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GfK. Growth from Knowledge

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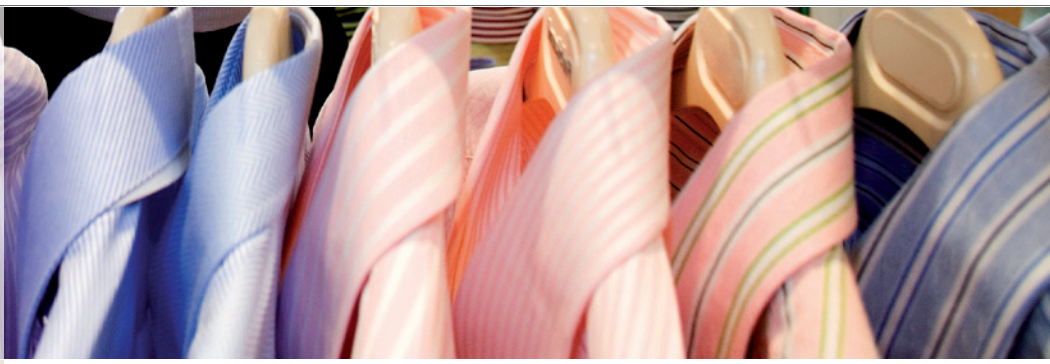
Retail Trends



Contents

Dear Readers,

We are delighted to welcome you to another edition of our CEE Newsletter, this time focussing on retail and shopper research. As usual, you will find a variety of interesting contributions from our GfK colleagues across the region, dealing with a selection of the latest findings from some of our Custom Research surveys, both regular projects (e.g. the Shopping Monitor and Leaflet Monitor) and ad-hoc ones. The articles deal with the expansion of modern retail formats and the increasing concentration and consolidation of retail chains in Central and Eastern Europe. Examples of the changing shopping habits and preferences of households in this region are presented. Some of the articles give information about the impact of recession on both retailers and consumers, on changing retail communications, focused primarily on price promotions and other associated issues. There are also some special topics such as the importance of products of local origin in a grocery retailer's offer and some specific aspects of Generation Y and the markets.

This time the contributions for the CEE Newsletter have been collected from Austria, Bulgaria, the Czech Republic, Hungary, Macedonia, Poland, Slovakia, Slovenia, Serbia and Ukraine with the opening article bringing a brief insight into the theme from perspective of the whole of the CEE region. We think everyone will find at least some of the topics interesting – and our colleagues are ready to provide you with a more in-depth view if you require it.

Wishing you a relaxing summer vacation!
Yours sincerely

Tomas Drtina, INCOMA GfK, Managing Partner
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You can find further information about the findings of our studies under www.gfk.at or via the links from this site to the web sites of all the GfK companies in Central and Eastern Europe. e-mail us

Austria

Bio is nothing special, Regionality is trumps!

The hype surrounding »Bio« (organic) products, including their »hallmarking«, seems to be over. Not so much because organic products are no longer of interest but far more because the overwhelming opinion amongst consumers seems to be one of »nowadays everything is Bio anyway isn't it!« says Vera Grasl. The war which has been waged in recent years in the name of Bio products and the way in which they can be identified seems to have been fought and lost. As far as the consumers are concerned, in recent years the labelling of foodstuffs has become difficult to understand and, above all, inflationary (after all, now there is an image of a seal on every packet you pick up, even if all it says is a guarantee of where it comes from) and this has obviously resulted in a falling away of the awareness of how foods are produced.

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Flashing news

Central and Eastern Europe

Majority of the Central and Eastern European retail markets are showing increasing consolidation of FMCG chains

The recent study, Shopping Monitor CEE 2010 based on the representative international shopper survey GfK + INCOMA, shows that market concentration in most of the Central and Eastern European countries monitored is still increasing.

The retail market is most concentrated in Slovenia. When identifying their main shopping place, almost 100 % of shoppers mentioned one of the ten biggest retailers. In Slovakia and in Hungary, too, the share of TOP 10 retailers is very high (90 % and more). The Czech Republic and Croatia follow with 85 % and 81 % respectively. The least concentrated market is that in Bulgaria (48 %) which has even shown a slight decline in consolidation development during the critical year.

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whole article (pdf)
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Bulgaria

The expansion of modern trade

The supermarket predominates as the main shopping place for foodstuffs in Bulgaria.

The trend of an increasing share for modern trade channels (hypermarkets and supermarkets) continues but these channels have become well developed in the capital and regional centres and remain less well developed in the smaller towns and villages across the country.

The dynamics in the retail sector are mainly related to the expansion of the existing key accounts by the opening of new stores nationwide and the penetration of other larger retailers. Amongst the existing retailers, Billa, Kaufland and CBA continued the expansion of their stores.

