GfK Consumer Reporter

Číslo 03/2017

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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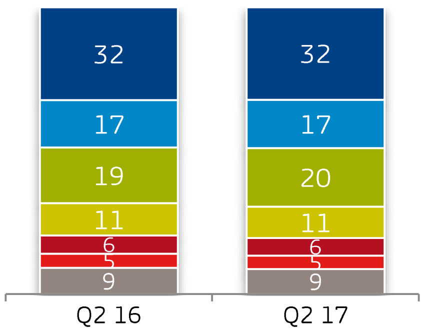
GfK Dashboard »

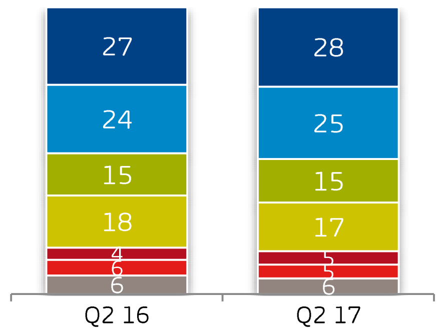
Czech Republic | Slovakia

WHERE

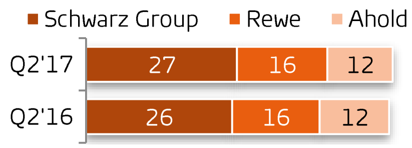
Position of Channel Types
(FMCG Value %)

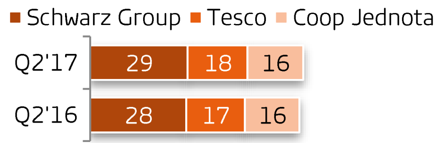
- Hypermarkets
- Supermarkets
- Discounters
- Small Shops
- Specialized
- Drugstores
- Others





Top 3 Retailer Groups
(FMCG Value %)





HOW

Structure of Shopping Behavior
(Q2'17 vs Q2'16, FMCG)

Czech Republic: 244 CZK / trip (+20 CZK); 84x / shopper (-3 trips per buyer)

Slovakia: 10,19 € / trip (+94 cents); 85x / shopper (-5 trips per buyer)

Trading Up/Down
(Q2'17 vs Q2'16, Food & Beverages)

Czech Republic:
Av. Paid Price Change % +7,4%
Inflation Food & NA Drinks +4,5%
Trading up +2,9%

Slovakia:
Av. Paid Price Change % +4,7%
Inflation Food & NA Drinks +2,9%
Trading up +1,8%

WHAT

Shopping Basket
(Q2'17, 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: Q2'16 » Q2'17 — 47% » 46%

Slovakia: Q2'16 » Q2'17 — 36% » 36%

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

Czech Republic: Q2'16 » Q2'17 — 21% » 21%

Slovakia: Q2'16 » Q2'17 — 27% » 27%

Shopping According to Life Cycle: Households with Children Under 5 Years of Age

Our needs and demands develop and change as we get older. The first stage of the life cycle often reflects our preferences and we also need to conform to the changing world and adapt to new challenges brought by life. It is reflected in our everyday lives and that includes shopping, too. In the most recent issue of Consumer Reporter, we introduced in greater detail the shopping habits of single and 2-member households. In this issue, we will move on and take a closer look at **shopping patterns of families with children aged under 5.**

They do their homework

Households with small children get ready for their shopping despite the fact that they often realise what FMCG goods they are missing only at the moment when the actual need arises. They regularly read retailers' leaflets enabling them to obtain information about product and price offer. They equally regularly use the internet to search for information about FMCG products. On the other hand, they pay less attention to the information about composition on the product label. They declare that advertising is engaging for them and they like participating in consumer contests. When shopping, these households prefer bulk packages and use cars – therefore, the capacity of the retailer's car park is one of the important factors for them when selecting the place of purchase.

