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GfK. Growth from Knowledge

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Economising Times

Contents

Dear Readers,

Dear Readers,

We are delighted to welcome you to special edition of our CEE Newsletter, this time focusing on consumers' attitudes and behavior during current uncertain times. You will find a variety of interesting contributions from the region derived from Custom Research and Consumer Tracking surveys. The articles show how consumers in Central and Eastern Europe changed behavior, what are their surviving strategies, expectations, and concerns nowadays, and who are the optimists – if any?

Although the echo of the crisis is still present, we believe its darkest side is behind us. This edition provides variety of its manifestations across Central and East Europe. Our consultants have prepared examples which may illustrate the mood of consumers at different markets. In addition, it also indicates some future expectations and developments which may serve as a source of ideas to move your business forward. Collection is made by number of interesting articles from 10 CEE countries.

Enjoy our newsletter!

Yours sincerely

Goran Tintor, GfK Belgrade, Custom Research Director
Sabina Nassner-Nitsch, GfK Austria, PR and Communications Manager

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

Bulgaria

Current situation and projections for the financial crisis

The Bulgarians have experienced a lot of crises in the past 20 years. And they always expect the worst when considerable economical, political and financial changes happen.

According to the latest data from the GfK Bulgaria Confidence Barometer, a year and a half on from the first signs of the crisis in Bulgaria, for the majority of the population (66 %) their income is just enough to be able to make ends meet whilst another 10 % are starting to run into debt.

At the present time, 40 % of the Bulgarian population are still pessimistic about the current economic and financial situation in their households. However, this share has decreased slightly compared to a year ago (44 %: May 2009). Only 10 % of the population believe that they will have a better standard of living in the next year.

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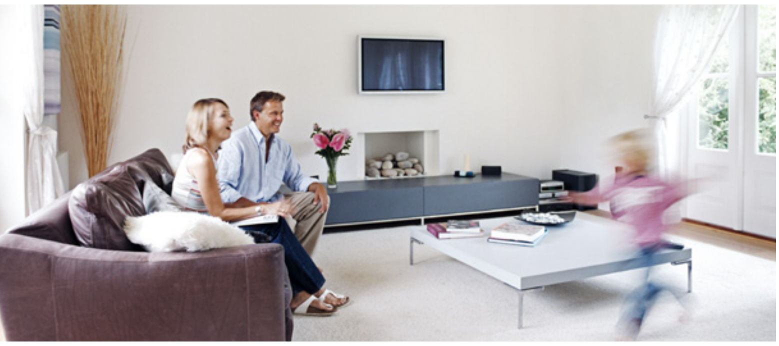
Croatia

Crisis in Croatia!

Over 70 % of Croatian citizens believe that they are feeling the effects of the crisis in their household and almost half of the respondents are concerned about the future.



The fear of the crisis is due to several different elements. Some 37 % of the respondents already have experience of their salaries being cut (either their own or that of a household member) and 33 % are afraid that the general negative mindset will worsen further. Late payment of their wages is a reality for 16 % of the respondents (or their family members) whilst 14 % of them have been laid off (either themselves or a family member). 31 % have felt the effects of the crisis due to other problems.

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Shortcuts

Austria

GfK Austria Party »From Opportunities to Success« – 20 years GfK in CEE

The title is what it is all about! On June 15th, in the Orangery at Schloss Schönbrunn and together with more than 400 guests from 20 different nations, GfK Austria celebrated 20 years of representation in the Central and Eastern European region. The modest beginning in Hungary, with just 5 colleagues, has grown to become a network of some 1500 peoples across 19 countries.

We would like to express a heartfelt »Thank you!« to all our clients and colleagues for this success story.

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Czech Republic

**Czech household spending on FMCG:
The postponed crisis**

In the last year, Czech households have increased their FMCG expenditure (food-stuffs, dry goods) by 2 % compared to the figures for 2008. In the first quarter of 2010, it decreased by 3 % (as compared to the same period last year). This relatively good result is due to consumption in March (Easter) – the households spent 6 % more than in March last year. This reversed the previous negative trend of Czech household spending, as represented by –12 % in February.

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Czech Republic

Crisis in the Czech Republic
Czech households' spending on FMCG: Slight increase

Last year, Czech households increased their expenditure on FMCGs (food-stuffs, dry goods) by 2 % compared with the figures for 2008. In the first quarter of 2010, it decreased by 3 % (as compared to the same period last year). This relatively good result is due to consumption in March (Easter) – as the households spent 6 % more than in March last year. This reversed the previously negative trend of Czech household spending, as represented by –12 % in February.