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Czech Republic

Crisis influences the shopping behaviour of the Czech population and the promotional communication of retail chains

After years of prosperity and growth, Czech trade is going through a difficult period and retailers and suppliers are having to deal with a situation they are not used to. The economic crisis halted the growth in purchasing power and, moreover, the huge media coverage of the problem resulted in the »crisis« getting into both the customers' wallets and their heads.

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The result was a decrease of dozens of percentage points in retail spending for certain categories of durable goods (electronics, home furnishings, fashion, etc.). Three fifths of the population has changed its shopping behaviour. Amongst the typical manifestations are the postponement until a later date of certain purchases of non-essential goods, shopping for cheaper alternatives than in the past and a dramatic increase in the purchase of items in the sales.

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Hungary

Quality/Freshness, Price and Selection have most influence on what shop people choose

Customers have certain expectations of the various retail channels from the outset, and they adjust their evaluation to these expectations. If the given chain does not meet these expectations, customer dissatisfaction is also higher – this is what the Shopping Monitor 2009/2010 study by GfK Hungária has found. The trio of quality/freshness, price and selection prove to be consistently the most important criteria influencing shop selection but, in addition, the type of shopping is also decisive in the selection process. The proportion of big shopping trips is on the decrease, but there are certainly still cases where people go shopping for fun.

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Poland

Loyal customers worth their weight in gold

In spite of the growing consolidation of the Polish market and a decrease in the number of international players as a result of mergers and takeovers, competition among retail chains is still strong.

All the biggest players want to attract customers with attractive product prices and promotions. However, it would be difficult to find a chain that has been using more unique activities while trying to gain new customers and make all customers loyal and, as a result, the images of the main retail chains active in Poland are very similar, as are the levels of satisfaction of the customers shopping in these chains. On a scale from 1 to 5 (where 5 is the highest rating), the level of customer satisfaction for the biggest chains oscillates between 3.7 and 3.9. The level of loyalty of customers to their chains also looks similar. The average value of loyalty remains at a level between 50 and 60 points on a 100-point scale.

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Shortcuts

Macedonia

Review: Conference »Youth Online«, May 13, 2010:

May 13th, 2010 – GfK Skopje organized a conference »Youth online« where representatives of GfK Skopje presented the latest developments in the field of marketing research among young people at both global and national level. More than 50 clients at the conference were provided with information about the latest global trends in the lifestyles of Generation Y and how they differ from Generation X.

The results from the latest online research carried out by GfK Skopje among Generation Y respondents, i.e. people in the country aged 15 to 29 years old, were presented at the conference, together with the online research opportunities offered by GfK in Macedonia.

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article + pictures (link)

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Kazakhstan

GfK Kazakhstan was founded in 2005 and at that time it had only 5 members of staff. The company has grown constantly since then and now has 24 full-time employees, 200 interviewers and 100 mystery shoppers and this enables us to conduct research projects not only in Kazakhstan but also in Kyrgyzstan, Uzbekistan and Tajikistan. We have three departments – Custom Research, Consumer Tracking, and Retail & Technology and we are currently developing HealthCare and Media Research. In 2009 GfK Kazakhstan's sales increased by 20 % even though the research market had declined. In March 2010 we moved into a new office building and in April 2010 we conducted a highly successful Client Conference entitled »Market Research for identifying new opportunities in the post-crisis period«.

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Serbia

Elderly most prefer to shop at independent retail outlets (IRO)

For a large number of consumers in Serbia – some 40 % – the independent retail outlet is the »venue« for their major purchases. Women and people over 60 years of age are the main target groups for the retail outlets. Proximity to home or workplace remains the number one reason for such an orientation, favourable prices and range of goods carried being the other most frequently listed underlying reasons.

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Slovenia

Shopping habits in Slovenia

The Slovenian market is noticing some major changes in customer's shopping habits. The media is reporting changed trends over the last year, claiming that customers are more interested in buying cheaper retail brands and shopping in discount stores. Besides there being an increase in the number of customers with lower purchasing power, the recession is also affecting shopping habits as a result of increased caution and pessimistic expectations. What are the trends in customers shopping habits in Slovenia?

GfK Slovenia has been conducting a shopping monitor for several years so that we have a comprehensive amount of interesting and useful data about the retail sector in Slovenia. In order to monitor any changes in customers shopping habits we have compared results for the period from 2007 to 2009. These results bring to our attention two main changes in shopping habits which reflect consumer behaviour.

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Ukraine

Ukrainians are most satisfied with large retailers

Ukrainians are increasingly showing a preference for modern retail channels for buying food and non-food FMCG products, with 73 % of buyers shopping in hypermarkets, supermarkets, or small self-service shops. The most popular retail chain is »ATB-market« with 14 % of Ukrainians considering it their first-choice outlet. Convenient location, acceptable prices, and a wide range of products are the main reasons for choosing a specific outlet. Leaders in general customer satisfaction are »Karavan«, Auchan, and METRO.

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Comments

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