Similar gaps can be observed within Germany. In some areas of Sylt, purchasing power reaches 68,400 euros per person, while in parts of Dortmund, individuals have just 13,711 euros at their disposal. This fivefold difference mirrors the regional disparity seen in Bulgaria and highlights the stark contrasts that exist even within economically strong countries.

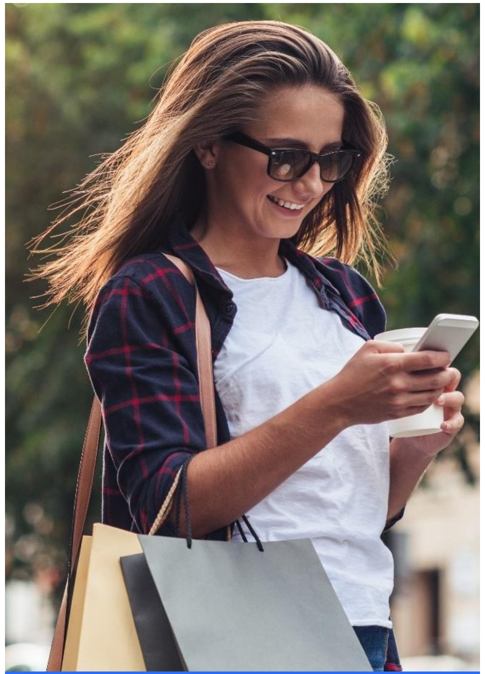
Purchasing power ranking EU-27 (Top 10)

2024 ranking (previous year)	Country	Inhabitants	2024 per capita purchasing power in €	European purchasing power index
1 (1)	Luxembourg	672,100	41,785	198.9
2 (2)	Denmark	5,961,249	31,162	148.3
3 (4)	Austria	9,170,647	29,056	138.3
4 (5)	Germany	84,669,326	27,746	132.1
5 (7)	Netherlands	17,942,942	27,558	131.2
6 (6)	Belgium	11,763,650	27,270	129.8
7 (3)	Ireland	5,396,554	26,880	127.9
8 (8)	Finland	5,603,851	24,872	118.4
9 (10)	France	68,373,433	24,328	115.8
10 (9)	Sweden	10,551,707	23,411	111.4
	EU-27 total	**452,002,652**	**21,008**	**100.0**

Source: NIQ Purchasing Power Europe 2024

Exchange rate for non-euro countries: 2024 prognosis of the European Commission from July 4, 2024

* Index per inhabitant: EU-27 average = 100



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Take a look at the regional distribution of purchasing power in the individual European countries to get more insights.

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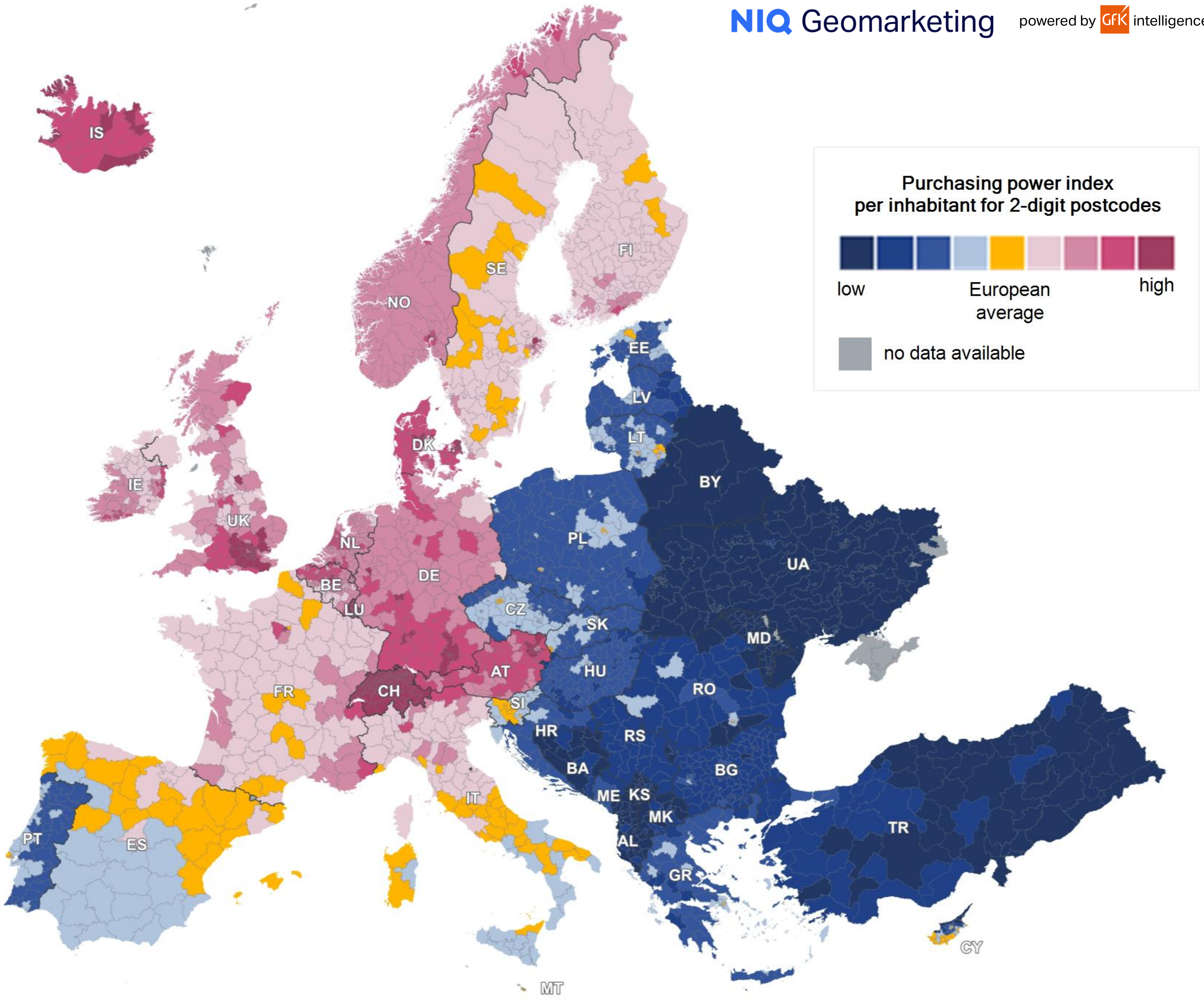

Source: NIQ Purchasing Power Europe 2024

Retail Turnover 2024

Moderate growth amid falling inflation

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Retail Turnover 2024

Moderate growth amid falling inflation

Like purchasing power, retail turnover in the EU-27 also grew much more moderately in 2024. With an increase of 3.0 percent, the growth rate slowed noticeably compared to the 5.5 percent recorded in the previous year. This deceleration reflects a broader normalization of consumer behavior and market dynamics following the post-pandemic recovery phase.