Families with small children account for:

Also the above-mentioned information suggests that shopping missions of households with children under 5 will perhaps more often feature the so-called large stock-up missions. This is also reflected in average value of their spend per shopping trip. Households with small children have approximately ¼ larger spend per trip compared to the market benchmark in Slovakia and as much as two fifths larger (compared to the benchmark) in the Czech Republic. They tend to prefer modern retail formats: in Slovakia it is particularly discounters and hypermarkets and in the Czech Republic, drugstores and hypermarkets. The frequency of Sunday shopping is above-average in this segment.

Less alcohol and convenience foods

Among all groups of households in Slovakia, households with under 5s have baskets with the largest share of private labels. In the Czech Republic, they are the most avid users of promotions among all the segments. Perhaps it will not come as a surprise that among all the households categories, they show above-average representation of children food, paper products and, conversely, they shop least for alcohol and convenience among all the other types of households.

These buyers are relatively liberal in shopping for new products and like to try them out. Other households members often influence selection of brands and products.

Would you like to find out more? Get in touch, please.

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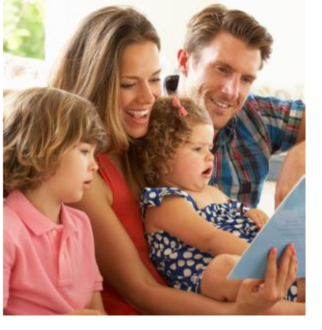

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Pumpkin – The Comeback of an Old Symbol of Autumn?

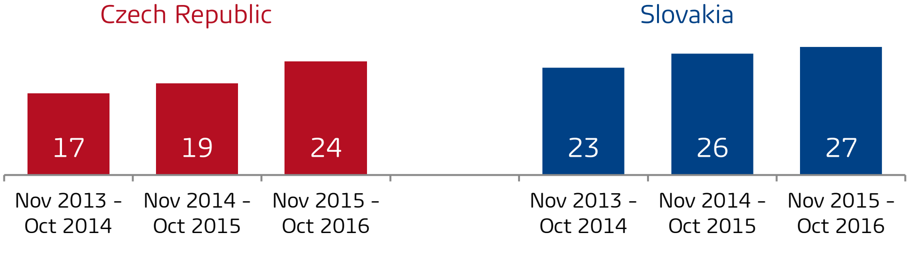
In our countries, autumn is associated with picking of ripe fruits and vegetables. Pumpkins or squash belong among the characteristic products of Czech and Slovak gardens in autumn. This vegetable traditionally serves for preparation of various meals associated with this particular season of the year and many households like to serve pumpkin soup or stew. However, in autumn, pumpkins have also a different use and we can see them in various shapes and forms in households as well as in exteriors.

When does the season begin?

Information about purchases of pumpkins and squash during the main season (that is, in September and October) can tell us more about how we perceive the autumn season in Slovakia and Czech Republic.

More than one in four Slovak households treat themselves with a pumpkin at least once a year while their Czech counterparts do so a little less frequently. The season for buying pumpkins starts already in July and August while September and October are then the main season when the consumption of pumpkins and squash increases to almost one fifth of all households while in Slovakia it is a little over 15%. In November and December, the number of pumpkin buyers declines again.

The number of buying households (%)



Popularity of pumpkin increases

We can observe rising popularity of this particular vegetable mainly in the Czech Republic. Czech households pay the highest average price for buying pumpkins from farmers and small stores (almost CZK55) while cheapest pumpkins can be bought in discounters and fruit and vegetable stores where the value of a single pumpkin purchase reaches a little less than CZK28. The highest volume of purchases is registered in hypermarkets, followed by supermarkets and discounters. The situation in Slovakia is similar, as households buy one third of full volume of pumpkins in hypermarkets, while discounters and supermarkets follow behind. However, besides classic retail, households in both countries also take advantage of the yield offered by their own gardens.

The largest share of volume in Czech Republic and Slovakia is seen in medium-sized towns and cities (population from 5 000 to 99 999). Households in these communities buy more than one full half of the total volume.

With respect to the fact that every year the number of pumpkin buyers increases and the household consumption rises too, we can state the fact that pumpkins are strengthening their position of a symbol of autumn in both countries.

