GfK Consumer Reporter

Issue 01/2017

GfK Consumer Panel Czech & Slovak Republic

GfK would like to bring you insights into current consumer behaviour in our markets regularly through unique key facts of GfK Consumer Panel. Consumer Reporter has 5 sections:

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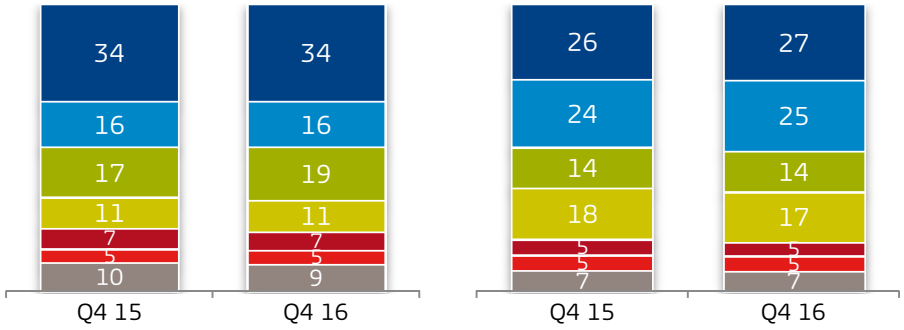
GfK Dashboard »

Czech Republic | Slovakia

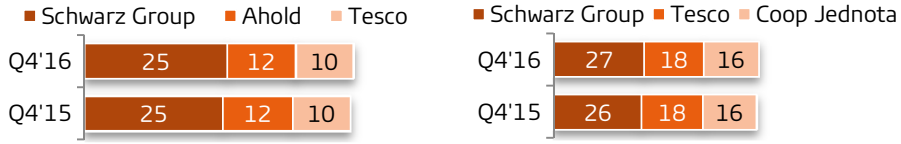
WHERE

Position of Channel Types
(FMCG Value %)

- Hypermarkets
- Supermarkets
- Discounters
- Small Shops
- Specialized
- Drugstores
- Others



Top 3 Retailer Groups
(FMCG Value %)



HOW

Structure of Shopping Behavior
(Q4'16 vs Q4'15, FMCG)

	Czech Republic	Slovakia
	244 CZK / trip (+5 CZK)	10,0 € / trip (+2 cents)
	88x / shopper (+1 trip per buyer)	94x / shopper (+0 trip per buyer)

Trading Up/Down
(Q4'16 vs Q4'15, Food & Beverages)

	Czech Republic	Slovakia
Av. Paid Price Change %	+1,2%	+1,3%
Inflation Food & NA Drinks	+1,2%	-2,3%
Trading / Trading up	0,0%	+3,5%

WHAT

Shopping Basket
(Q4'16, FMCG Value %)

- Fresh & Ambient
- Beverages
- Confectionery
- Convenience
- Staple Food
- Drugstore
- Others

Promotions
% of FMCG value spent in promotion of total FMCG incl. fresh

	Czech Republic	Slovakia
Q4'15 » Q4'16	47% » 47%	38% » 37%

Private Labels
% of FMCG value spent on private labels in packed grocery excl. fresh

	Czech Republic	Slovakia
Q4'15 » Q4'16	19% » 20%	25% » 25%

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Are We Attracted by Innovations?

Every year, new products appear on the shop shelves. They are often displayed in the store so that they stand out from the rest and lure the shopper to purchase; they may also differ from the existing products with a promise of e.g. a more practical package, improved recipe or an unusual scent. However, do the innovations really diversify the product range from the perspective of the buyers?

Almost 40% of households declare they **like trying novelties**. Roughly 2 out of 10 households claim they try the new product sooner that their friends or people they know. Czech and Slovak households share this attitude to new products to a great degree.

New products are often more expensive than the old ones but not better

Conversely, 20% of all households declared **negative attitude** to trying of novelty products. Still, 4 out of 10 households mentioned that from time to time they won't resist the novelty temptation. On the other hand, more than one half of households also agree that new products are often more expensive, but not better than the existing products. Also in this respect, there have been considerable similarities between Czech and Slovak households.