Retailer confidence across Europe remained stable, yet still below the long-term average and pre-COVID levels. German retailers were slightly less optimistic than the European average, despite a temporary upswing in May 2024, driven by expectations surrounding the European Football Championship. However, this optimism proved short-lived. The tournament's positive impact on consumer sentiment quickly faded after Germany's exit in the quarterfinals. Following that, growing concerns about job security and income expectations dampened the mood once again, preventing a sustained recovery in consumer confidence.

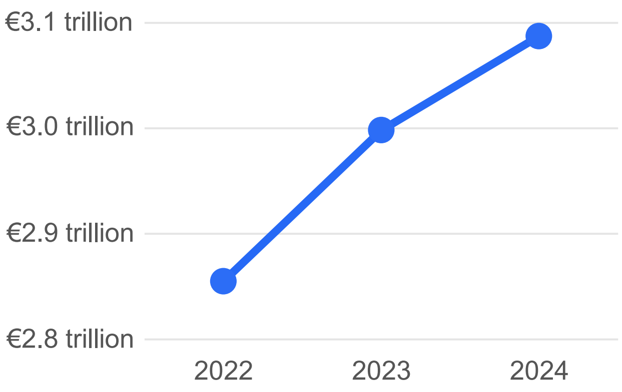
+3.0%

retail turnover in the EU-27 in 2024

The influence of the European Football Championship on the retail sector could also be observed in other European countries. In Spain, for example, the sporting event led to an increase in the country's consumer confidence index for August. And in the United Kingdom, the retail sector saw a UEFA-related boost in grocery sales, with a 2.2 percent increase during match weeks, driven by demand for beer, chips, and snacks. Despite this positive trend, inflation remained a concern and Lidl even expanded its market share by 7.8 percent.

Eastern European consumers, particularly in Romania and Bulgaria, showed greater optimism, supported by strong real wage growth. Romania's retail turnover surged by 14.9 percent, with notable increases in clothing, footwear, and electronics, while food turnover grew more slowly, indicating a shift in consumer spending patterns amid easing inflation. Bulgaria followed with a 9.9 percent increase, and Croatia (+9.3 percent), Slovakia (+9.2 percent), and Poland (+8.0 percent) also recorded significant growth in retail turnover. In contrast, Estonia experienced a decline of 1.3 percent in retail activity, driven by political uncertainty and consumer skepticism.

Retail turnover (EU-27)

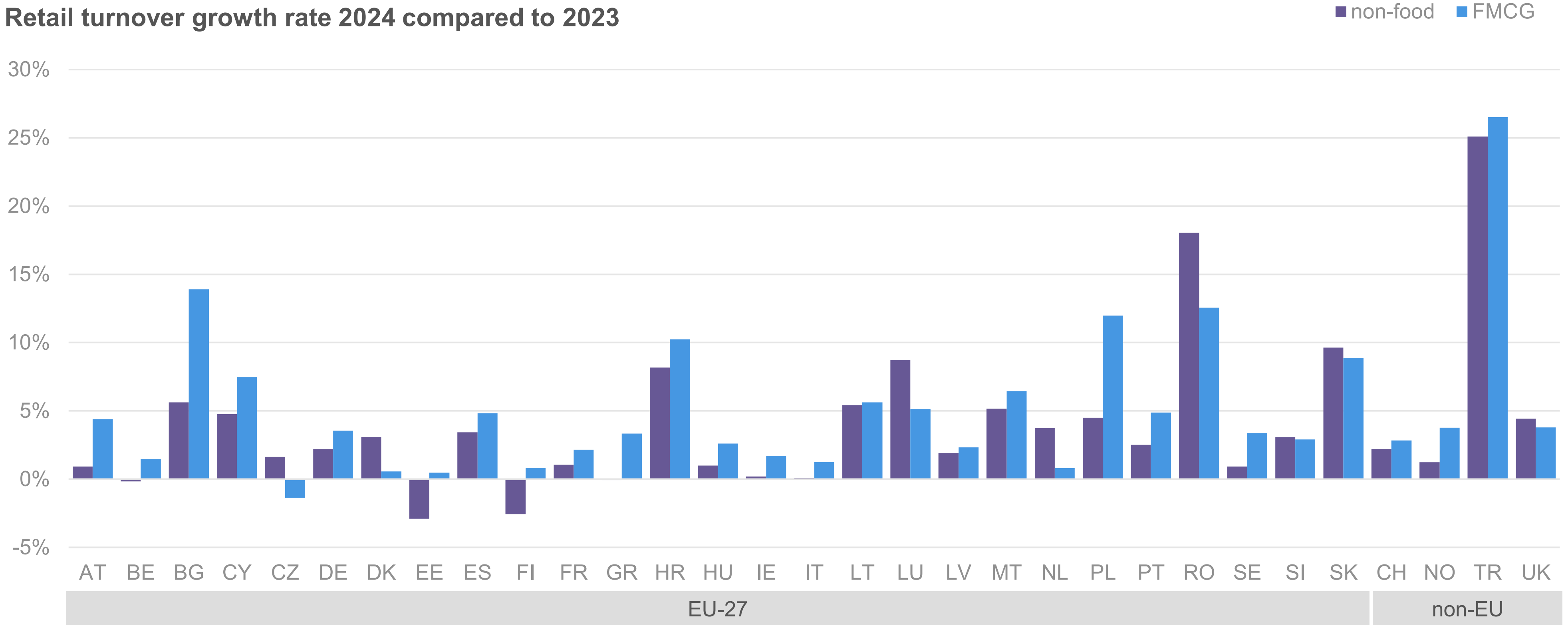


Across the EU, the FMCG (Fast-Moving Consumer Goods) sector grew by 3.6 percent, indicating stable demand in essential categories – though this marks a significant slowdown compared to the 8 percent growth recorded in the previous year. Among the EU-27 countries, Bulgaria led with the highest FMCG growth at 13.9 percent, followed by Romania (+12.6 percent) and Poland (+12.0 percent). In contrast, the Czech Republic was the only country to report a decline in FMCG turnover, with a decrease of 1.4 percent. This was largely due to consumers increasingly switching to discounted products and private labels – or, depending on their place of residence, even crossing the border to shop in Poland, where prices were up to one-third lower.

Compared to FMCG, non-food retail turnover showed more modest growth, increasing by just 1.8 percent across the EU. Romania stood out with a double-digit increase of 18.0 percent, followed by Slovakia (+9.6 percent) and Luxembourg (+8.7 percent). Estonia, on the other hand, recorded the sharpest decline in non-food turnover, falling by 2.9 percent.

The strongest retail turnover growth in all of Europe was recorded in Türkiye, with a 25.7 percent increase. However, this was outpaced by inflation, which neared 60 percent, putting pressure on retailers – especially in urban areas – due to high real estate costs and interest rates. Despite these challenges, Türkiye remains an attractive market due to its young population, dominated by Millennials, who exhibit high spending power and a preference for out-of-home experiences and self-indulgence. Shopping centers in Türkiye benefited from this trend as well as from tourism, with tourists especially from Russia and Germany driving nearly 50 percent of shopping centers' summer turnover.

