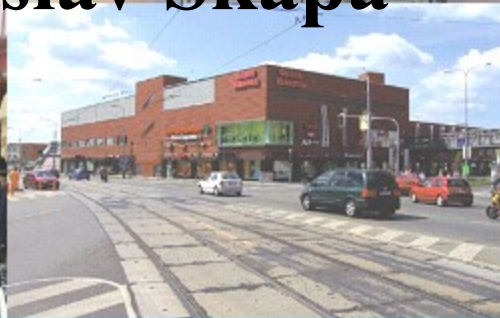


Retail in Czech Republic



Radoslav Škapa



Retail in Czech Republic

(overview)

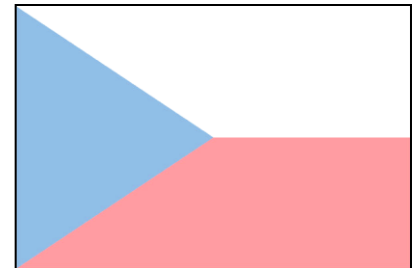
Retail market of consumer goods

Dynamical development in the past 20 years

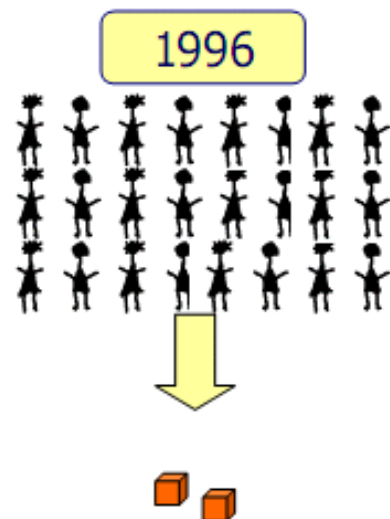
Supplier's dominance transformed into customer's dominance

Multinational supply companies established new, more efficient and modern distribution channels

The market proportion of hypermarkets, supermarkets and discount stores is fully comparable to the Western European countries, following actual tendencies

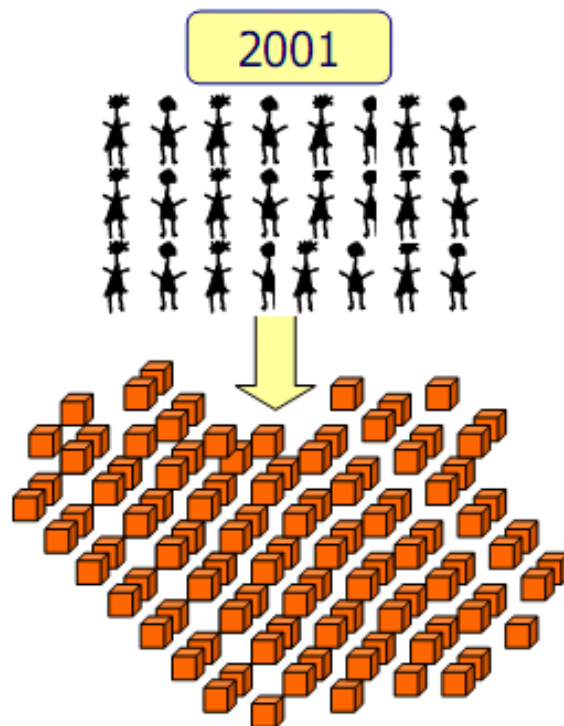


Speed of Retail Expansion Is Enormous (case of Czechia)



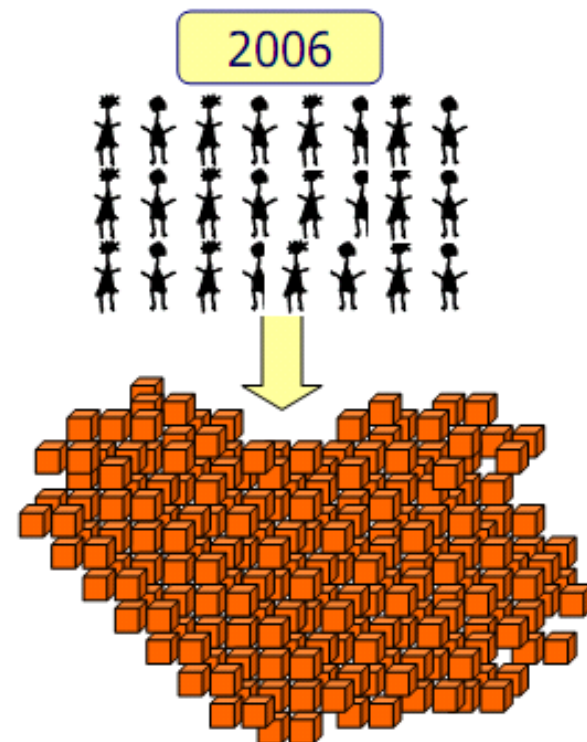
1 hypermarket per
5 million shoppers

No big shopping centre
with more than 50 outlets



1 hypermarket per
100.000 shoppers

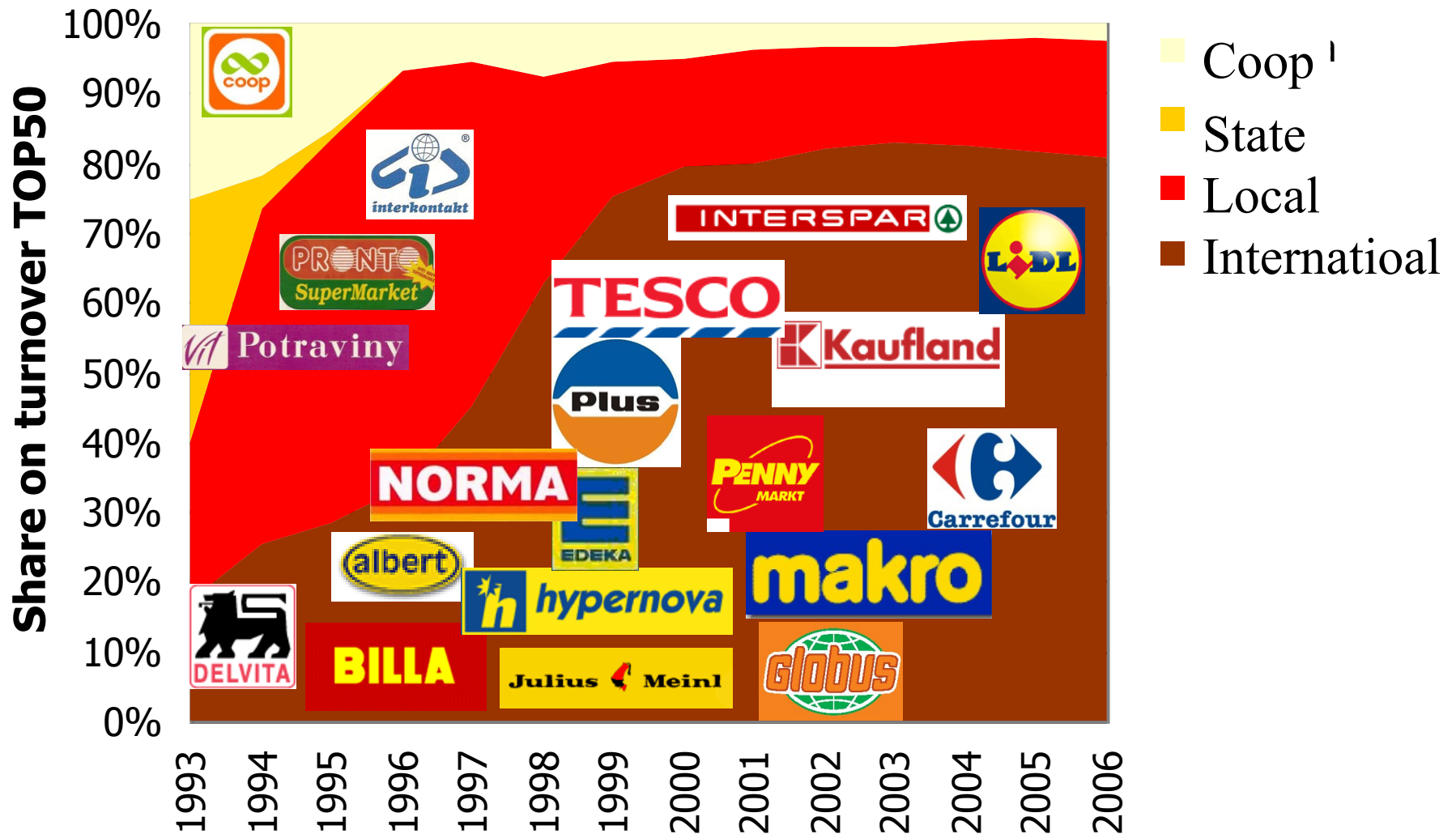
1 big shopping centre per
1.800.000 shoppers



