PROGRESIV
Revista factorilor de decizie din retail & FMCG

A start of the year under the sign of caution. How many years in a row?

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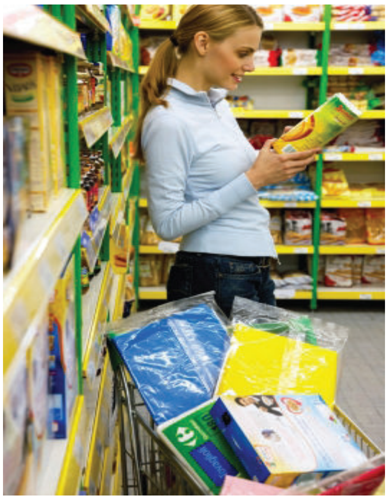
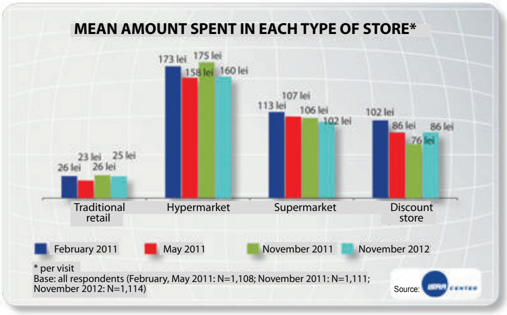
After the first 8 months of 2012, when FMCG market grew by 2% in value, the end of the year brought a decrease in consumption for most product categories, according to the most recent study conducted by ISRA Center Marketing Research. A cautious but normal attitude, occurred against the background of socio-economic and political changes which also translated into a decrease in basket value in the hypermarket from 169 lei to 160 lei (November 2012 versus May 2012). Although the only one which managed to register an increase in purchase frequency, not even the traditional retail succeeds in exceeding a mean value of the sales receipt of 25 lei. What is also important is that the indicators for private labels regular purchase start to go back to the level they had in 2011, after a regress was registered in May 2012.



These conclusions are part of a survey conducted in 5 waves across 2011 and 2012 by ISRA Center Marketing Research, exclusively for Magazinul Progresiv magazine. The 3 dimensions analyzed are: Romanians' purchase behavior, relation to private labels and stock-up behavior in the context of extension of economic crisis effects. In the last wave of the study, conducted in November 2012, the data were collected via face-to-face interviews based on a questionnaire, for a sample of 1,114 respondents. The results are representative for the urban population (cities with over 50,000 inhabitants), aged 20 to 60. The margin for error is 2.9%.

Consumers are more open to new brands and products

By comparison to spring-summer, in November 2012 we can notice a tendency to cut back on consumption for many of the product categories which are usually part of the monthly shopping basket. Alcoholic drinks are by far the most threatened by consumer's reluctance to spend, 32% of the interviewees stating to have cut back on the quantity purchased. Among the products which registered decreases in the quantities purchased, with a fluctuation of over 20% in November compared to the previous wave of the study (May 2012), are also cold cuts, cans and frozen products, fresh meat, sweets, household cleaners, beauty products and personal care products, but also non-alcoholic drinks. At the opposite end, fresh fruits and vegetables are the only categories for which the percentage of Romanians who state they intend to buy more exceeds 10%.



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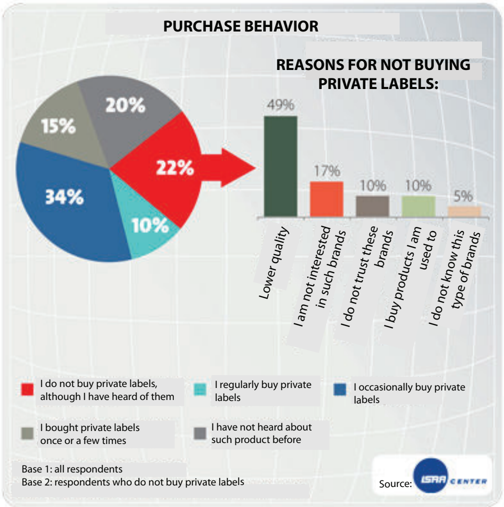
A notable change compared to the previous waves of the study is also the fact that in the fall of 2012 consumers are more open to new brands and products: 23% of them state to have purchased new products (vs. 11% in May 2012), while 14% tried new brands (vs. 8% in May 2012). The most frequently tried products are part of categories such as personal care, dairies and sweets. However, not so good news for the brands manufacturers is the fact that private labels predominate among the newly tried brands, with Auchan, Aro (Metro Cash & Carry), Clever (Billa) and Pilos (Lidl) in the top of mentions.