Retail turnover growth rate 2024 compared to 2023



Source: Calculations (euro values) by NIQ Geomarketing based on publications by Eurostat and statistical offices; values for Germany based on consumer panel data
All rates of change refer to nominal values, i.e. they have not been adjusted for inflation.

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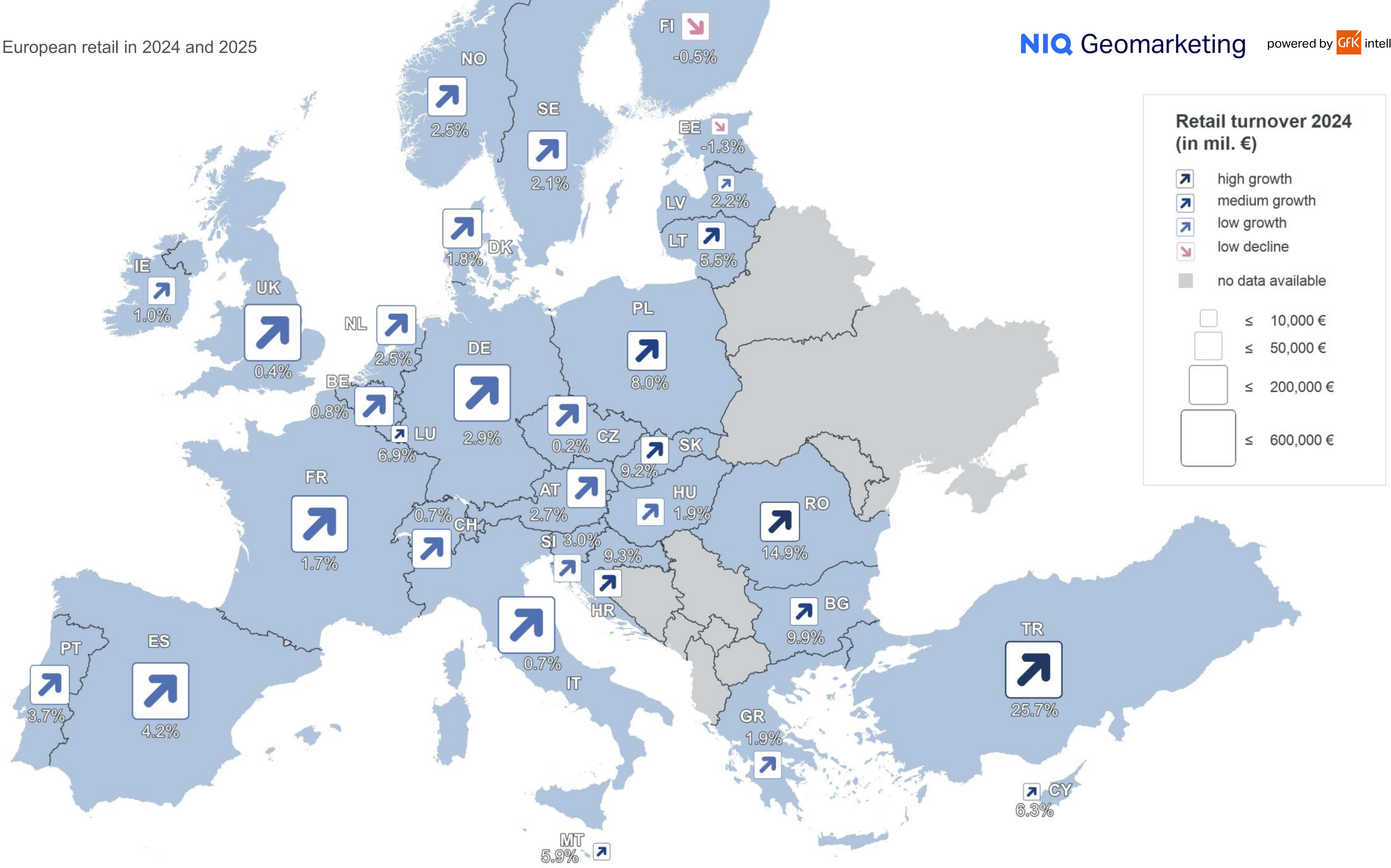

Source: GfK GeoMarketing GmbH calculations on the basis of publications from Eurostat and the European Commission, values from official bureaus of statistics and our retail database

Retail Share of Private Consumption 2024

Share of retail spending decreases again

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Retail Share of Private Consumption 2024

Share of retail spending decreases again

Retail continues to play a central role in private consumption across the EU-27, although its share has gradually declined in recent years. In 2024, retail accounted for 32.6 percent of total private consumption, reflecting this ongoing trend. However, regional differences remain significant. Consumers in Eastern European countries still need to allocate a considerably larger portion of their purchasing power to retail, spending nearly every second euro in this sector. Croatia leads with a retail share of 48.0 percent, marking a 0.5 percentage point increase compared to the previous year. Bulgaria (46.3 percent) and Hungary (45.3 percent) follow, although both saw slight year-on-year declines due to rising purchasing power in both countries.

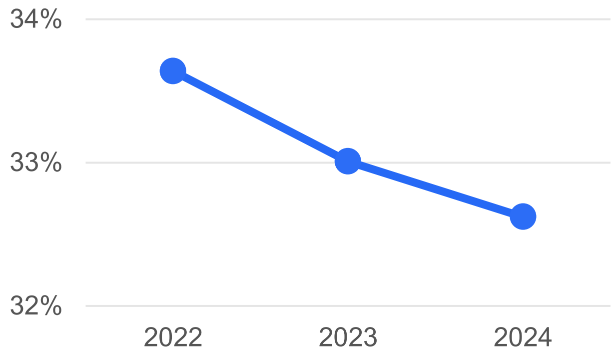
Despite the above-average growth in purchasing power in Eastern Europe, retail continues to represent a substantial portion of private consumption there. This is largely due to lower income levels, which compel households to allocate a greater share of their budgets to essential goods such as food, clothing, and everyday necessities. In contrast, Western European countries – with generally higher purchasing power – tend to spend a smaller proportion of their income on basic needs. As a result, retail plays a less dominant role in private consumption, reflecting broader economic differences across the continent.

32.6%

2024 retail share of private consumption in the EU-27

Germany recorded the lowest retail share of private consumption in the EU at just 25.1 percent – meaning that only one in four euros was spent in retail. This marks another decline compared to the previous year, despite a modest 1.3 percent increase in overall consumption and a slight rise in the savings rate. Germans also occupy one of the last places when it comes to fashion spending. Often labeled as indifferent to fashion, Germans dedicate only 8.1 percent of their retail budget to clothing and shoes. Instead, they lead in spending on sporting goods, hobbies, recreation, and home improvement, allocating 10.6 percent of their retail budget to these categories, compared to 7.3 percent in Switzerland. In Bulgaria, food dominates retail spending with a 47.5 percent share, while in Germany it stands at 44.4 percent of the retail budget. Croatian consumers show a strong preference for fashion (13.9 percent) and furnishings (9 percent), whereas Germans spend 7.2 percent of their retail budget on the latter.