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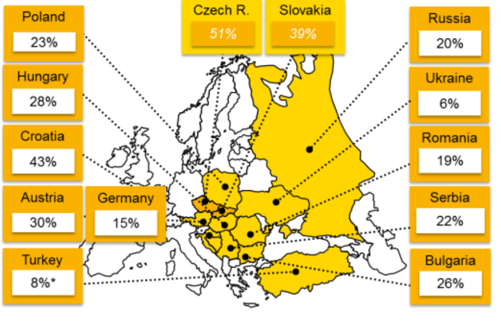
Have the Promotions Reached Their Maximum?

Promotional purchases enjoy a high degree of popularity in this part of the world. Promotions and their continual growth are a burning issue for both manufacturers and retail chains. Last year, following a long and continuous strengthening of their market share, promotions entered into a slight decline in their share of household expenditures on FMCG.

Czechs leading the region

Share of expenditures on buying promotional products in the FMCG market differs across the countries in the CEE region and is related to the structure of retail network of any given market. The Czech Republic, nevertheless, keeps its leading position with the share of promotional purchases exceedingly higher even in a wider European context. And despite the slight year-on-year decline, it still applies that every other Czech koruna that Czech households allocate for packaged foods and home and personal care is spent in a promotion

Promo Purchases: International Comparison 1-6 2017



Promotional purchases' share of total household expenditures | Base: FMCG excl. Fresh | Value % | * 2016 data

The situation has become stabilised

In some countries, the year-on-year growth in the share of promotional purchases has stalled, e.g. in Poland, or the share even declined, like in Hungary, Croatia or Austria. Slovak and Czech households also followed this trend and spent more of their funds to purchase goods at standard prices, which resulted in stabilisation of the share of promotional purchases.

When we look at the full shopping basket, the share of promotional purchase has declined mainly in fresh and ambient category that constitutes the most important part of household purchases. Also, we have registered a higher share of groceries purchased at standard prices in the category of staple foods.

The reduced share of promotional purchases in both Czech and Slovak Republics was demonstrated by the decline evident across all purchasing channels. More pronounced decline can be seen in hypermarkets which represent a typical channel for promotional purchases.

Purchasing behaviour of households certainly also reflects the positive economic situation in the market as buyers could afford to be less thrifty when buying FMCG goods and to indulge themselves with more expensive products regardless of them being promotional items or simply more pricy alternatives, like e.g. in the case of private labels that posted growth in value.

Thus, buyers tend to indulge themselves within the boundaries of their economic possibilities while still keeping their value-for-money attitude.

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Are you fully aware of your brand's potential and do you know who stands behind it?

Do you know exactly whom your brand is targeting? Sure, the answer to this question is very likely to be "Yes, of course!". The strategy applied when talking to this target group typically shapes the communication and sales support. However, are these **investments made efficiently and meaningfully**? Who are the brand's key buyers, how many more can be approached with the given strategy and what is their potential when quantified financially?

Target Group Profiler (TGP) brings answers to the above as well as other questions. The fact that this solution takes advantage of a **unified and single source of information** is no doubt its strong advantage as it guarantees mutual compatibility of all its individual components. Lets take a brief look at how this all works.

Detailed profile of key buyers of the brand

First of all, we select intensive or loyal buyers **based on real brand purchases** and we outline a **detailed picture of this key group of consumers**. Buyers' profile is truly complex and besides their purchasing behaviour, it also includes **socio-demographic criteria, attitude to shopping, lifestyle** and, last but not least, their **media preferences**.

Market potential and its leverage

Potential is represented by the buyers who correspond to the key buyers profile but still haven't tried your brand. We can tell you how many are still left in the market and how interesting this group is from the financial perspective. Looking in their baskets can tell you more about the rivals your brand will be facing in their case.

Optimisation of marketing mix, budget and brand strategy

Based on a comprehensive description, we can provide you a with **realistic recommendations** related to specific media, titles, channels or other sales support activities. It is also easier to identify any potential barriers to purchasing of your brand.

Whether you are facing a change or an update of your brand strategy or only need to verify the relevance of the existing one – TGP may truly be the ideal solution for your needs.

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