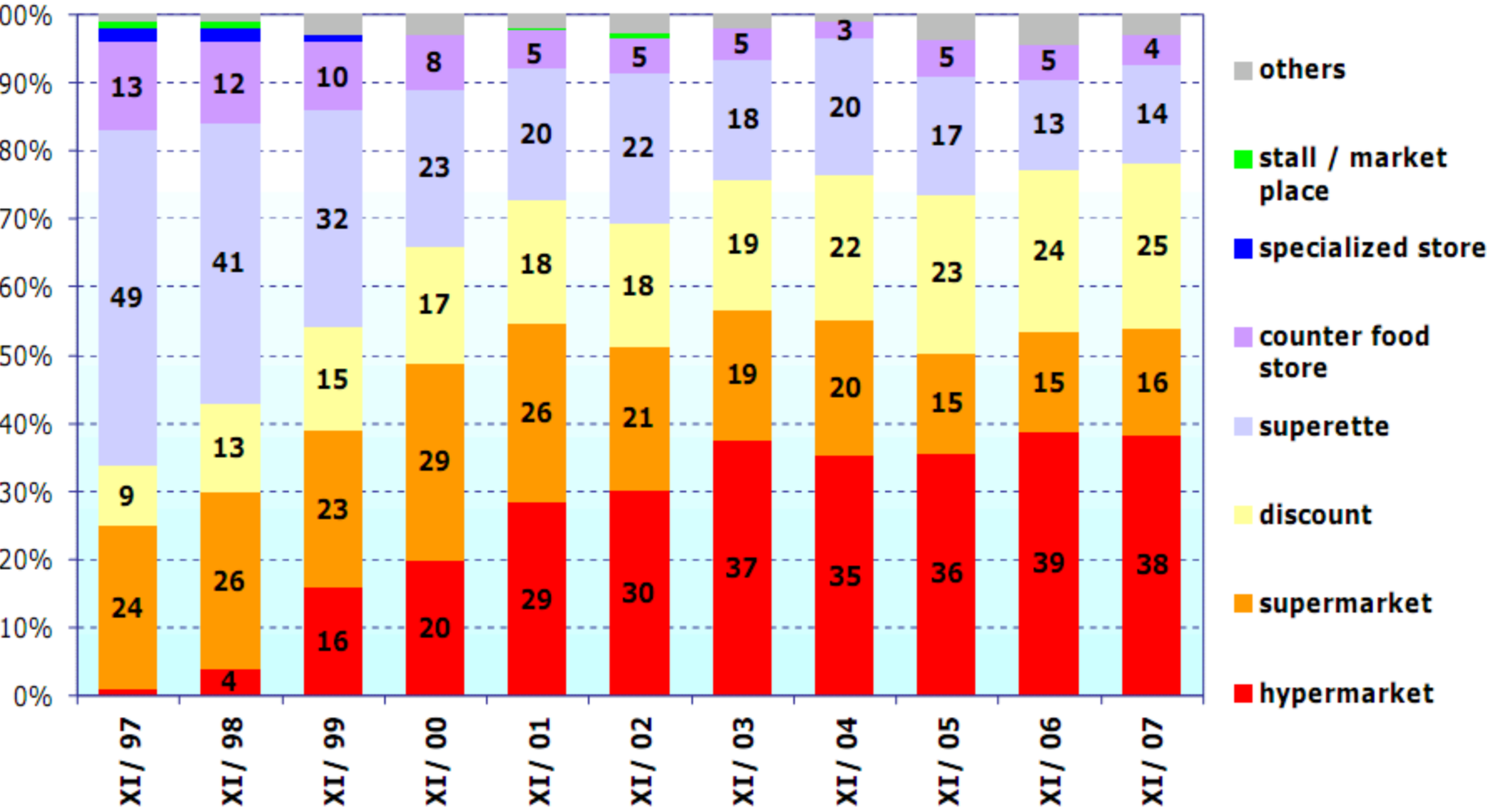
1 hypermarket per
50.000 shoppers

1 big shopping centre per
350.000 shoppers

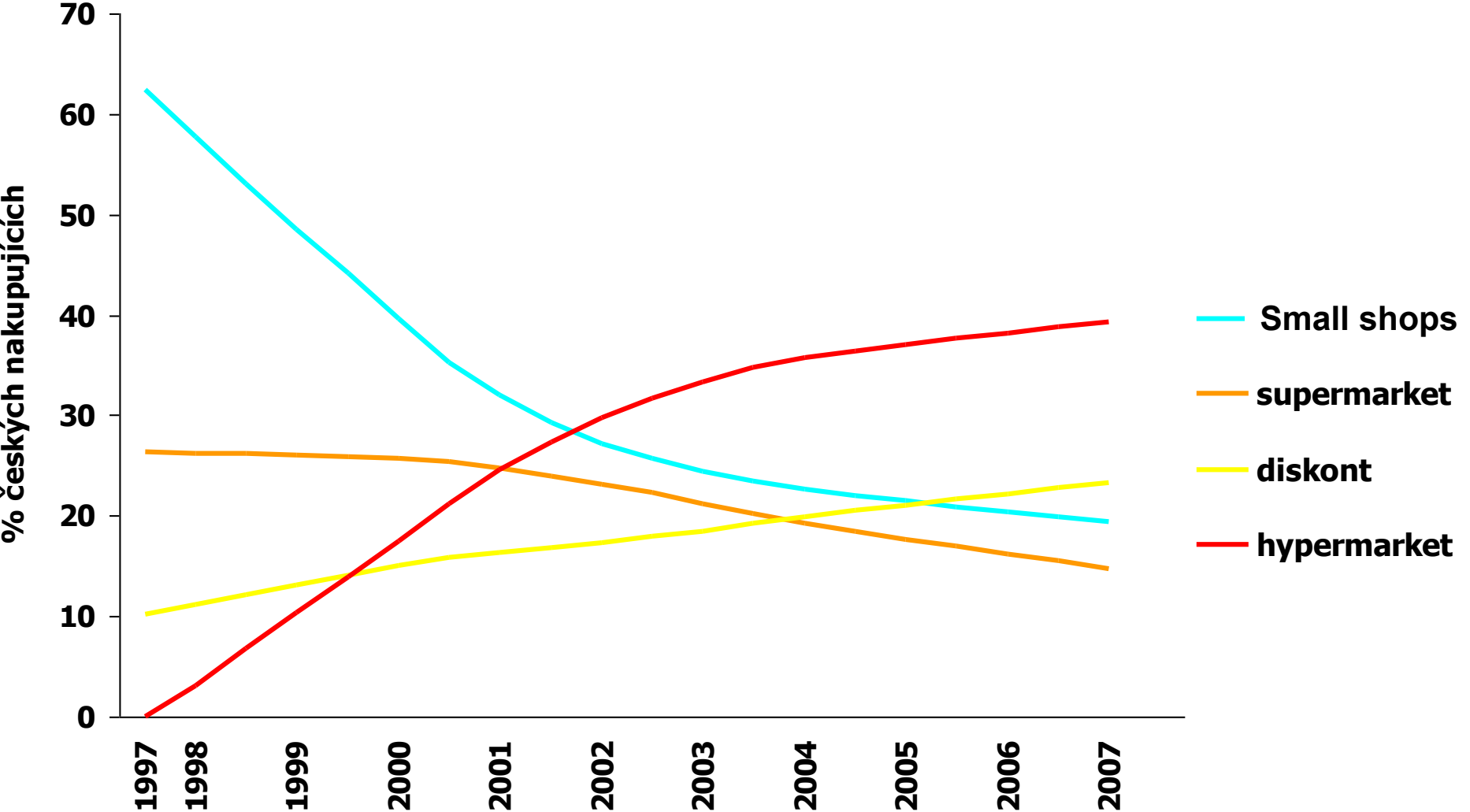
The share of turnover per proprietor type



THE MAIN SHOPPING PLACE FOR FOOD (development 1997-2007)

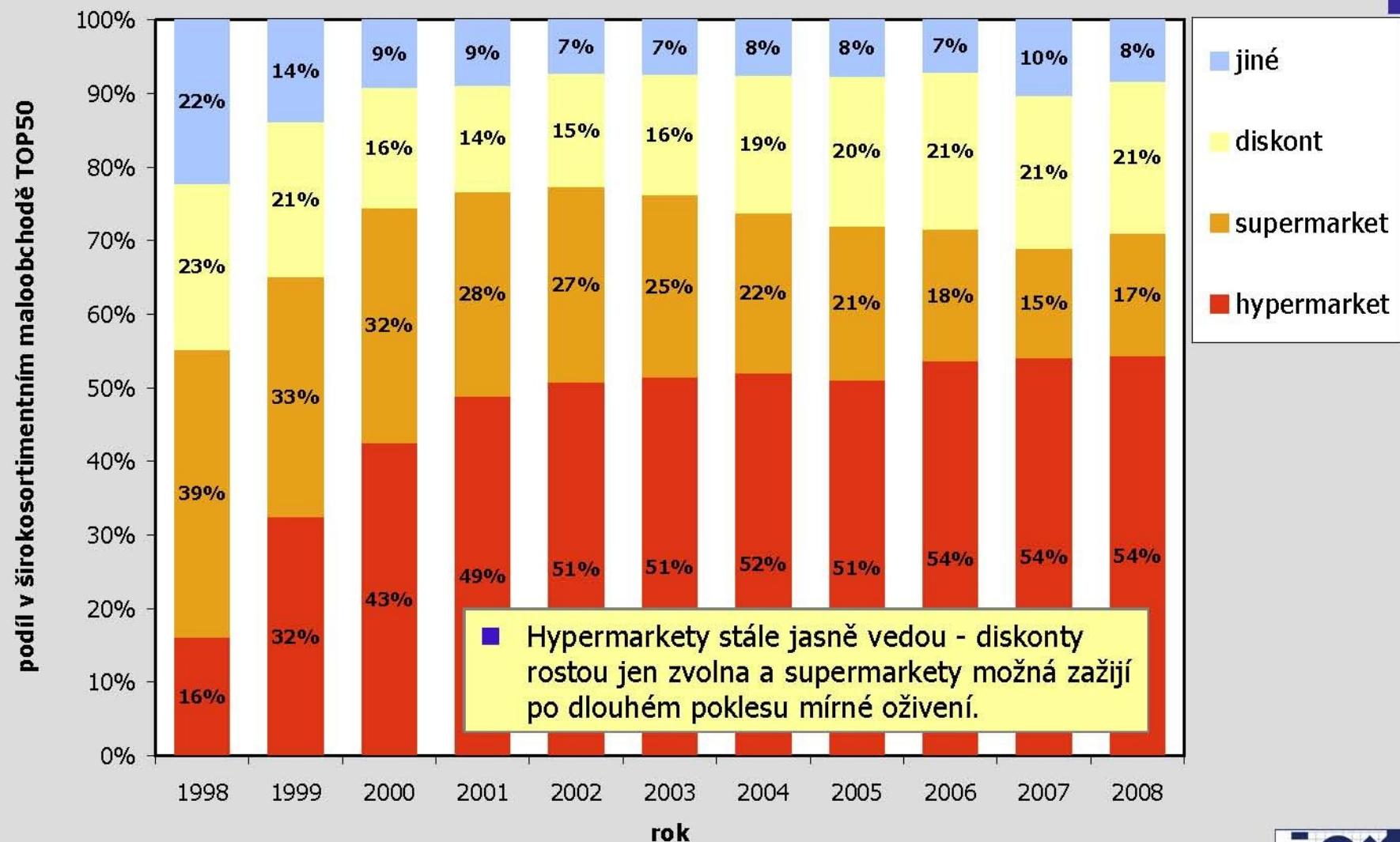


THE MAIN SHOPPING PLACE FOR FOOD (development 1997-2007)



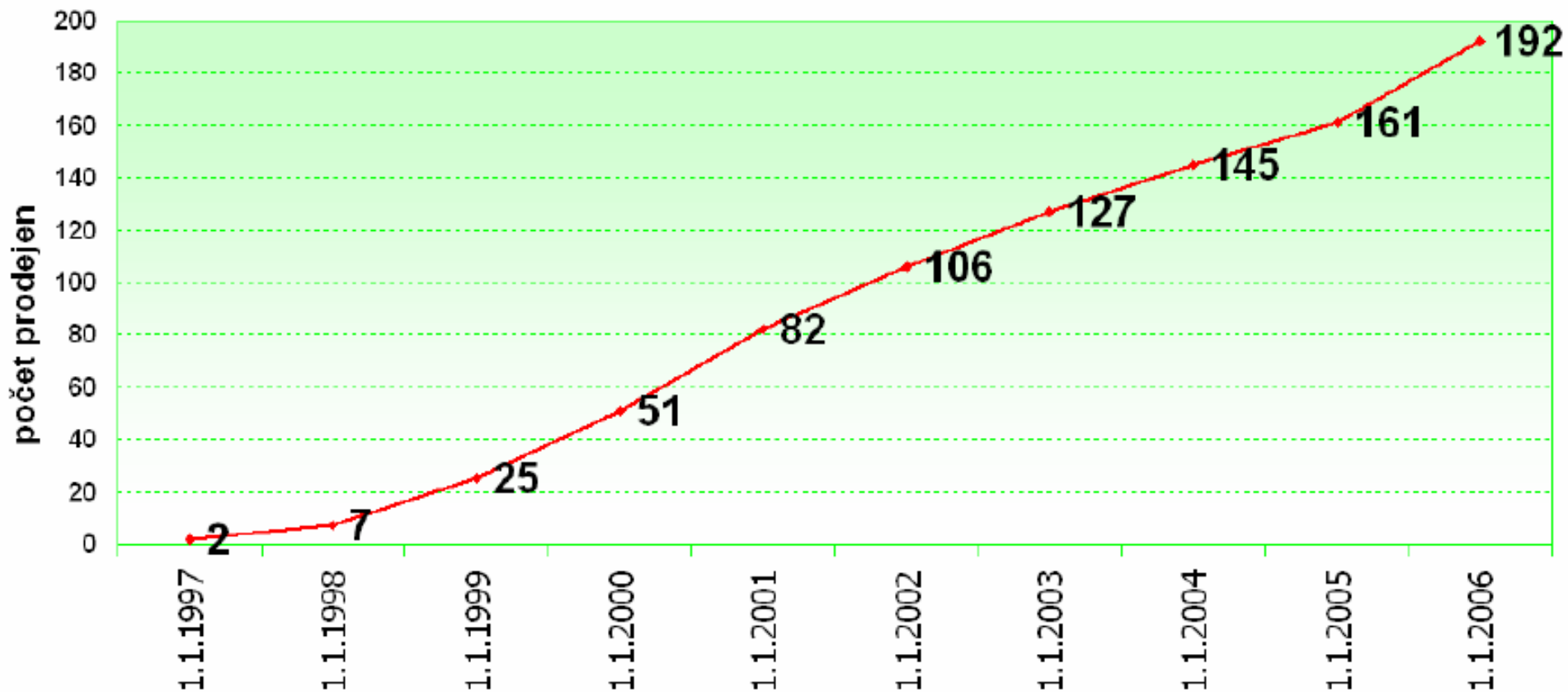
VÝVOJ FORMÁTŮ V TOP50

(tržní podíl obchodních formátů v širokosortimentním maloobchodě)