Retail share of private consumption (EU-27)



Consumer confidence in the EU has remained fragile since the pandemic, staying below long-term averages and significantly lower than pre-COVID-19 levels. Many Europeans are concerned about their country's economic outlook, with inflation, the rising cost of living, and climate change ranking among the most pressing issues. In contrast, technological change – particularly the rise of artificial intelligence – is viewed positively by a significant share of the population, especially among younger generations. This growing optimism, combined with easing inflation, could gradually help restore consumer sentiment and revive spending appetite among Gen Z and Millennials across Europe.

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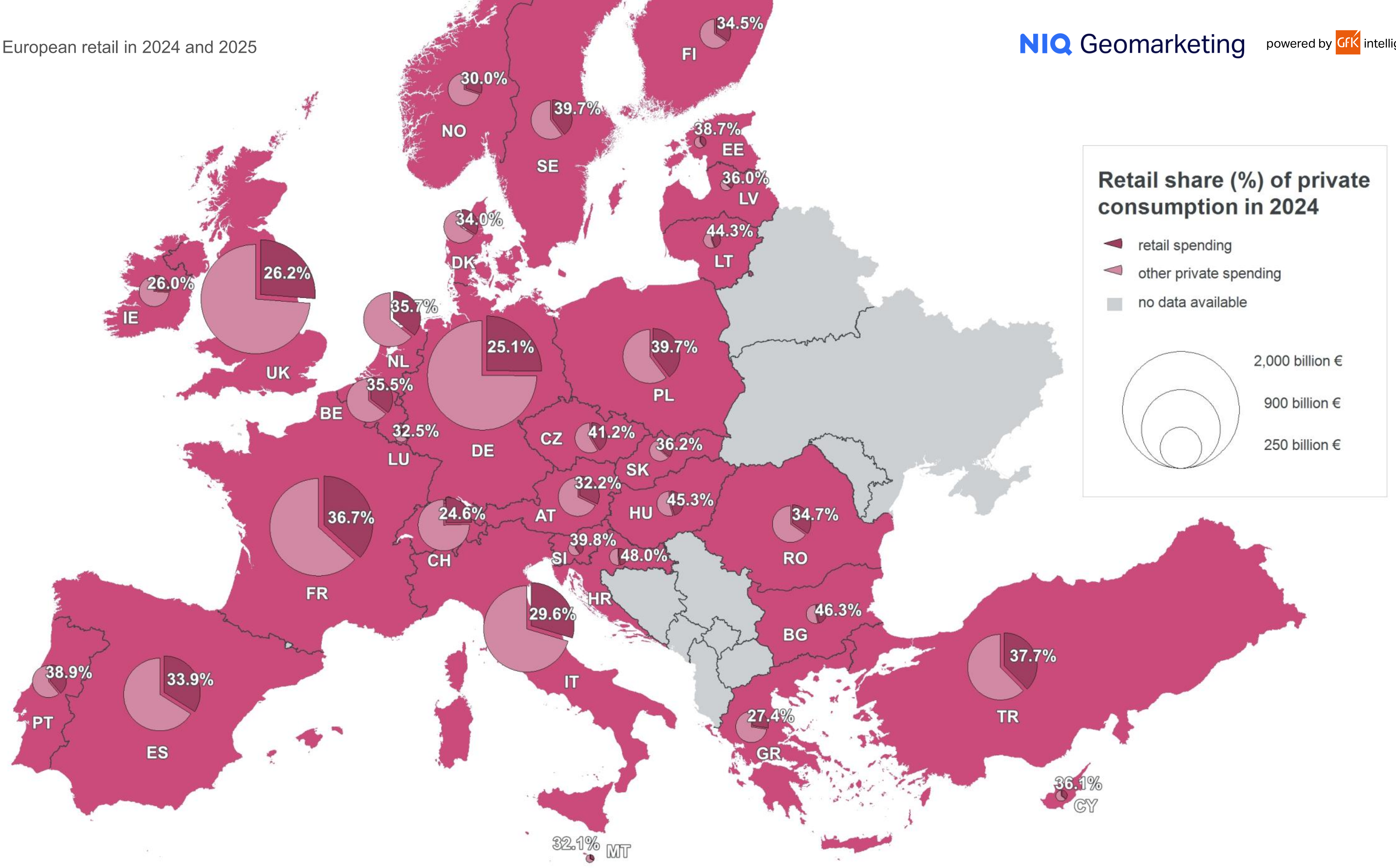

Source: GfK GeoMarketing GmbH calculations on the basis of publications from Eurostat and the European Commission, values from official bureaus of statistics and our retail database

Development of Consumer Prices in 2024 and 2025

Inflation rate falls for the third year in a row

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Development of Consumer Prices in 2024 and 2025

Inflation rate falls for the third year in a row

Following the sharp price surges of recent years, inflation across the EU-27 showed further signs of normalization in 2024, averaging 2.6 percent for the year. After reaching a three-and-a-half-year low of 1.7 percent in September 2023, headline inflation in the euro area rose steadily to 2.5 percent in January 2024, before moderating again to 2.2 percent in March and April. This temporary increase was primarily driven by energy prices, which shifted from a disinflationary to an inflationary factor, contributing +8 percentage points between September and January. However, from February onward, energy prices began to decline again, reflecting falling commodity prices and leading to a renewed disinflationary effect.

The highest inflation rate within the EU was recorded in Romania at 5.8 percent, followed by Belgium (4.3 percent) and Hungary (4.0 percent). By contrast, Lithuania saw the lowest price increases, with an inflation rate of just under 0.9 percent.

+2.6%

inflation in the EU-27 in 2024

Food inflation remains a key concern for both consumers and policymakers. Elevated agricultural commodity prices and persistent wage pressures are expected to keep food prices high in the near future. Structural factors, such as the war in Ukraine, disruptions in fertilizer supply, and temporary export bans like Indonesia's 2022 restriction on cooking oil, continue to influence global food markets. The impact of the 2022 heatwave in Europe was clearly reflected in that year's inflation rates, further underscoring the vulnerability of food supply chains to climate-related events.

In the EU, energy costs account for around 7 percent of the price of processed food, which itself makes up 75 percent of total food consumption. Fertilizer costs are similarly impactful, making energy and input prices the dominant drivers of food inflation. The inflationary surge in the second half of 2022 was strongly attributable to rising energy costs. Since the third quarter of 2023, however, wage growth has emerged as a significant factor in price dynamics.