In general, product purchase **is boosted by the results of consumer tests**. This has been confirmed by more than one full half of Czech and Slovak households.

Who enjoys new products?

Positive attitude to searching and trying out novelty products is quite apparent among both Czech and Slovak households with younger housewives or households with higher average income. These households concentrate most of their FMCG spending in modern retail formats. Conversely, **negative attitude** to searching for and trying of novelty products is more typical for Czech and Slovak households with older housewives or households with the lowest average income. These households then stand out from the rest also for having an increased FMCG spending primarily in small stores.

Would you like to find out more about the attitudes of Czech and Slovak households, who purchase your brand, where they do their shopping and what is the typical purchasing behaviour? Get in touch with us.

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La Dolce Vita of Slovaks and Czechs also During Easter

Easter and Christmas; these holidays are a symbol of peace, tradition and time spent with your loved ones. Although many of us have different ideas of how to spend them, there is one thing we have in common – suddenly we somehow tend to have more cakes and sweets on our table than usually. Put simply, we like to candy up our lives. But do we actually still bake at home?

Shopping for home baking

When it comes to baking, Easter is the second strongest season of the year after Christmas. This is also proven by larger expenditures on products necessary for baking as well as a higher number of buying households. For home baking, housewives use various ingredients that combine to create tasty home-made cakes and pastry.

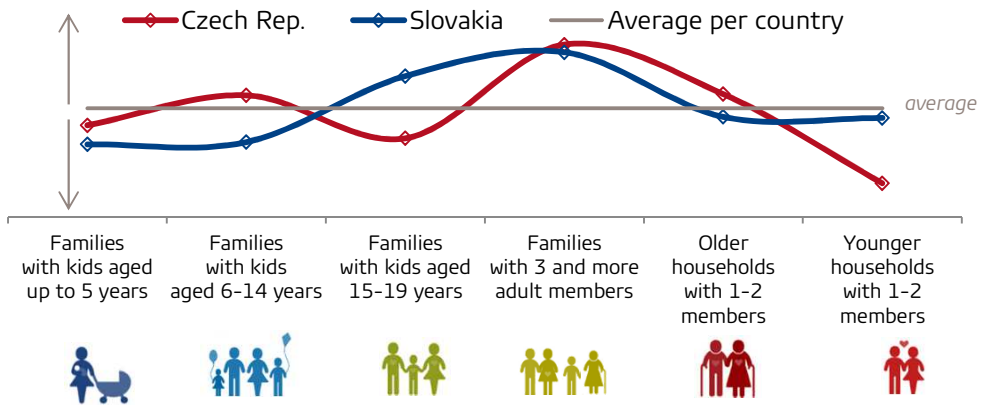
Looking at the growing category of baking ingredients in the past year, in Slovakia as well as in the Czech Republic, more than 7 out of 10 households purchased e.g. vanilla sugar, yeast, or baking powder. Around the Easter and Christmas, both markets see a rising tendency in shopping for other baking ingredients, such as baking fats, butter, eggs, flour or sugar.

Baked pastry right from the shop

Nowadays, household often take advantage of oven-ready products, such as ready-made dough, which mainly concerns puff pastry. Only during the Easter period, 32% of Slovak and as much as 40% of Czech households purchased this particular product. Also, ready–to-eat dry pastry has become quite popular: the *Linzer* cake or tea biscuits saw a larger spending compared to the previous monitored periods.

We can summarise that when obtaining supplies for their Easter or Christmas refreshments, households increasingly combine home-baked sweets with ready-made products from retailers or they simplify their chores by purchasing oven-ready dough.

Who most often simplifies their home baking by shopping for ready-made Linzer cake or tea biscuits? (buyers in%)



data: 1-12 2016

Do we bake more efficiently?

Despite the fast-paced modern era, we can say that households still find the extra time for baking at home. At the same time, we buy increasing volumes of oven-ready dough and we also simplify the situation with ready-to-eat pastry.