Cumulative number of hypermarkets

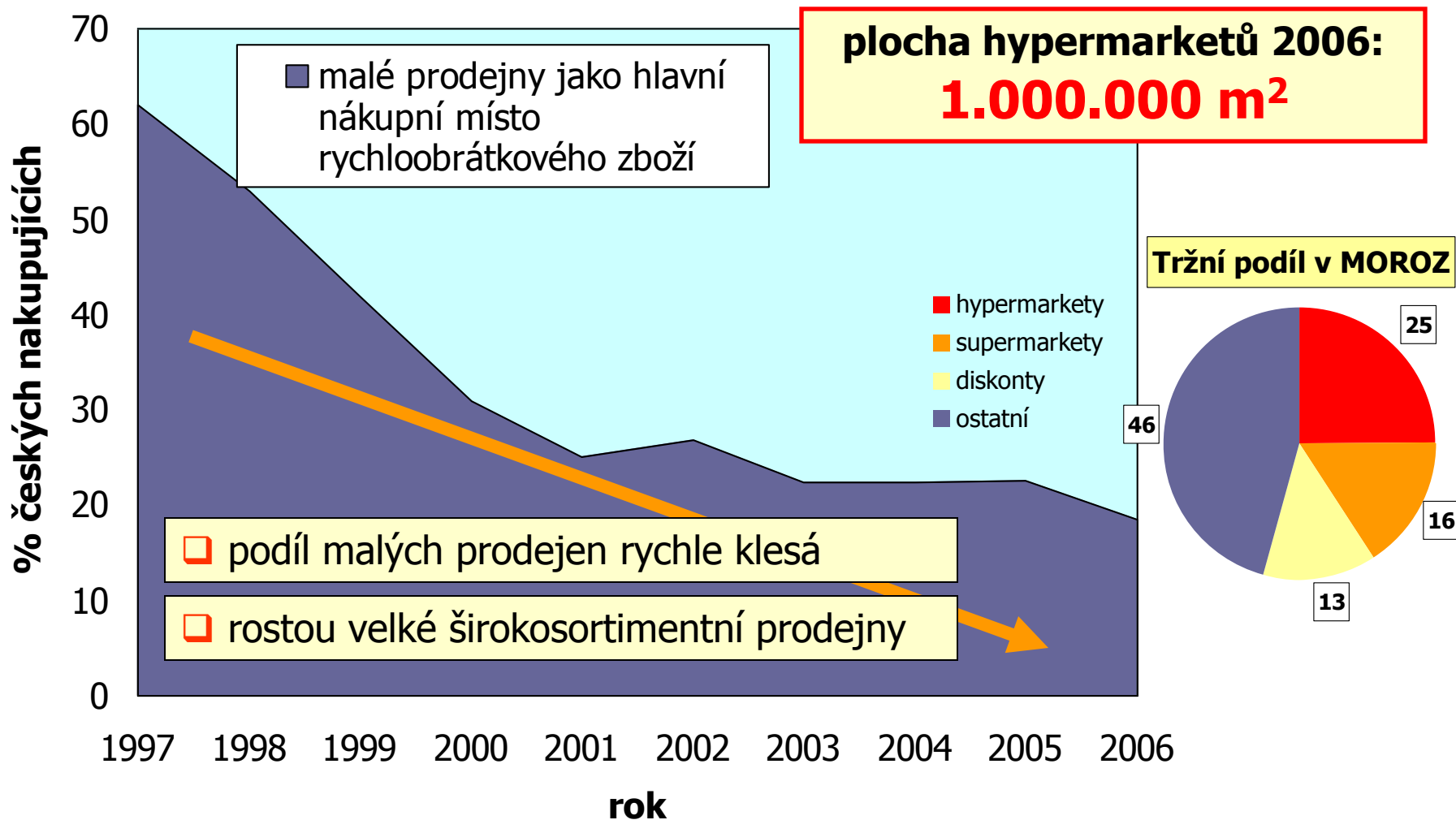
Rozvoj počtu hypermarketů v České republice



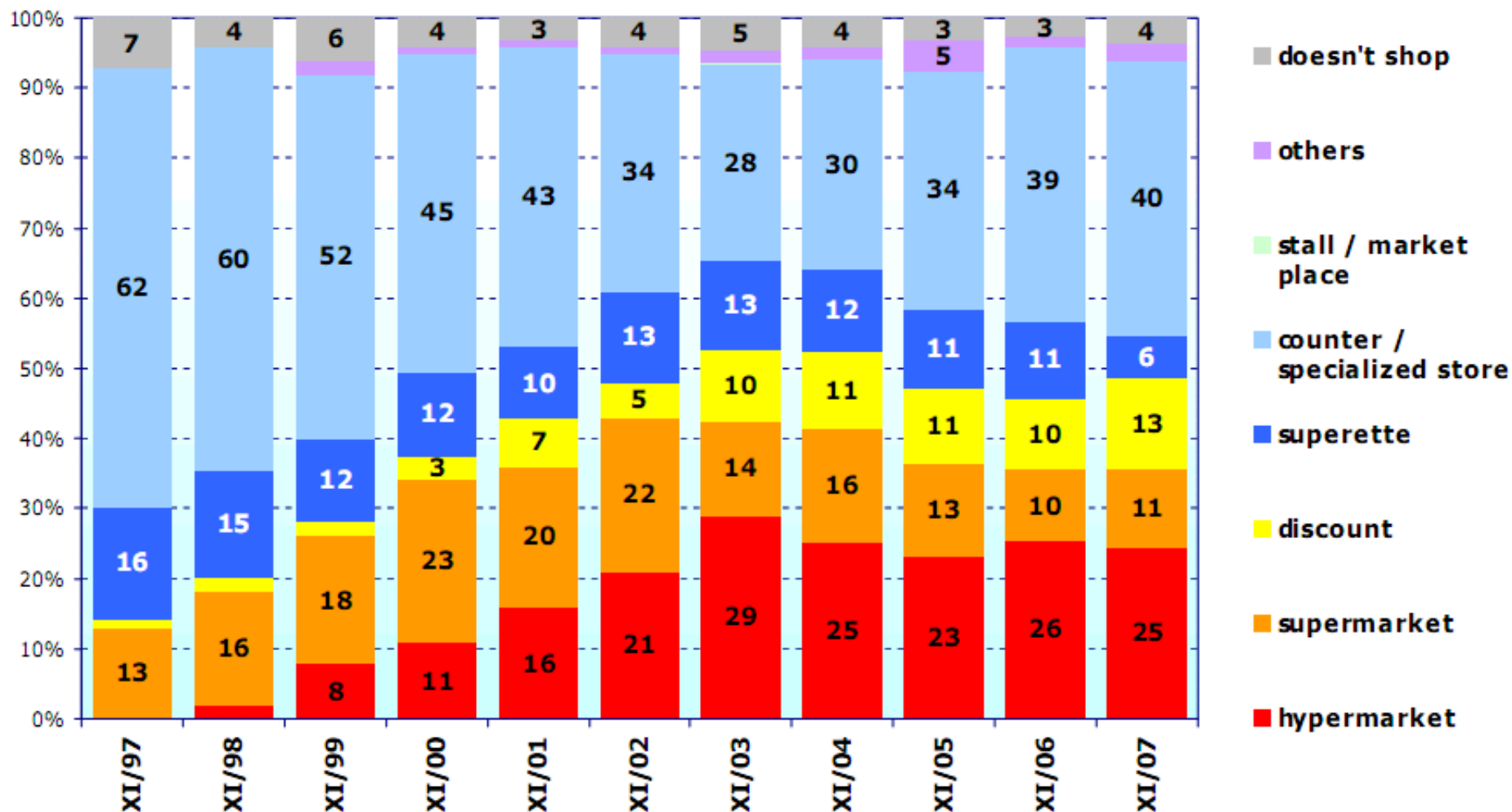
Tendencies in Czech retail (2008)

- Large-area shops (hypermarkets, discounts and supermarkets) as a whole have been permanently strengthening their market share but have been losing customers in sensitive goods categories.
- Remain the main point for shopping of durable food products as packed food products, beverages (Consumers preferences are usually from 75% to 83%)
- Loosing in fresh food products (bread, pastry etc.) or specialized assortment of drugstore and cosmetics products (which are interesting from point of view of the margin!!!)

TREND: POKLES ROLE MENŠÍCH PRODEJEN

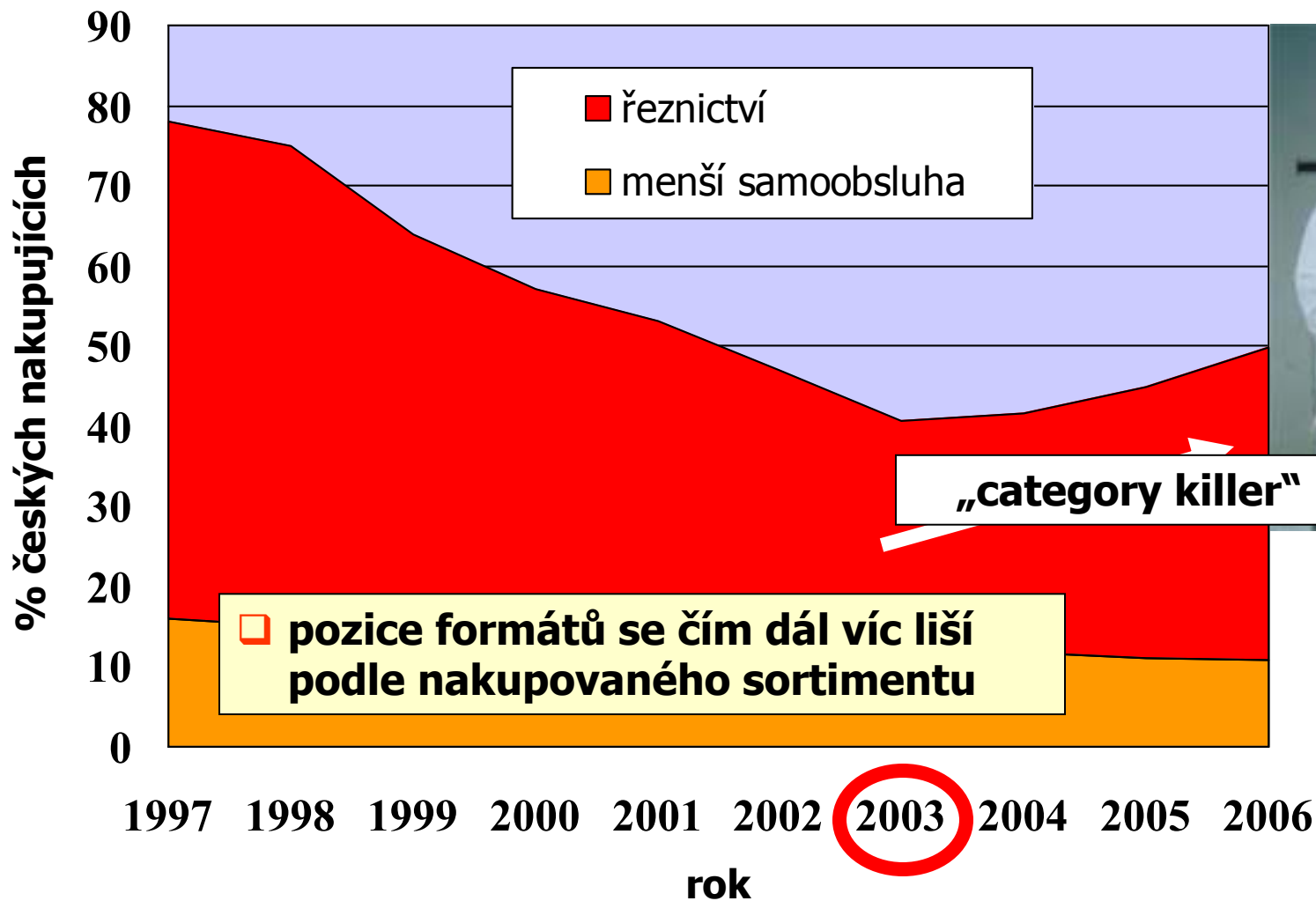


THE MAIN SHOPPING PLACE FOR FRESH MEAT ?