Despite these pressures, consumer expectations for inflation have remained relatively stable over the years: in 2022, when inflation peaked at 9.2 percent, consumers still anticipated a long-term inflation rate of 2.3 percent. For the current year, European consumers continue to expect inflation to settle at around 2.0 percent, while the actual inflation forecast for 2025 stands at 2.3 percent. This is still slightly above the European Central Bank's 2 percent target, but the rate is steadily converging toward this benchmark.

+2.3% expected inflation in the EU-27 in 2025

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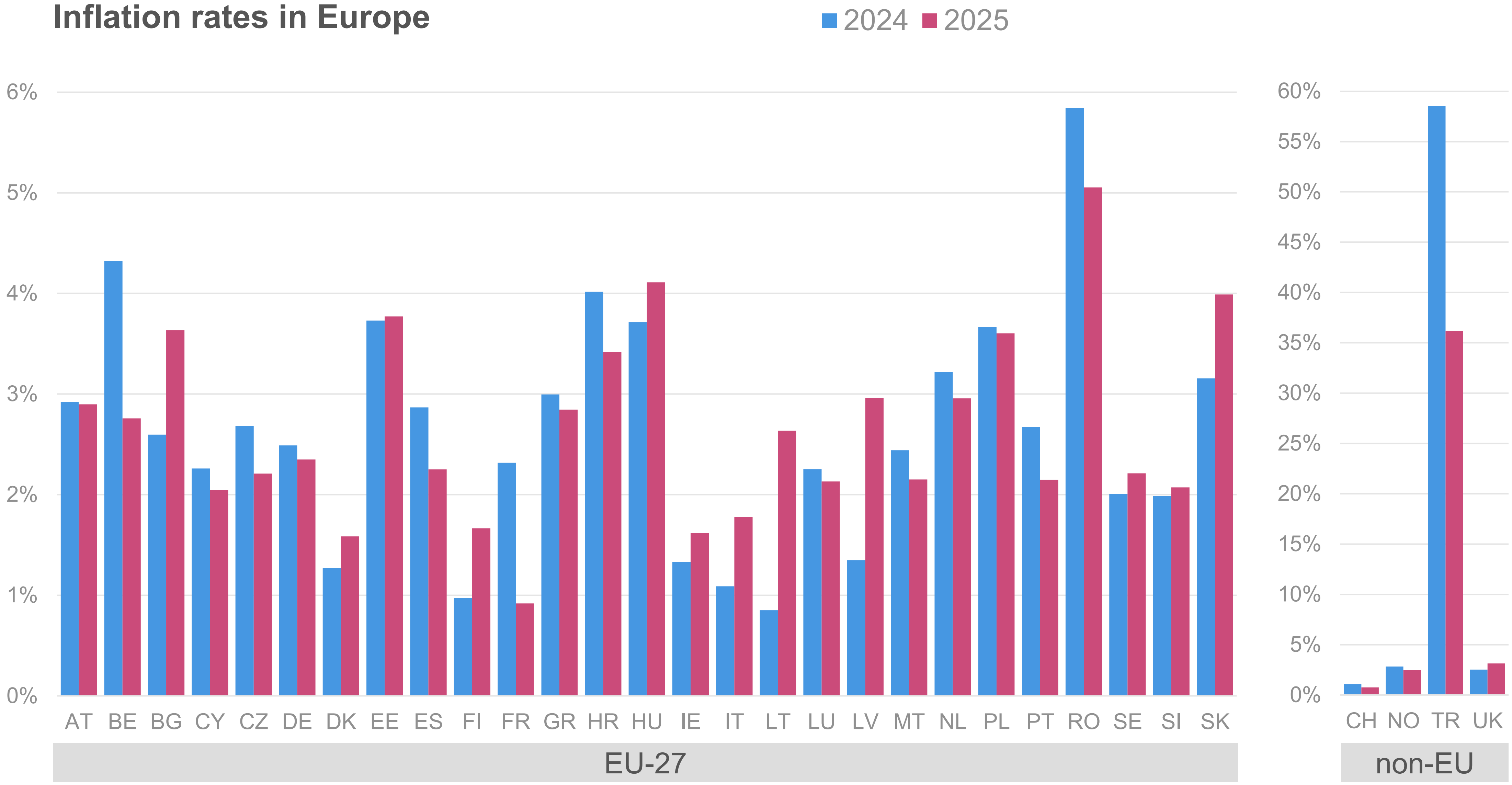
Inflation rates in Europe



Source: European Commission and International Monetary Fund

How Generations Shop

Regional trends and retail implications in Europe

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How Generations Shop

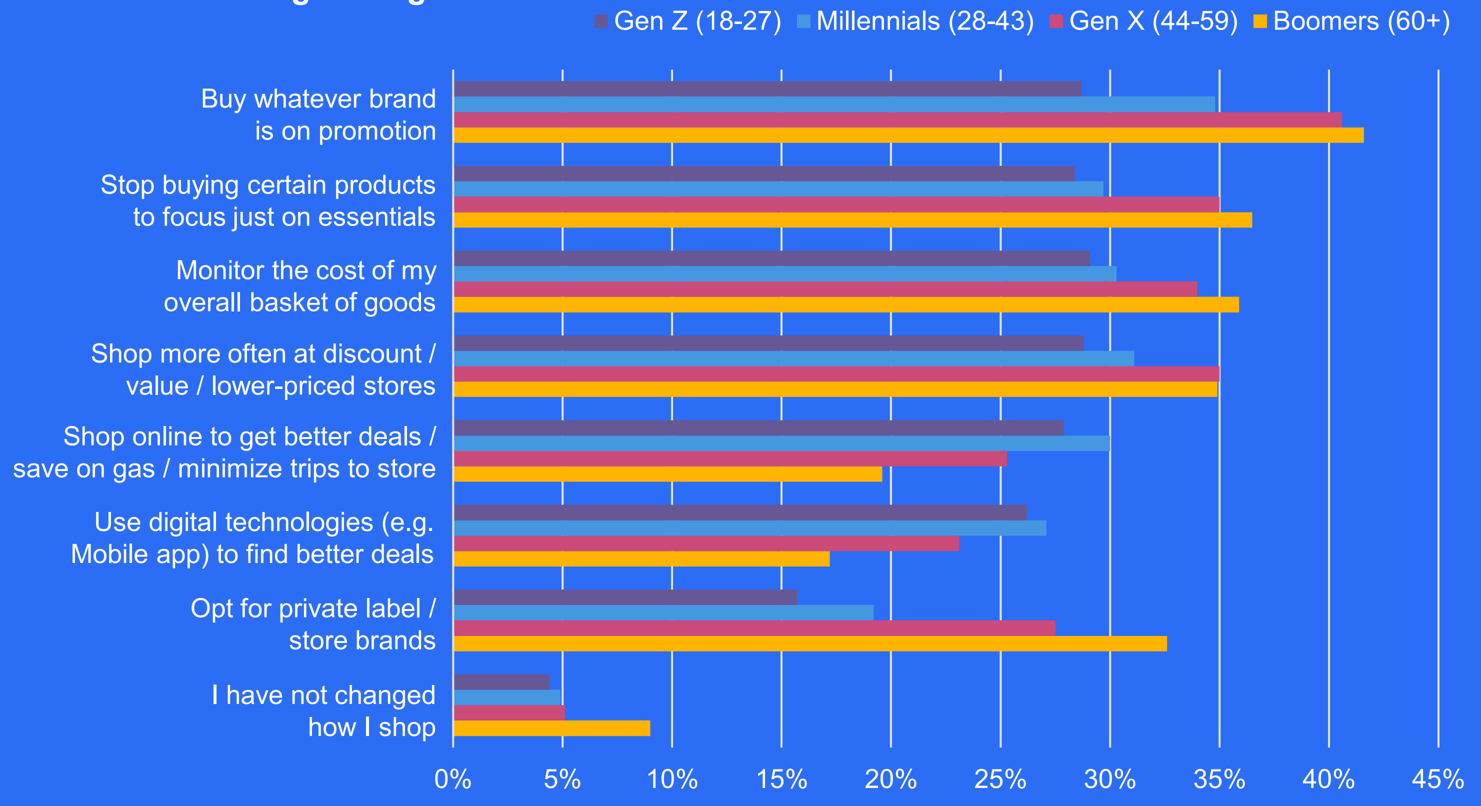
Regional trends and retail implications in Europe