Traditional retail draws many buyers but not more money As concerns the purchase frequency per type of store, there is a tendency for consumers to turn towards traditional retail more. This way, the percentage of those who visit these stores on a daily basis increases to 35% in May 2012, to 41% in November 2012, the weekly mean of visitation thus reaching 4.9 times, an increase from 4.5 times. As for the other channels, there aren't any significant differences compared to the previous wave when it comes to the purchase frequency, with a weekly mean of 1.5 times in the supermarkets, 1.2 times in the discount stores and 1.1 times in the hypermarkets.

Despite being the only one with an increase in the purchase frequency, traditional retail does not succeed in exceeding a mean value of the sales receipt of 25 lei. In the case of the hypermarket, the average amount spent decreases by 5%, from 169 lei to 160 lei at one purchase occasion. For the supermarket and the discount stores, the amounts spent are approximately constant, 102 lei and 86 lei, respectively.

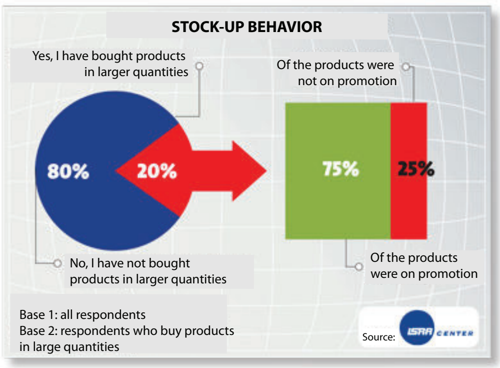
One third of the Romanians occasionally buy private labels

1 in 5 Romanians in the urban area (cities with over 50,000 inhabitants) has not heard about private labels, while approximately 20% continue to be reluctant to buy them, although they know about them. On the other hand, approximately one third of them use to occasionally buy private labels, percentage which maintained approximately constant in the past waves. The most well-known private label remains Carrefour, which recently registers an increase in the awareness indicators. Next are Aro, also registering an upward trend in terms of awareness, Lidl, Clever and Profi. When it comes to purchase, interviewees' mentions include Carrefour, Lidl, K Classic (Kaufland), Profi, Auchan and Pilos.



A more careful analysis also highlights the following details:

- Carrefour brand maintains its top position with an important increase in regular purchase. In addition, by comparison to the spring of 2012, Carrefour registered an increase in its ability to trigger trial and regular purchase, thus going back to the performances it had a year ago (study wave from November 2011);
- after a period of visible growth, Lidl private labels have reached a period of stagnation of the purchase indicators in the fall of 2012, with a significant growth only in occasional purchase. On the other hand, the ability to trigger regular purchase has decreased;
- K Classic registers an increase in occasional purchase and a stagnation of the regular purchase;
- Profi has recently registered an important increase in the regular purchase;
- last but not least, Auchan private label benefits from a come-back of the purchase indicators to the level they had in the fall of 2011, but also from an increase in regular purchase.
- the most purchased products under private labels remain the grocery ones, but there is also an important increase in the percentage of people who buy private label dairies, trend occurred as early as May 2012 and consolidated towards the end of the year. This also explains the evolution of Pilos brand which doubled its purchase indicators by comparison to the spring of 2012. Another category which registered an increase in private label purchase is fresh meat. The study also revealed that this category has the potential to be among the most affected ones by the economic changes, 24% of the consumers stating to have purchased smaller quantities of such products in the past month.



Promotions continue to generate stocks in Romanians' homes

According to ISRA Center Marketing Research study, 15% of the urban population usually stock up when they find products in larger quantities on promotion, a behavior which has remained constant if we take a look at the last wave of the study, in May 2012. Just as before, stocks are aimed particularly at categories like laundry washing products and groceries. Personal care products are ranked 3rd, closely followed by non-alcoholic drinks, which however lost some of their ability to generate stock-up. Higher percentages are registered by coffee or coffee-based products, fresh meat and fresh vegetables.

Would you like to know more? Download the full study.

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