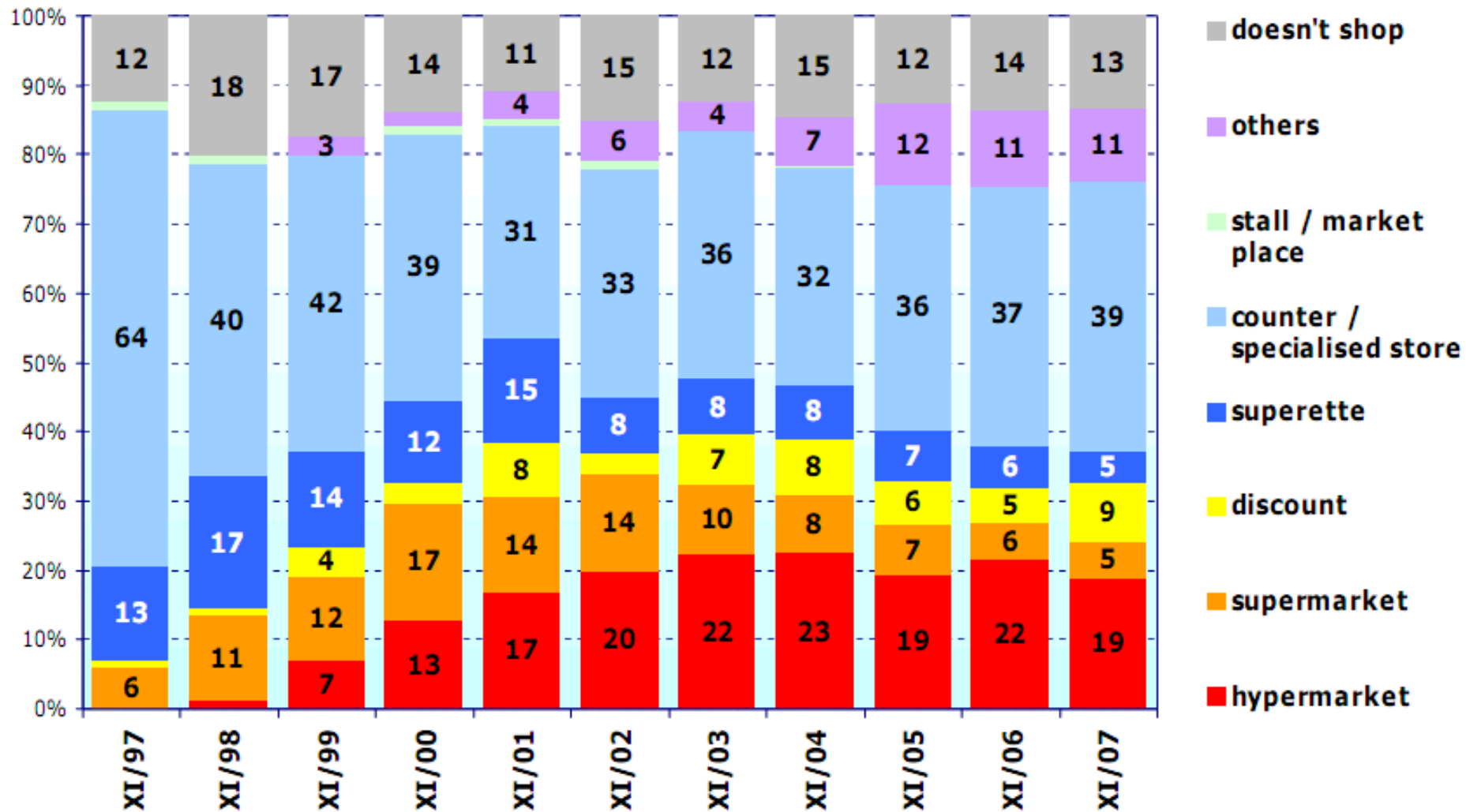


TREND: RŮST ROLE MENŠÍCH PRODEJEN!

(hlavní nákupní místo čerstvého masa)

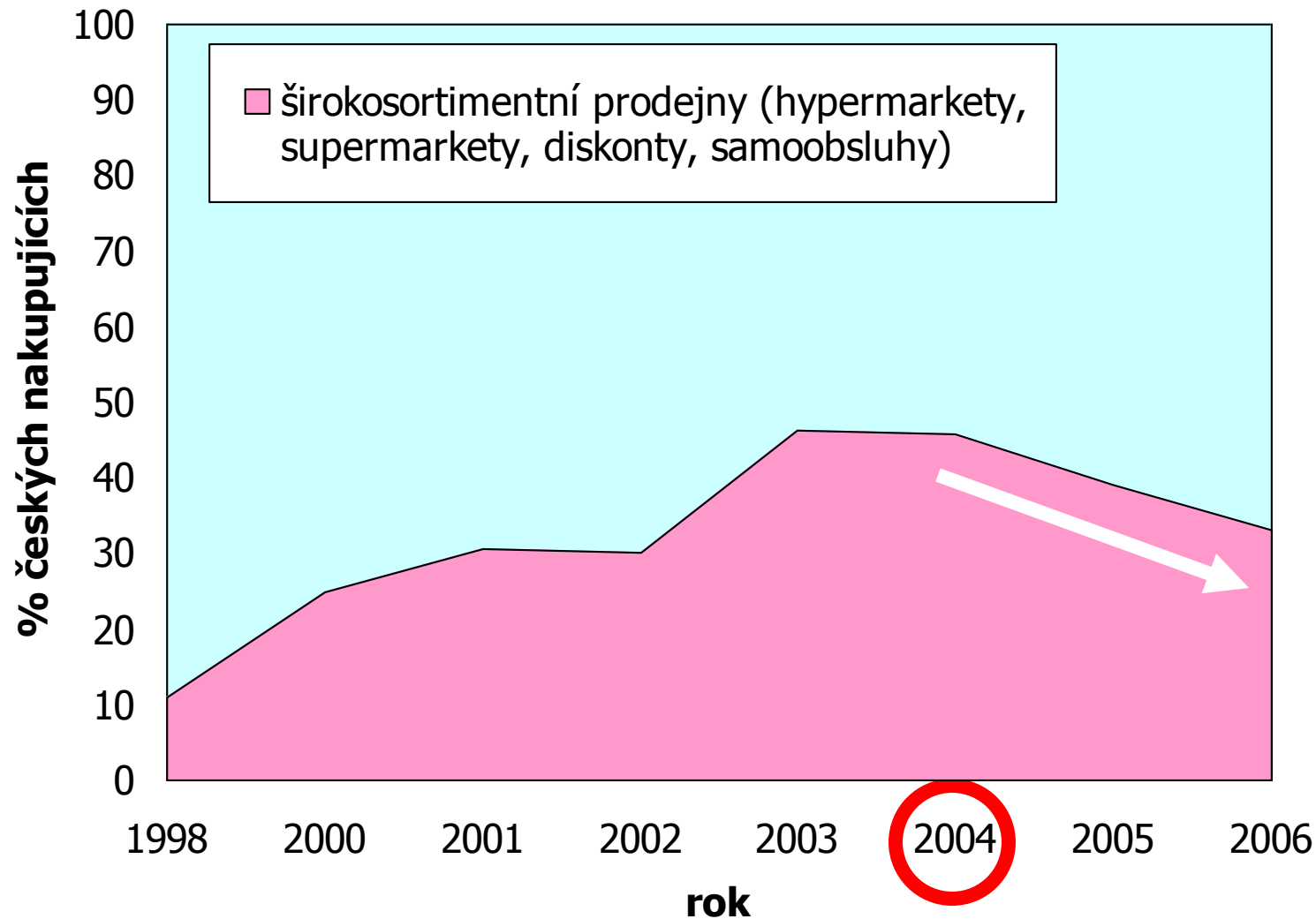


THE MAIN SHOPPING PLACE FOR COSMETICS ?

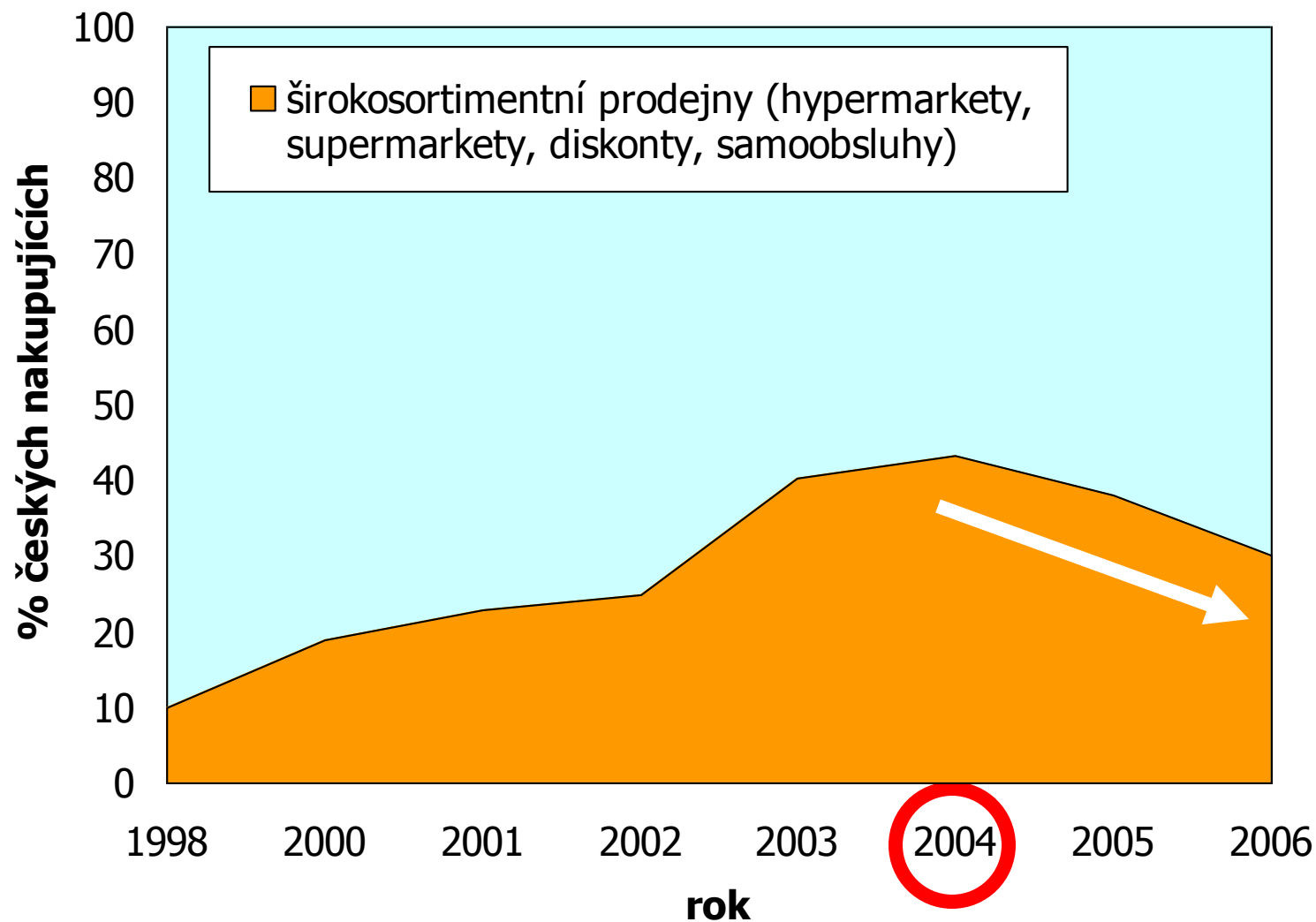


TREND: RŮST ROLE MENŠÍCH PRODEJEN!