Across Europe, generational differences in consumer behavior can be observed. Generations are not only shaped by their age but also by their collective experiences, and socio-economic conditions. Generation X (ages 44–59) currently holds the highest absolute purchasing power in most European countries. In France, however, Baby Boomers (ages 60+) remain the most influential group in terms of spending, which is largely attributed to the economic stagnation during Gen X's formative years, particularly the impact of the oil crisis, which limited their financial development compared to other regions.

Each generation brings distinct values and consumption habits, shaped by the socio-political and economic environment of their youth. Generation X tends to be more open to trying new products than Boomers, though less so than Millennials (ages 28–43). They are also more willing to pay a premium for early access to innovations, especially when these offer practical benefits such as time savings or improved performance.

Millennials, on the other hand, are the most willing to invest in durable goods and are highly motivated by sustainability. Their preference for at-home experiences – such as cooking or entertainment – has been reinforced by the COVID-19 pandemic,

Consumers' saving strategies



Source: NIQ Consumer Outlook (July 2024) which reshaped their spending priorities. A closer look at generational online shopping behavior reveals that online shopping for getting a better deal on the other hand is more reserved for the youth. Millennials go online to get better deals or use mobile apps to find better deals.

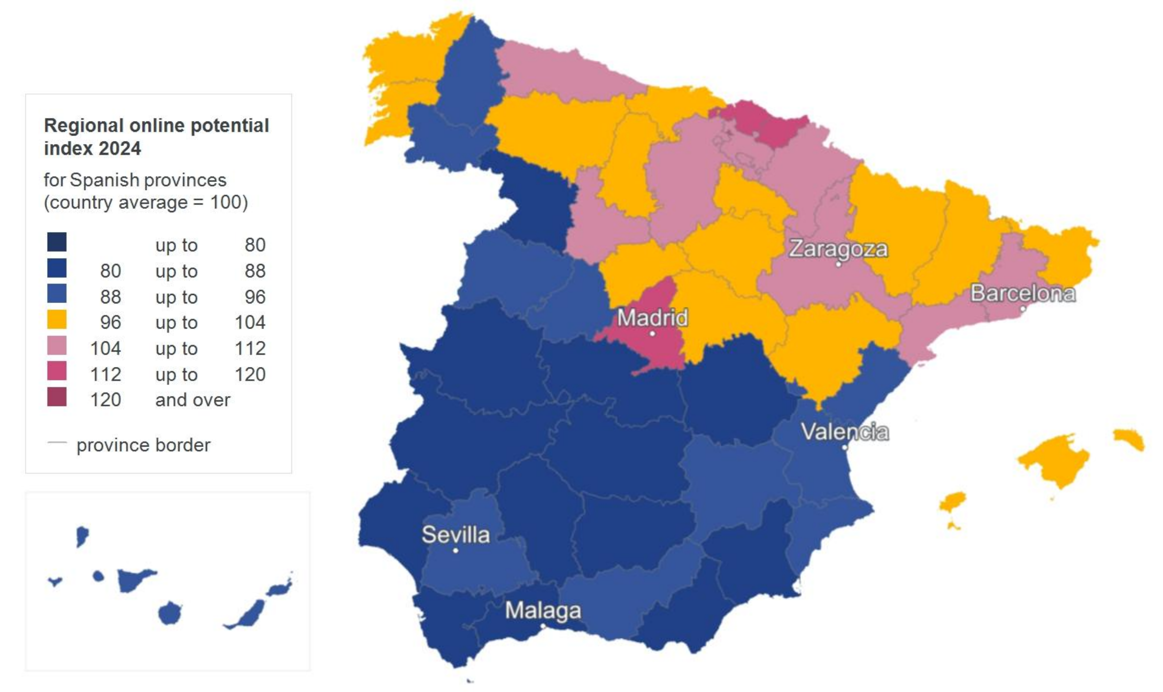
Boomers, in contrast, are the most cautious generation in the face of global uncertainty and inflation. They are more likely to switch to private labels, focus on essentials, and make purchasing decisions based on promotions. While fresh products remain important to them, they are also more likely to reduce consumption of these items if prices rise.

Regional demographic data reveals significant differences in generational distribution across Europe. Scandinavian and Balkan countries have a higher share of Boomers relative to their total population. In Germany, a clear East-West divide is visible, with eastern regions having older populations and fewer children. Similar demographic dynamics can be observed in countries such as Romania and Bulgaria, where aging populations and lower birth rates also shape the generational landscape. In Spain, the northern regions have a high concentration of Boomers, while the capital, Madrid, has a comparatively lower share.

This regional age distribution strongly correlates with differences in online affinity and online shopping behavior. In Spain, 56 percent of the total population reported having made an online purchase, but a closer look at socio-demographic segments reveals significant disparities. Among individuals with low formal education, only 20 percent reported online purchases in the past three months, compared to 45 percent with medium and 55 percent with high education. These differences become even more pronounced among younger consumers: in the 16–24 age group, 81 percent of those with high formal education reported buying online, while the figures drop to 68 percent for those with medium and 47 percent for those with low education. These trends are consistent across Europe and highlight the importance of tailoring digital retail strategies to both generational and educational profiles.