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Retail in the Modern Era

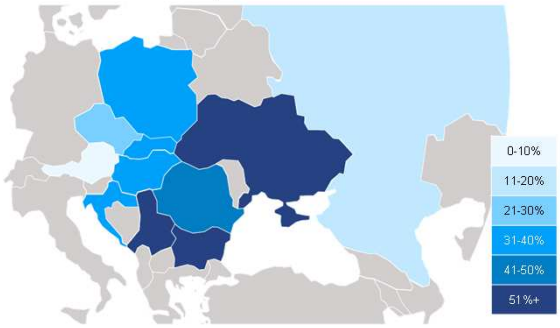
As consumers, we have a wide range of shopping opportunities. The market offers alternatives of doing shopping in large hypermarkets, discounts, smaller self-service stores, specialized stores and we may even buy products from the comfort of one's own home. As retail has been dynamically changing in the past decades, currently it naturally offers new possibilities.

Urbanisation, digitalization, ageing of the population are only a few of the whole range of factors and challenges that retail trade needs to face. Simultaneously, it seems that modern retail seem to be better positioned in addressing these challenges. So what is actually the situation in the traditional retail?

Traditional retail on the retreat?

In Slovakia, traditional retail still captures 37% of total expenditures on shopping for foodstuffs and home and personal care, while in the Czech Republic it only accounts for 21%. However, in both countries, we witness decline in its share (-1.7 p.p. in Slovakia and -2.6 p.p. in the Czech Republic in the past 5 years). The situation is similar also in the neighbouring countries. Traditional retail has the smallest share of the market in Austria, while it maintains the strongest position in Serbia. The position of traditional retail is to a great degree influenced by the density of rural settlement as well as willingness of retail chains to invest and expand in the respective market.

Share of Traditional Trade in FMCG Market | Value %



Compared to modern retail, traditional formats are characterized by smaller and more frequent purchases. Also, traditional retail is less depending on promotional purchases and is known to carry a smaller share of private labels. From the perspective of categories, traditional retail market is typical for above-average shopping for fresh and ambient categories, not only because of strong presence of specialised stores. Also the character of the stores defines the importance of rural areas for traditional retail as the older households with one or two members account for above-average share among buyers.

Retail alliances

Unity means strengths – this perhaps applies also in the case of traditional retail. Combining activities and cooperation among the smaller formats increases negotiating power in buyer-supplier relationships. On the other hand, there remains the disadvantage of regional fragmentation of the retail operations and the related challenges in logistics.

Increasing demands of buyers and the rising emphasis on regional and local products as well as quality offer traditional retail market an opportunity how to listen to their customers and reflect their needs.

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How Successful Are We?

Some time after launching a new product onto the market, producers ask themselves questions: Has the product launch been successful? Has the innovation brought us new buyers or increased volume? How are we faring against other new products within the category or in similar categories?

Is volume really the most essential thing?

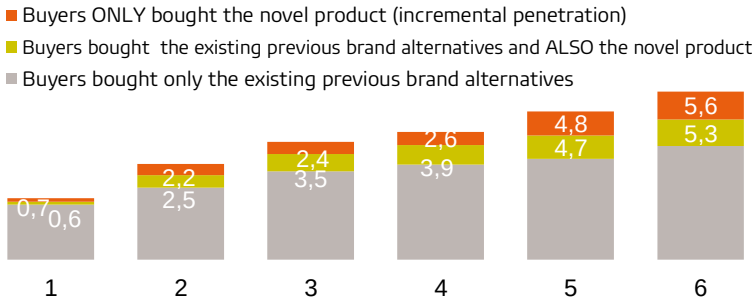
As we have written previously, in the mid-term and long-term perspective, **the number of buyers** (penetration), is the **key indicator of brand development**. Therefore, at the moment when producers manage to get their novelty products on the shop shelves, there rises the question, whether they also managed to convince **enough buyers** in the target group to actually buy the product to take it home and **do so repeatedly**. These and similar questions are answered by **GfK Launch Analysis** that monitors the development of the respective key indicators in time.

After some time, it is also good to know, which target groups of consumers has been attracted by the brand, where you can identify growth potential, to the detriment of which products the innovation found its way into the shopping baskets and you also want to know whether or not there has been any cannibalisation of products under your own brand.