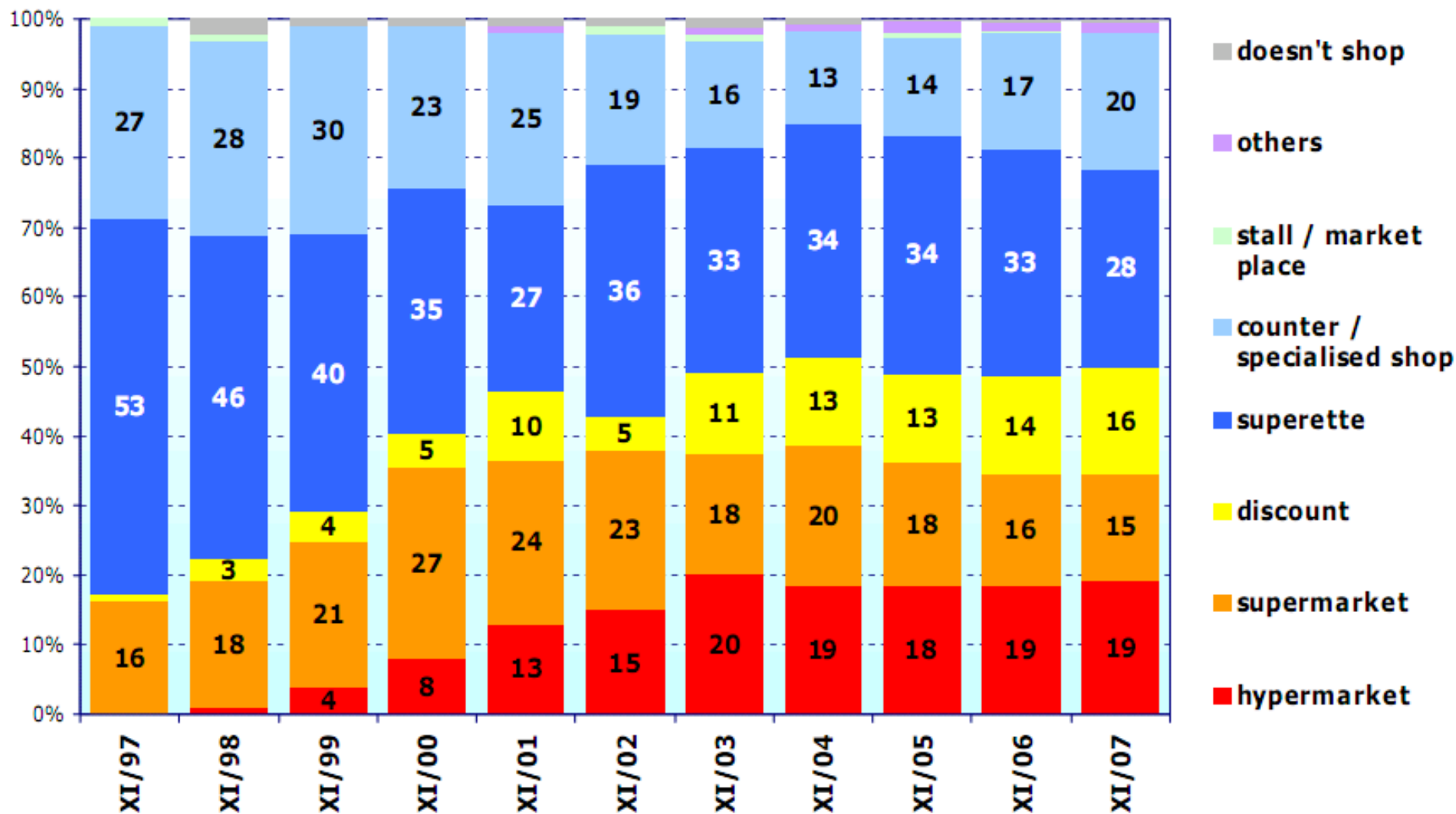
(parfémy / deodoranty)



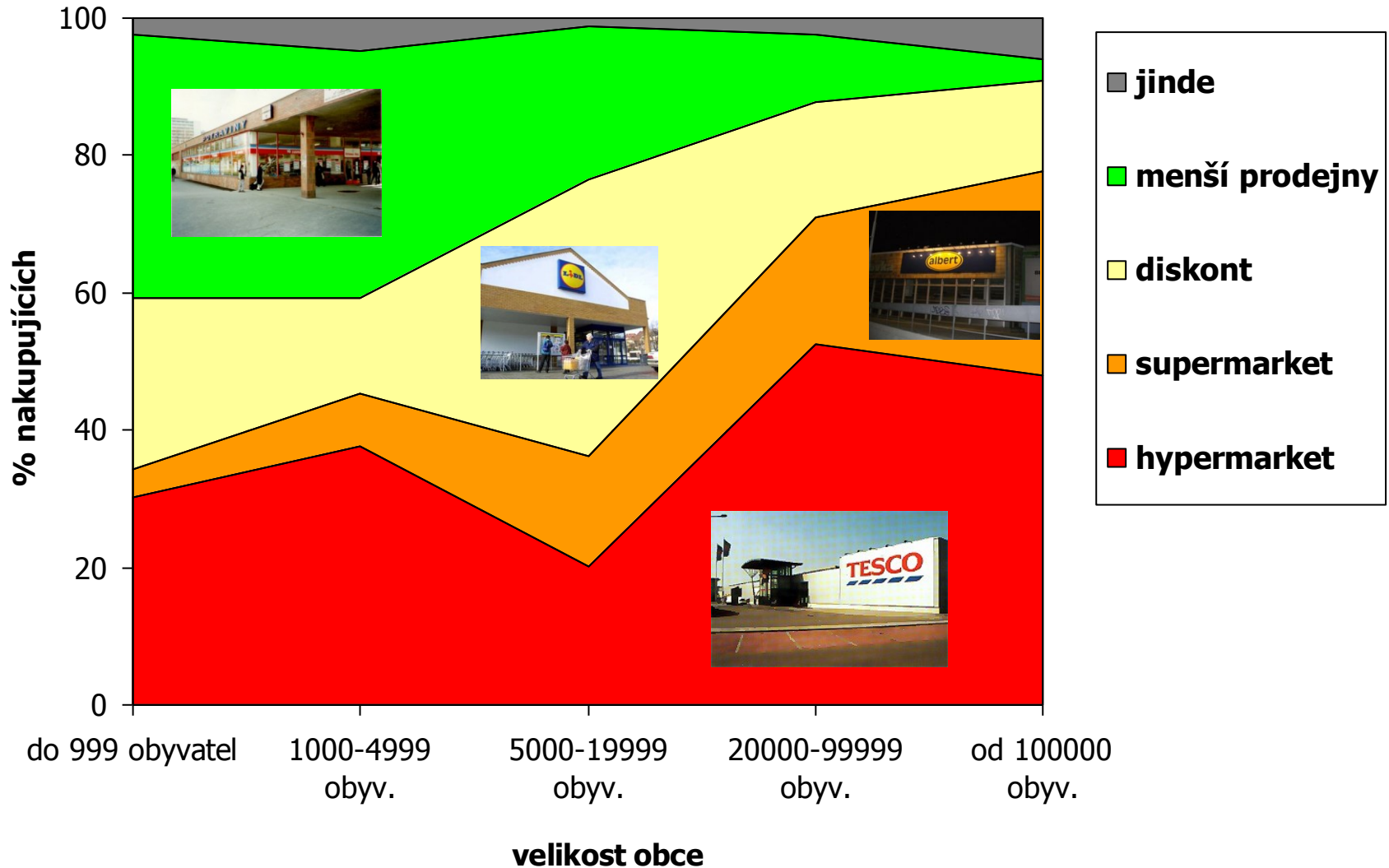
TREND: RŮST ROLE MENŠÍCH PRODEJEN! (dekorativní kosmetika)



THE MAIN SHOPPING PLACE FOR FRESH BAKERY ?



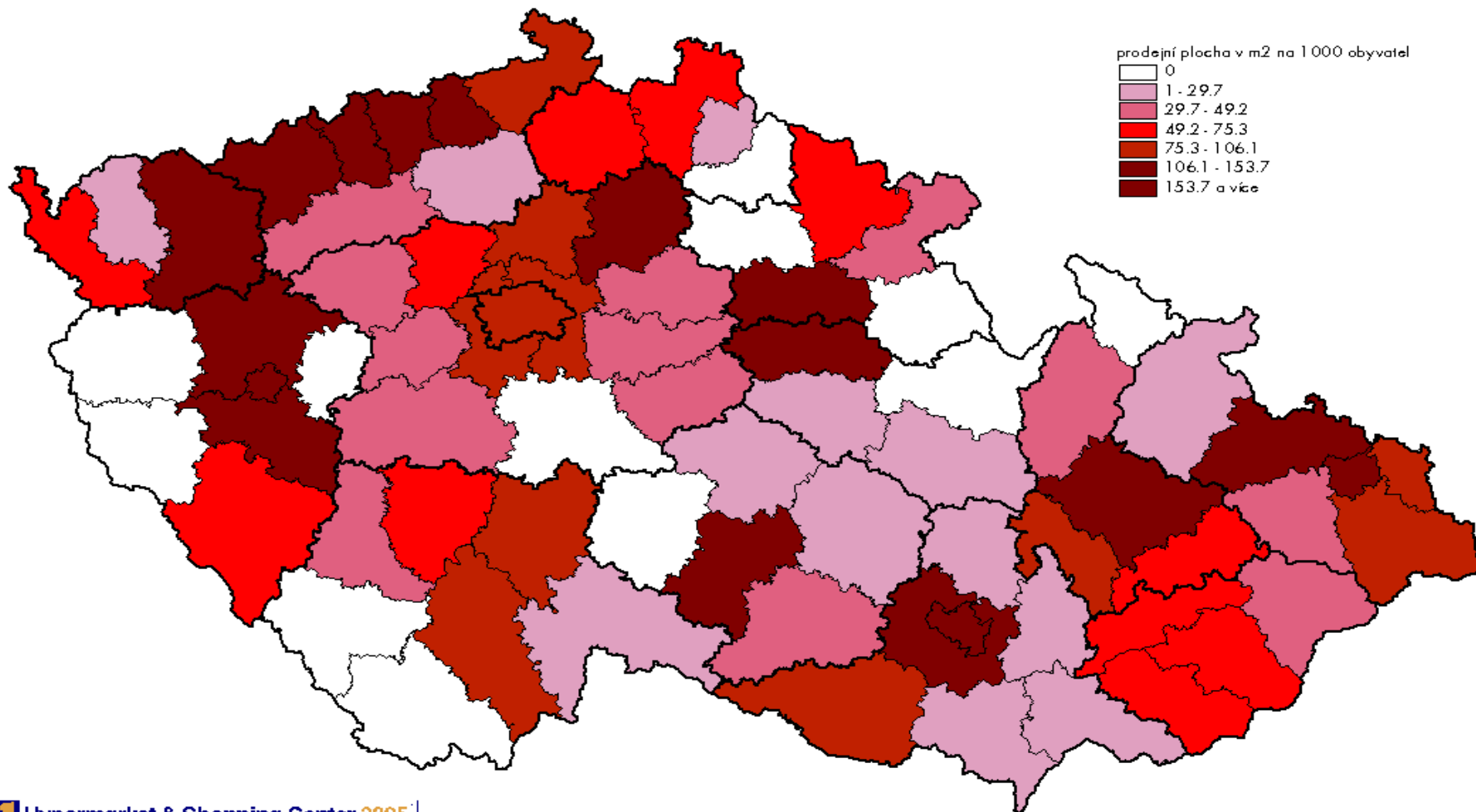
Market share and the size of municipality