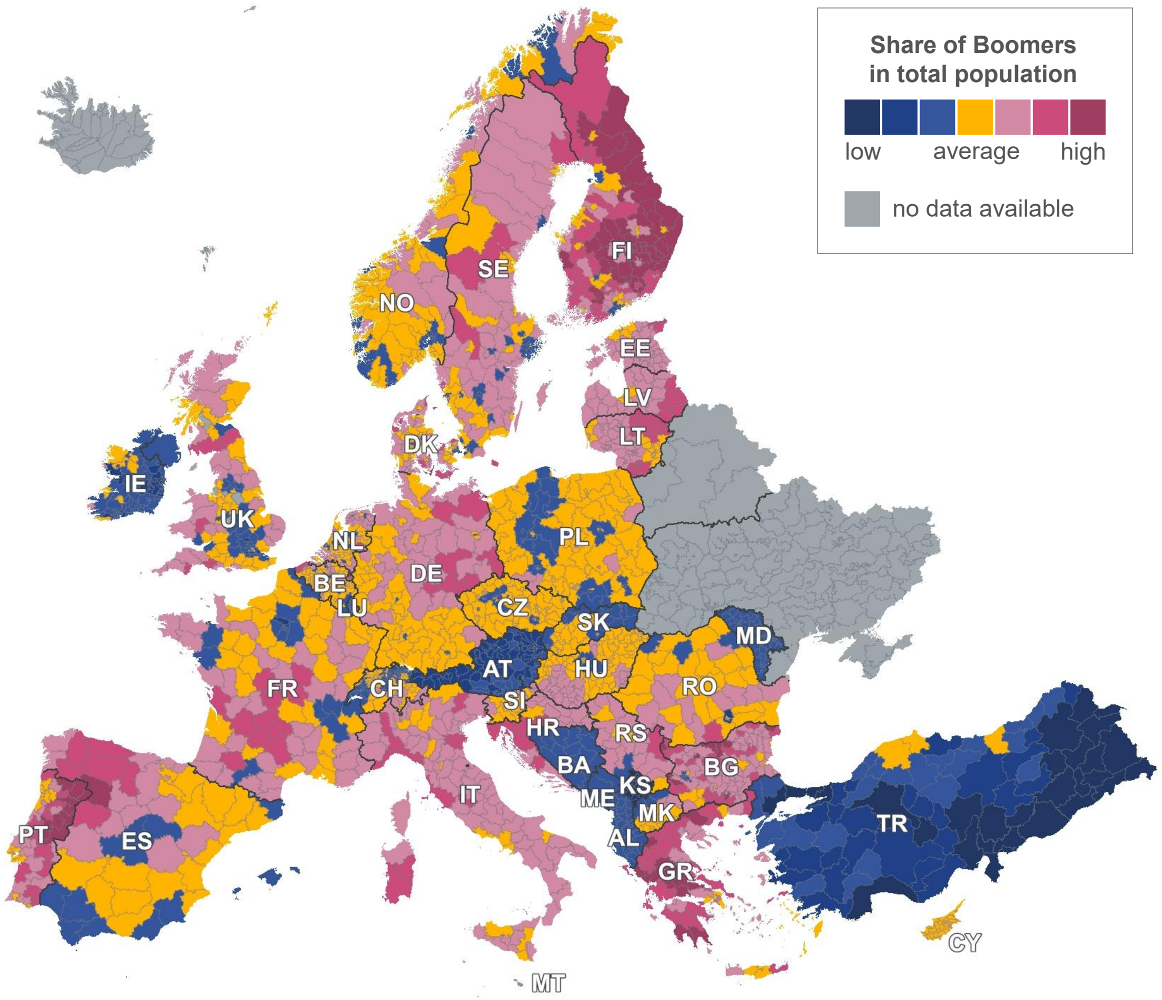
Regional data highlights a strong correlation between younger populations and digital affinity in metropolitan areas. In Spain, the capital stands out with the lowest share of Boomers nationwide and an online affinity approximately 15 percent above the national average. Similarly, Gipuzkoa exceeds the Spanish average by nearly 17 percent. In Germany, cities like Munich, Duesseldorf, and Regensburg – home to the country's youngest households – also demonstrate the highest levels of online affinity nationwide.