Basic development indicators and analyses

The purpose of a novel product is to improve brand position and, above all, to attract new buyers what is of key importance for its development. This is why the most important data in the analysis is the **number of buying households**, development of their numbers in time, **repeat purchase**, development of purchased volume and overall contribution of the innovative product to improvement of the market position of the brand and its manufacturer.

Development of brand and innovation penetration



The number of months since the market launch of the innovation

Launch of the innovation was very successful: after 6 months in the market, the novelty was purchased by 10.8% of households.

5.6% of households only bought this specific novelty product, while not buying any other alternative product by the brand.

Another follow-up information is the profile of buyers – have we really addressed the expected target group?

And finally there is the question – where do the sold volumes come from? It is answered by GfK Gain & Loss Analysis, which can identify the source of growth of the innovation not only looking at potential cannibalisation of your own brands but also the competitors or gains from other affiliated market segments.

Don't be in the dark – just ask!

Launch Analysis will show you the market situation so that you can decide whether the launch was successful and whether it makes sense to support the product also in the future. Keep in mind that **only one in five new products** actually **succeeds** in the end.

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Shopping FMCG

Multi-client study based on the analysis of real purchases using a unique perspective provided by the GfK's continuous consumer panel survey in the Czech and Slovak Republics. The study provides insight into many areas of the countries' FMCG markets and economic situation with primary focus on key shopping behaviour and retail trends.

Content of the study:

Macroeconomic trends and market environment
- Overview of key macroeconomic indicators

Consumer and shopping trends
- Shopping behaviour and its structure
- Change in shopping behaviour as a reaction to the development of products prices
- KPIs driving purchase behaviour development

Shopping basket
- Shopping missions
- Importance of macro-categories
- Categories with the biggest share of promotions and private labels
- Importance of categories across different purchase channels
- Analysis on the level of a selected category

Retail environment
- Strenght of key distribution channels including traditional, online or alternative distribution channels
- Development of purchase channels and chains
- Key indicators which drive the development of purchase channels: number of buyers, information on buyer expenditure, loyalty / share of expenses, importance of macro-categories purchased, importance of regions
- Household expenditure switching between retail channels over time
- Importance of online shopping in FMCG
- National retail chain market shares on household purchases
- Focusing on key chains and reasons for their development including identification of high potential categories for top chains

Shopper Management
- Shopper analysis from the perspective of different life-stages

Research parameters
- GfK Consumer Panel - consumer panel continuously monitoring real shopping behaviour of households in the country using a representative sample of 1500 Slovak and 2000 Czech households

Investment
- Investment for the complete study:
  - Czech Republic – CZK 97.500,-
  - Slovakia – EUR 3.500,-
- Individual parts of the study can be also purchased separately
- Available in local language and English
- Extra fee for the second language version CZK 4.200,- and EUR 150,-
- Extra fee for personal presentation CZK 7.260,- resp. EUR 250,-

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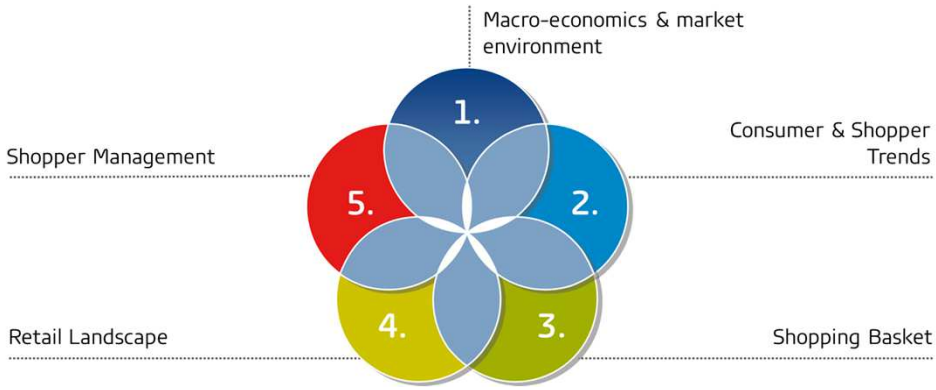
Your Knowledge in FMCG Shopping
Based on **real purchasing behaviour** of Czech & Slovak shoppers



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