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Hungary

Changes in Behaviour and Buying Habits due to the Crisis

As a result of the global crisis, initially households tried to economise on clothes and travelling but in 2009 the sales volumes of food and household chemical products also started to fall. Nowadays, more than half of households >> are less likely to go on a big weekly shopping trip and they tend to buy fewer products each time they go. Another consequence is that the Hungarians spend increasing amounts of time at home and are not willing to pay for services they can do equally well themselves.

However, whilst spending on food is a must, the situation is quite different in the consumer durables market and this can be felt in the fall in demand. The falls in the consumer durables market, which had already started towards the end of 2008, continued in 2009.

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Poland
20th Anniversary Party

GfK Polonia is celebrating its 20th anniversary in 2010. The celebration has been divided into two parts. The first was held on 28th May, 2010 and it included a special meeting of GfK Polonia employees with Petra Heinlein, GfK SE COO, Tomas Krasny and Peter Damisch, Managing Directors at GfK Austria. In the evening there was an anniversary party at the Skwer Restaurant, with wonderful music, good food and special GfK drinks (such as GfK Innovation Power, GfK Digital Mix or GfK Energy Shock) as well as a delicious anniversary cake with candles!

The second part of the celebration will take part on 23 September when all our clients will be invited to share with us in enjoying our anniversary celebrations.

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pictures (link)
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Poland

Poles in Time of Crisis
The Poles were not frightened by the crisis, only by the news of it.

Many months have passed since 15 September 2008, when Lehman Brothers Bank declared bankruptcy. It is now possible to look at this time from a longer perspective and try to answer the question: which mechanisms had an effect on public opinion and consumers, and what were their consequences?

Today, we are already in a position to say that the crisis has been dealt with relatively painlessly in Poland. The first reason for this is that there is a large internal market of over 38 million consumers and economic growth is less dependent on external conditions than is the case in other countries of the region.

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Romania

Homing – A Shrinking of the Last Fortress in Romania

Starting in 2009, Romanian consumers started to transfer many of their activities into their homes and, along with this, left part of their FMCG consumption behind. For the first time, occasional buyers abandoned some categories so that lower penetration rates were registered. The remaining shoppers tended to orientate themselves on bigger packages so that for the whole year, the trend of purchased volume remained quite stable.

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Russia

Crisis Behaviour
What to do with personal savings during the crisis?

Over the whole of 2009, more than half of respondents showed a preference for two strategies in approximately equal numbers: *»I prefer to give my savings to none and nowhere«* or *»Do nothing, the crisis does not concern me«*. Gradually, alongside the falls in prices, the proportion of those who would like to buy property has risen from 15 % in March to 18 % in December, which is quite close to the figure seen in December 2008.

It could be said that, as a result of the crisis, the population has no stimulus to take their money out of their deposit accounts.

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Serbia

2010: Revival or Survival? The Consumer in Crisis, Part 2

Different prognoses on the future course of the economic crisis come from various sources, creating a dilemma: is 2010 a year of revival or survival? What difficulties >> faced companies and what hardships troubled consumers in 2009? What strategies to survive will be employed by companies in 2010 and be successful? Are consumer habits changing and is the »new reality« in attitudes and shopping behaviour becoming a new trend?

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Slovenia

What have we learned from the crisis?

Negative experiences and fear of an uncertain future have left consumers in a pessimistic mood, and this is reflected in their purchasing behaviour. Results from GfK studies show that consumers are trying to decrease their day to day spending in many different ways. But the crisis is not likely to affect short term spending alone: in the long term, the effects on general attitudes towards spending might be even more important.

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Ukraine

Ukrainians inching towards optimism

Results of a Consumer Confidence Survey in Ukraine, a joint project between GfK Ukraine and the International Centre for Policy Studies (www.icps.kiev.ua).

The Consumer Confidence Index rose 5.5 pp in April 2010 to reach 94.8, drawing closer to the optimistic threshold in Ukraine. Optimistic Ukrainian consumers need to gain only a few more points to find themselves in the majority. This growth was largely driven by improved assessments of the current situation, which pushed the ICS up 12.9 pp to 79.8. Meanwhile, economic expectations did not change significantly amongst Ukrainian consumers, maintaining a cautiously optimistic 104.9.

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Comments

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