GfK FMCG Newsletter

01/2011 | **GfK Romania** | **April 2011**

What and where to buy?

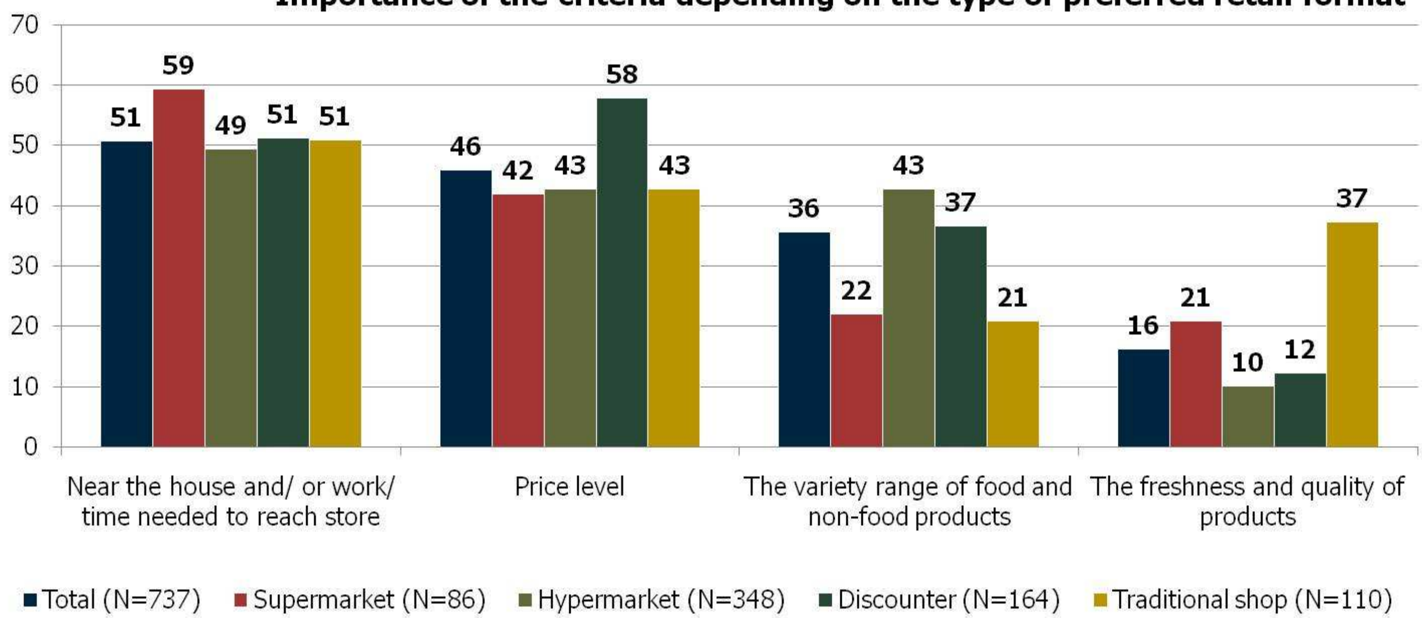
- **Has the crisis changed the criteria by which we choose the shop where we buy?**
- In this issue of the GfK FMCG Newsletter we analyze what changes have occurred in the share of retail formats and their causes.

Shopping Monitor

The most important criteria by which we orient when shopping

- **Hypermarkets** are chosen for **product variety**
- **Freshness and quality** - Essential for shopping in traditional stores

Importance of the criteria depending on the type of preferred retail format



For half of the Romanian, the most important criterion by which they choose the shop where they spend most money on fast moving foods and non-foods **is vicinity to home or work, as well as the time required to reach the shop.**

This factor has a stronger influence among people between 45 and 55 years old or those with higher education, and especially for the people in the capital city.

The price level is also a fairly important reason to choose the shop, mentioned by approximately **46% of the** Romanians, with a greater impact on women or people with incomes of less than 1,500 RON, but less considered by people in Bucharest.

The variety of food and non-food range is found as an important criterion for Romanians, who prefer **hypermarket chains (43%),** without bringing changes in the final ranking (ranking 3rd).

Freshness and quality of products, although ranking 4th in the top of reasons why consumers choose a shop (16% of total population), it is of relatively low importance among young people aged between 25 and 35, but also for the people who live in Bucharest.

Other criteria of a relative importance for buyers (less than 6%) are **the habit of going to a particular store** (especially among Romanians who do not work), **the existence of promotions** (with a slightly larger impact among women), the **pleasant staff and quick purchase opportunity** (no queues at the checkout or speed of payment).

The data are part of the Shopping Monitor study conducted in November 2010 on a total of 737 respondents over 15 years old in urban areas, responsible for buying foods and non-foods for the household, a sample that is representative of historical regions and degree of urbanization. The data collection method was the one of telephone interviews.

GfK FMCG Newsletter

Domestic consumption

The share of modern trade formats

Compared with 2009, one can not say that hypermarkets and discounters registered dramatic developments again, but the importance of each of them in household purchases increased by two or one percentage point (21% and 10% in value).

The positive evolution of the two formats helped develop modern trade which currently covers 45% of total expenditure on consumer goods across the country and 73% in Bucharest.

The discounters' performance continues to be supported by territorial expansion. These formats attract 49% of households in Romania, while hypermarkets convinced 59% of households to purchase at least one consumer good in 2010.

Supermarkets were most affected by the lower purchase frequency (-8% in 2010 compared to 2009), as they lost the market share in particular in small and medium towns. The extension of the chains of discounters in these categories of towns is one of the causes of decline recorded by the supermarkets.

Traditional trade remains an important channel especially for rural areas and small towns, covering 76% and 56% of the value of consumer goods purchased.

If for the non-food products modern formats are more attractive, for beverages the boutiques and kiosks are responsible for 60% of the amount spent across the country. To find the possible reasons why the Romanians prefer to pay for drinks a higher price buying from the boutiques rather than from modern commerce, GfK qualitative research team is conducting a study, whose results you will get to know at the GfK FMCG Conference in June.

GfK Romanian Retails and Beyond the Trends Reports 2010

After the shock triggered at the start of 2009 by the worldwide crisis, followed by an adjustment of Romanian consumers of their living standards, priorities and values, in 2010 they felt the strongest the effects of the financial crisis.

In the difficult economic and political context of 2010 the propensity to buy even for in-home consumption was also affected as the consumers still fears for their economic situation.

GfK studied these new trends and we are happy to announce you the launch of two new multi-client reports:

- **Romanian Retail Report** seeks to show the main changes within shopping behavior focusing on market concentration, outlet types market share & purchasing structure changes, distribution by regions, by community size & by product baskets and private label development.

- **Beyond the Trends Report** seeks to understand the level of competiveness between outlet types, value flow, shopper duplication and their socio-demographic profile.

Beyond a declining domestic consumption retailers as well as producers must understand the shopping behavior of Romanian consumers in order to create experiences that drive sales in-store.