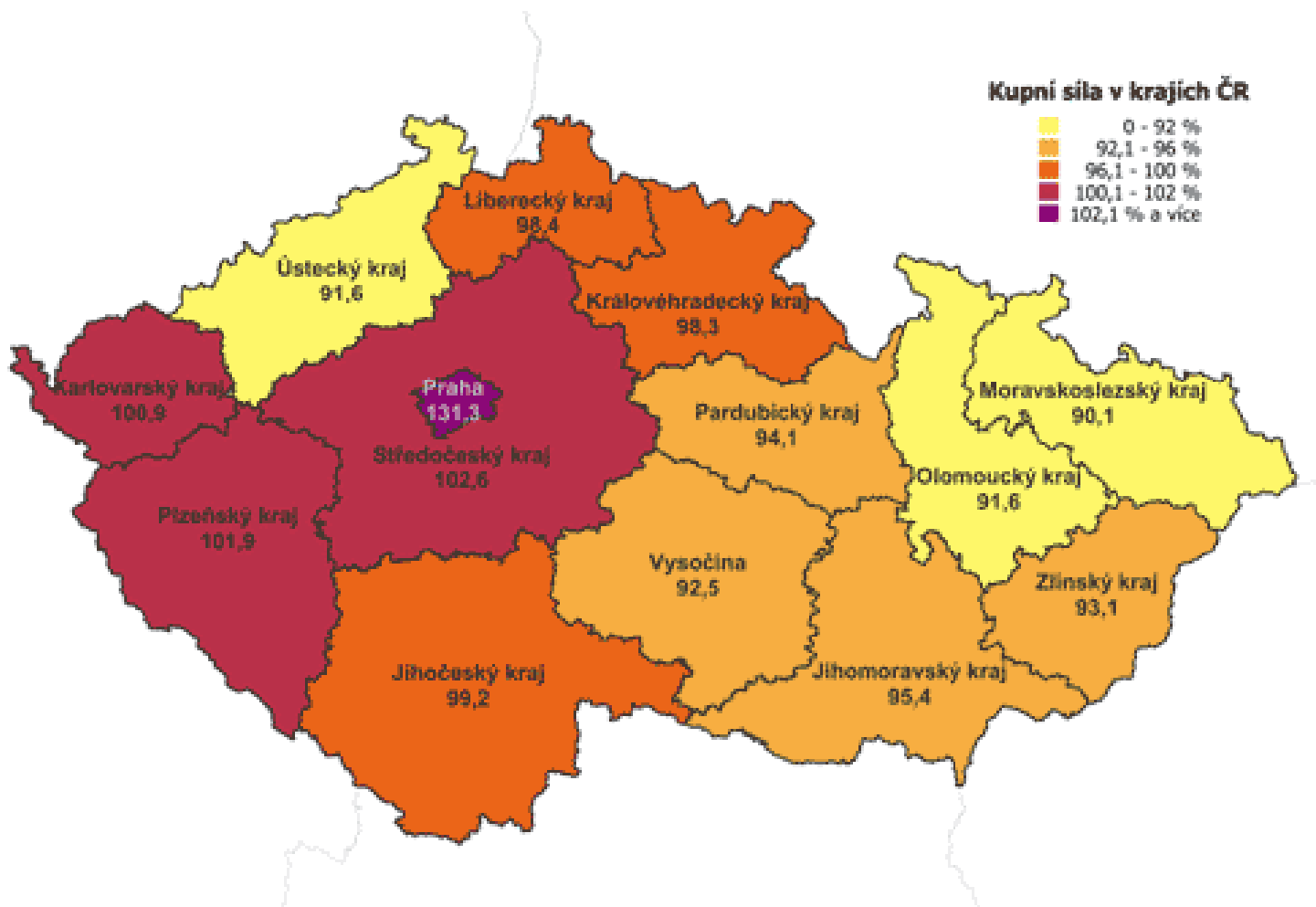
Floor space of hypermarkets in square meters per 1000 inhabitants

1.25. Prodejní plochy hypermarketů v okresech České Republiky na 1000 obyvatel (1.1.2005)

(příměstské okresy - Praha východ, Praha západ, Plzeň jih, Plzeň sever, Brno venkov - jsou přiřazeny k příslušným metropolím)

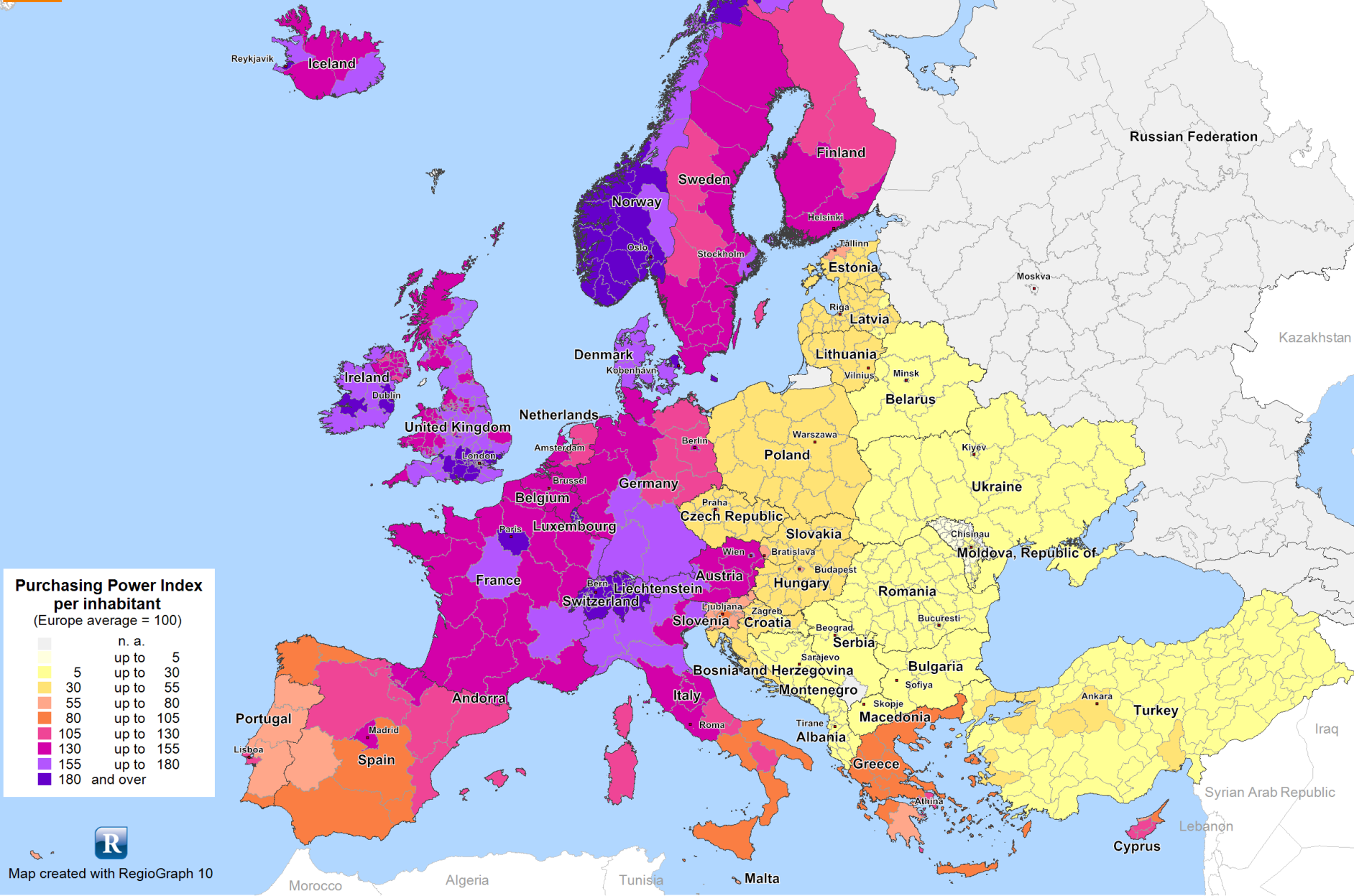


The differences in per capita purchasing power in the Czech regions



Source: Purchasing power in the Czech districts and municipalities 2005 (GfK + INCOMA)