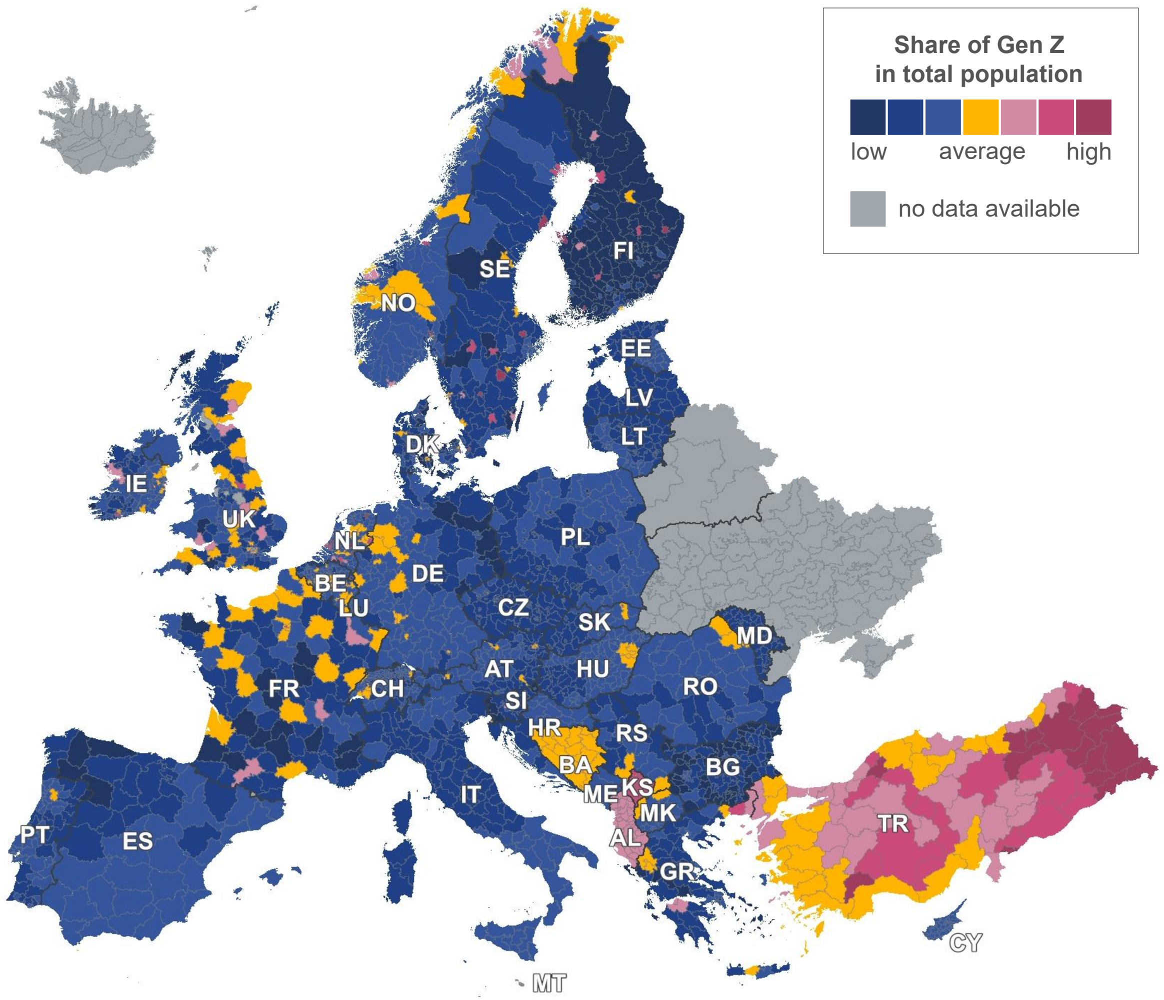
Regional online potential in Spain



Source: NIQ Regional Online Potential Spain 2024

Regional distribution of Boomers and Gen Z in Europe





Source: NIQ Generations Europe 2024

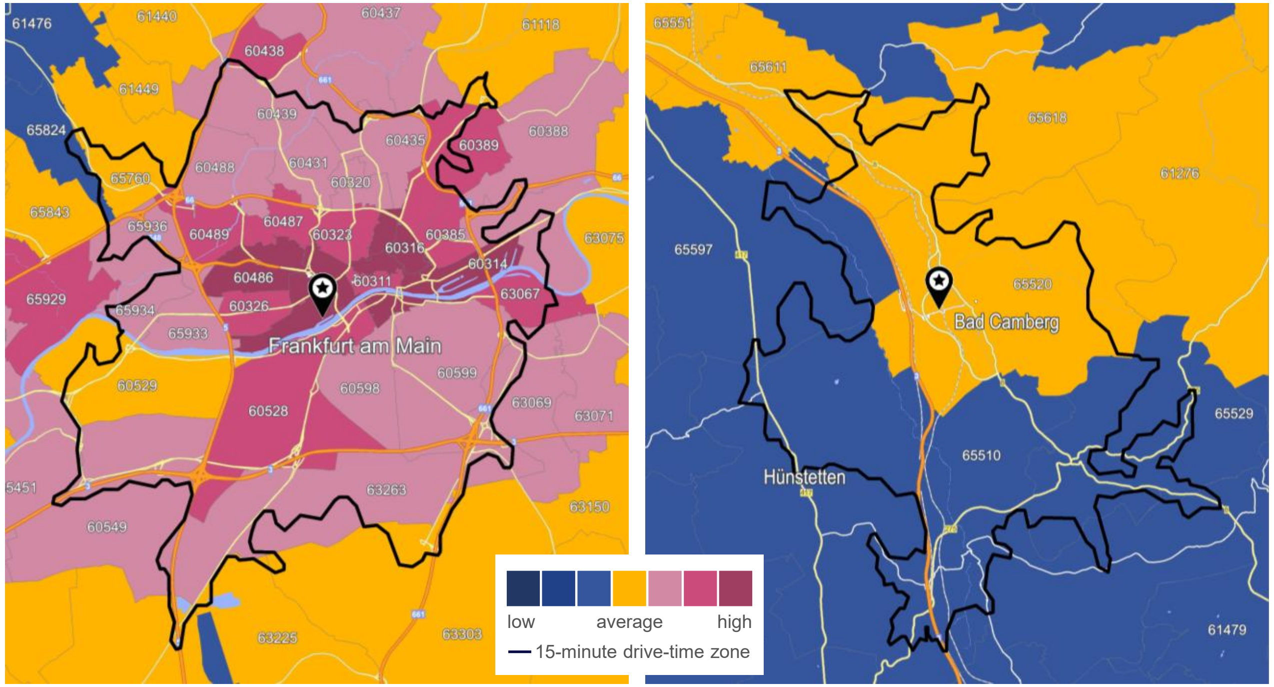
Generational data also provides valuable insights at the store level. For example, a comparison of two German retail locations in the Frankfurt area shows nearly identical purchasing power. Both locations have a purchasing power of 29,133 euros per capita, which is 5 percent above the national average.

The inner-city store, located in a modern waterfront development, is primarily frequented by Millennials (23 percent) and Gen X (21 percent), making it ideal for innovation-driven product placement and digital engagement. In contrast, the suburban store, where 30 percent of the population is aged 60 and above, is dominated by Boomers. Here, the focus should shift toward price-sensitive assortments and a strong emphasis on fresh product offerings tailored to the preferences of an older, more conservative consumer base.

These generational and regional differences have direct implications for retail strategy. Boomers, often living as empty nesters in suburban areas, tend to be more conservative in their spending. Millennials and Gen X are typically in active parenting phases, with needs shaped by family life and time constraints. Gen Z (under 28) is highly convenience-driven, with 77 percent purchasing food-to-go monthly, compared to just 33 percent of Boomers. These preferences are also reflected in coping strategies for rising prices: younger generations are more likely to cut back on discretionary items like alcohol or fresh meat, while Boomers are more likely to reduce their consumption of fresh produce.

Retailers can leverage these insights through targeted actions: mobile apps for Millennials, radio promotions for premium electronics, fashion influencer campaigns for Gen Z, and point-of-sale messaging on sustainability for younger, value-driven consumers. Understanding where and how different generations shop is essential for optimizing product placement, marketing strategies, and overall store performance in a diverse and evolving European retail landscape.

Share of Millennials in two locations with nearly identical purchasing power



Source: NIQ Geomarketing & Trade Dimensions

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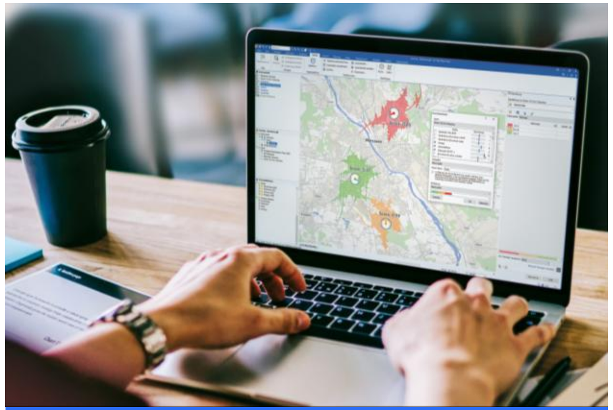

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About NIQ

NielsenIQ (NIQ) is a leading consumer intelligence company, delivering the most complete understanding of consumer buying behavior and revealing new pathways to growth. NIQ combined with GfK in 2023, bringing together two industry leaders with unparalleled global reach. Our global reach spans over 90 countries covering approximately 85% of the world's population and more than $7.2 trillion in global consumer spend. With a holistic retail read and the most comprehensive consumer insights—delivered with advanced analytics through state-of-the-art platforms—NIQ delivers the Full View™.

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