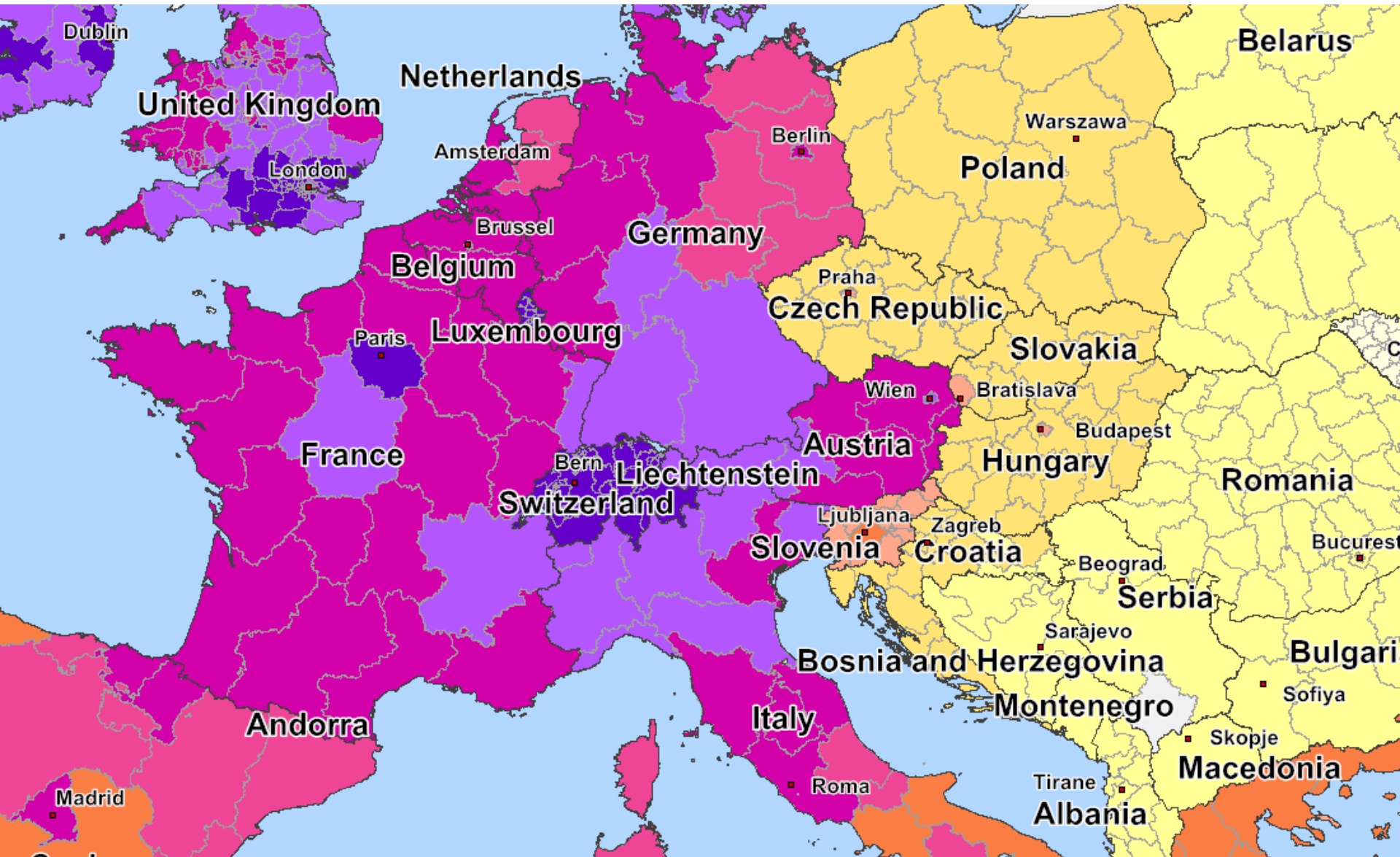
Pramen: Kupní síla v okresech a obcích ČR 2009, INCOMA GfK



Purchasing Power Index per inhabitant
(Europe average = 100)

Lightest Yellow	n. a.
Yellow	up to 5
Light Orange	up to 30
Orange	up to 55
Red-Orange	up to 80
Red	up to 105
Pink	up to 130
Dark Pink	up to 155
Purple	up to 180
Dark Purple	and over





Country	Rank in 2006		Rank in 2007	Purchasing Power 2007 per capita in EUR
Switzerland and Liechtenstein	1	→	1	27,521
Luxembourg	2	→	2	27,395
Norway	3	→	3	24,993
Ireland	6	↗	4	22,207
Denmark	4	↘	5	21,521
Iceland	5	↘	6	20,511
UK	7	→	7	19,863
Austria	8	→	8	18,960
France	9	→	9	18,873
Germany	10	→	10	18,055
Sweden	13	↗	11	17,217
Belgium	11	↘	12	17,143
Finland	12	↘	13	16,882
Italy	14	→	14	16,617
Netherlands	15	→	15	15,814
Spain	16	→	16	13,431
Cyprus	17	→	17	12,344
Greece	18	→	18	12,203
Portugal	19	→	19	9,674
Slovenia	20	→	20	8,851
Malta	21	→	21	8,308
Czech Republic	22	→	22	5,625

Estonia	24	↗	23	5,611
Hungary	23	↘	24	5,462
Latvia	29	↗	25	4,978
Lithuania	28	↗	26	4,896
Slovakia	25	↘	27	4,889
Poland	26	↘	28	4,808
Croatia	27	↘	29	4,565
Serbia and Montenegro (from 2007 only Serbia)	32	↗	30	3,227
Turkey	31	→	31	3,182
Romania	30	↘	32	3,036
Bulgaria	33	→	33	2,453
Montenegro (from 2007)	34	→	34	2,338
Macedonia	35	→	35	2,069
Bosnia-Herzegovina	36	→	36	2,033
Belarus	37	→	37	1,764
Albania	38	→	38	1,599
Ukraine	39	→	39	1,487
Moldova	40	→	40	685
EUROPEAN AVERAGE				11,998

Source: GfK Purchasing Power Europe 2007/2008, GfK GeoMarketing

↗ Up since last year

↘ Down since last year

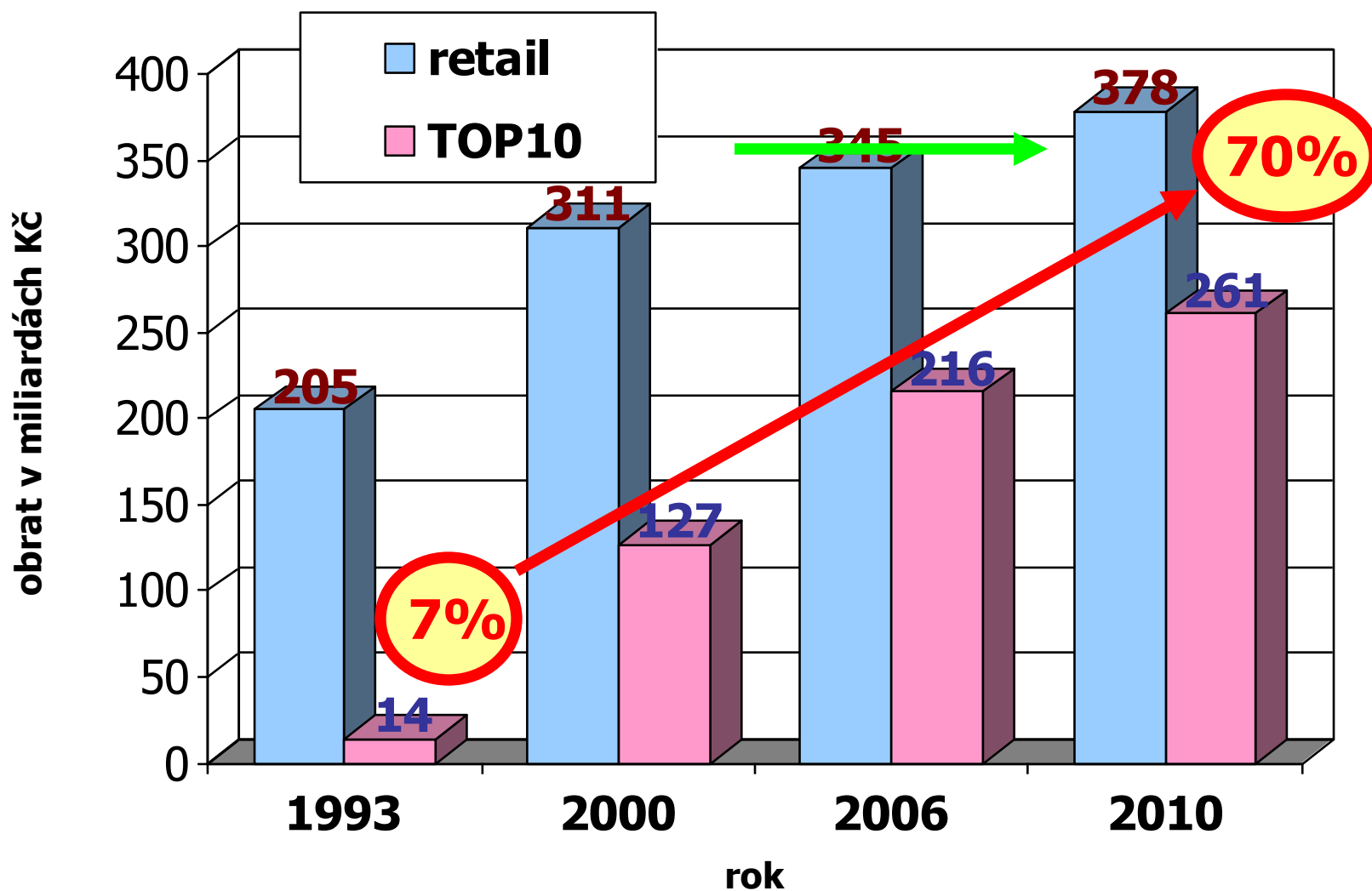
→ Same as since last year

Cities with the highest shopping center space per 1,000 inhabitants

Western Europe *		Eastern Europe	
Leonding (Austria)	1,558 m2	Ljubljana (Slovenia)	1,667 m2
Sankt Pölten (Austria)	1,444 m2	Karlovy Vary (Czech Republic)	1,343 m2
Wiener Neustadt (Austria)	1,406 m2	Hradec Kralove (Czech Republic)	1,040 m2
Stockholm (Sweden)	1,165 m2	Plzen (Czech Republic)	922 m2
Geneva (Switzerland)	891 m2	Olomouc (Czech Republic)	899 m2

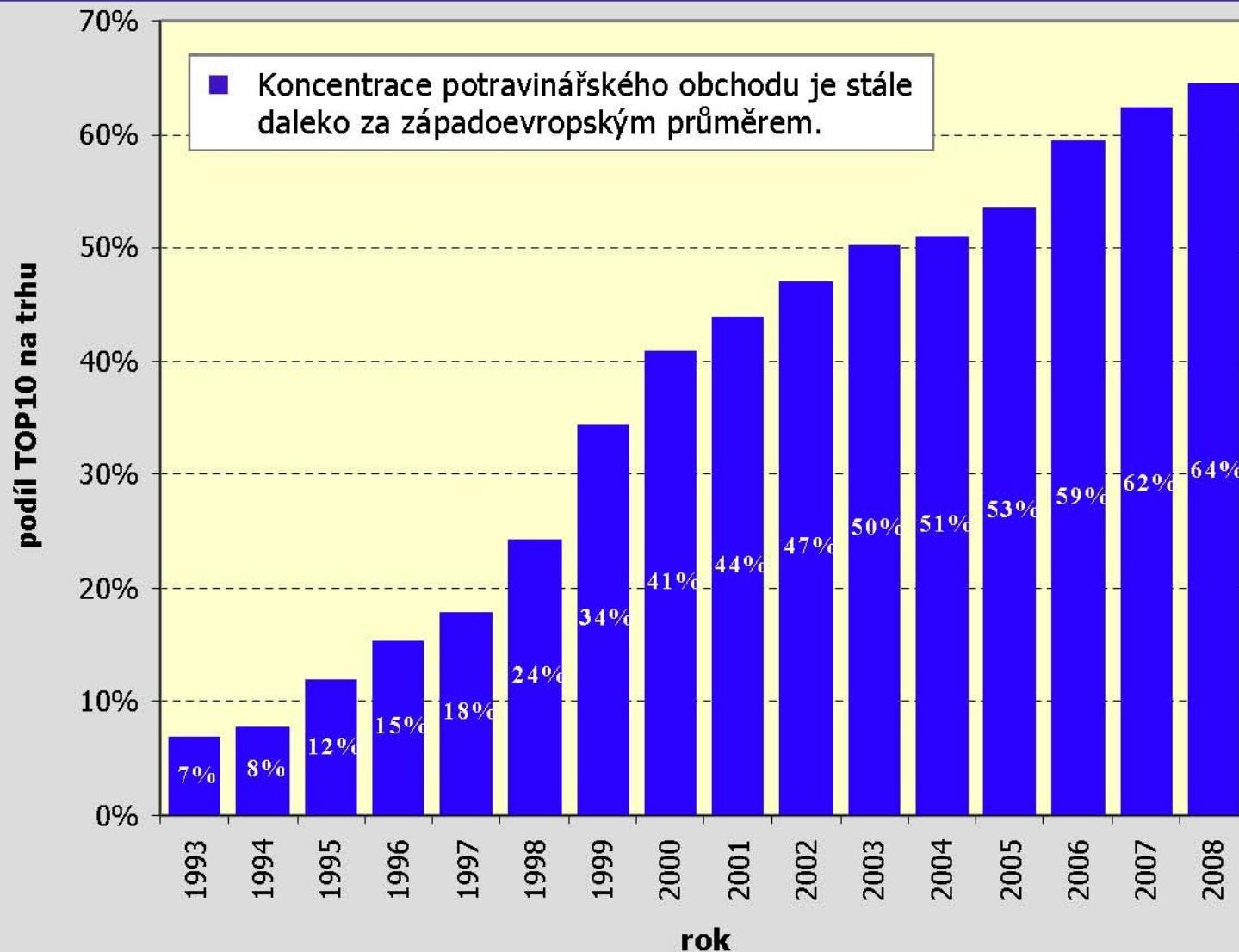
* (Germany and France are not included in the statistics. Germany is available separately as "GfK GeoMarketing Retail Location Guide Germany". The guide for France is currently under way. All retail location studies are updated annually.)

Retail TOP10: process of concentration (turnover on Czech market)



KONCENTRACE ČESKÉHO OBCHODU

(tržní podíl TOP10 obchodních skupin v maloobchodě rychloobrátkovým zbožím)



Pramen: INCOMA Research + Moderní obchod

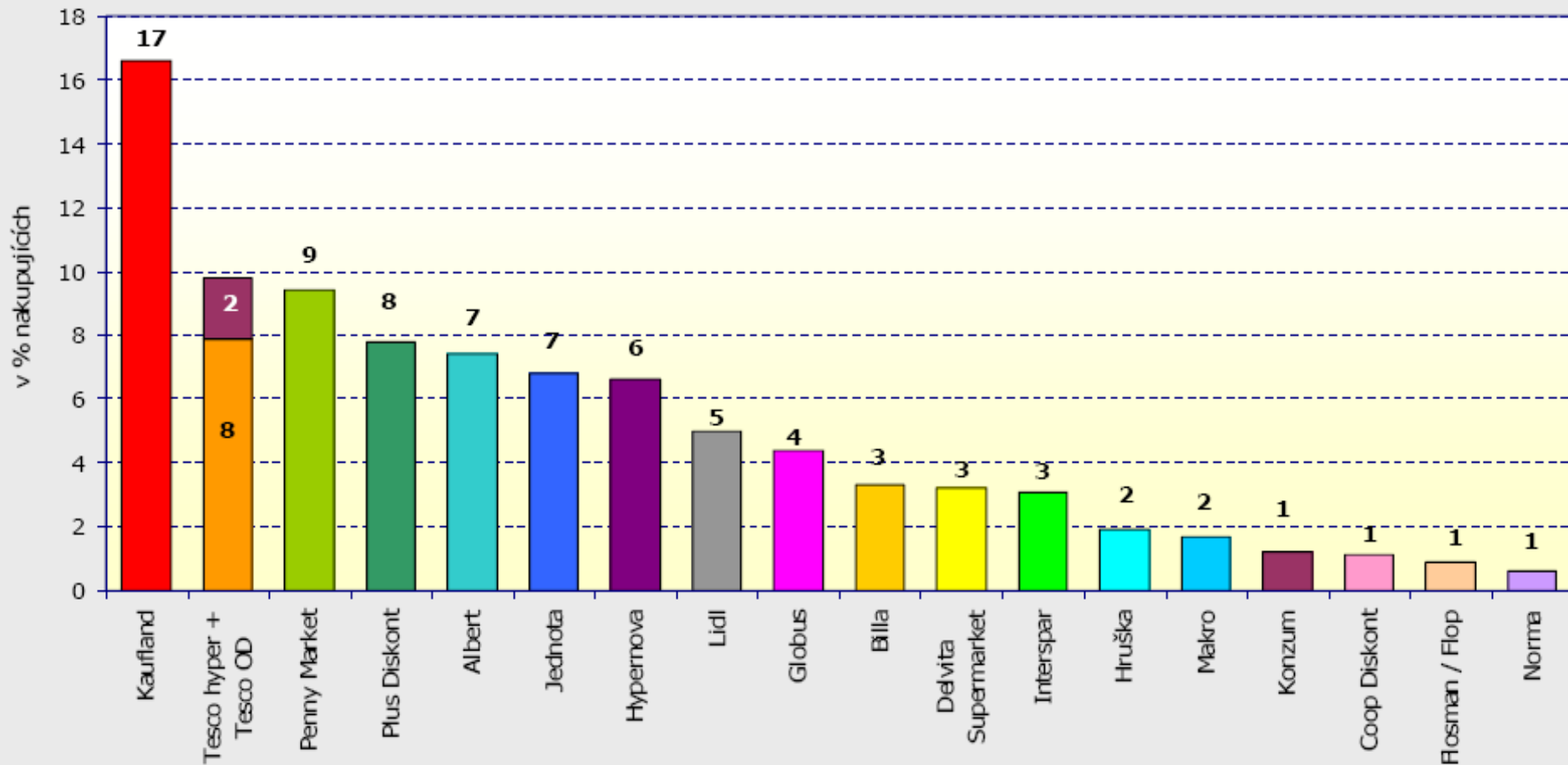
TOP10 in Czech Retail
(estimations)

TOP10 marketshare
64%

Rank	Group / Company	Turnover 2009		
		2006	2007	2008
1.	Schwarz ČR	45,0	50,0	54,5
	<i>Kaufland</i>			
	<i>Lidl ČR</i>			
2.	Tesco Stores ČR	37,0	44,0	47,0
	<i>Tesco hypermarket</i>			
	<i>Tesco obchodní dům</i>			
	<i>Tesco supermarket</i>			
	<i>Tesco Expres</i>			
3.	Ahold Czech Republic	38,5	42,0	44,0
	<i>Hypernova</i>			
	<i>HyperAlbert</i>			
	<i>Albert</i>			
4.	Makro Cash&Carry ČR	38,3	39,3	39,5
5.	Rewe ČR	25,8	31,6	38,5
	<i>Billa</i>			
	<i>Penny Market</i>			
6.	Globus ČR	20,5	23,0	25,4
7.	Tengelmann ČR	19,5	20,4	22,5
	<i>Plus - Discount</i>			
	<i>OBI - systémová centrála</i>			
8.	GECO Tabak	14,9	17,7	17,5
9.	Spar ČR	12,0	13,0	14,0
	<i>INTERSPAR (Spar Česká obchodní spol.)</i>			
	<i>SPAR supermarket (Spar Česká obchodní spol.)</i>			
	<i>Spar Šumava</i>			
10.	Peal	7,0	8,0	9,3
1.-10.	Sum	258,5	289,0	312,2

Source: INCOMA Research + Moderní obchod

The main shopping place for food- 2006



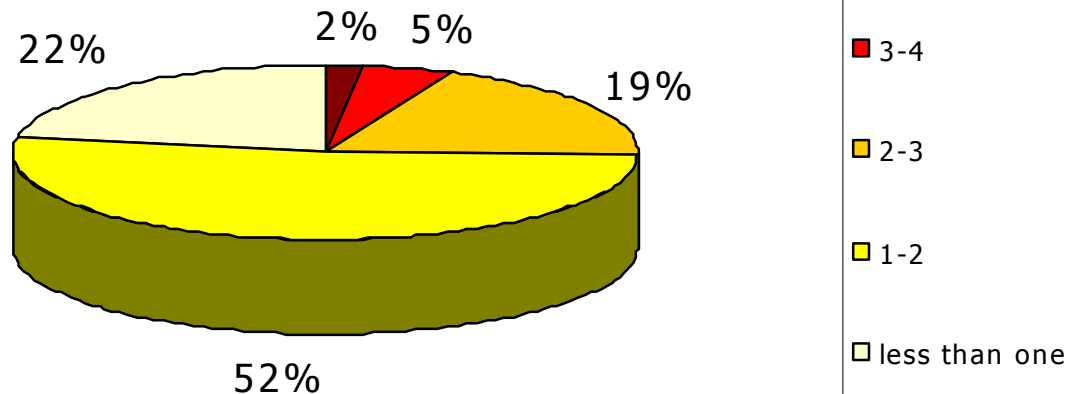
HODNOCENÍ OBCHODNÍCH ŘETĚZCŮ ZÁKAZNÍKY

nejpreferovanější řetězec (hlavní nákupní místo)	Kaufland
nejznámější řetězec bez nápovědy	Tesco
nejznámější řetězec s nápovědou	Lidl
Nejnavštěvovanější řetězec	Kaufland
Nejvyšší znalost letáků	Tesco
nejlépe hodnocené ceny	Kaufland
nejlépe hodnocená šíře sortimentu	Globus
nejlépe hodnocené prostředí a atmosféra prodejny	Globus
nejlépe hodnocená čerstvost a kvalita zboží	Globus
nejlépe hodnocená dostupnost a kvalita personálu	Tip, Konzum
CELKOVĚ NEJLÉPE HODNOCENÝ ŘETĚZEC	Globus

Pramen: Shopping Monitor 2006 (INCOMA Research + GfK Praha)

SHOPPING AS A WAY OF SPENDING TIME

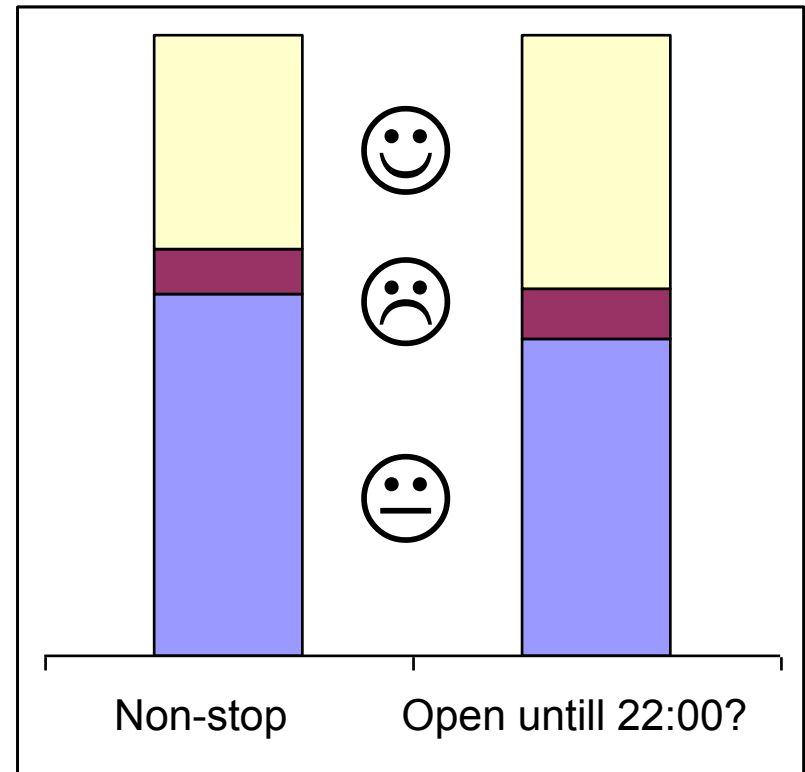
**HOW MUCH TIME DO YOU USUALLY SPEND
IN YOUR SHOPPING CENTER?**



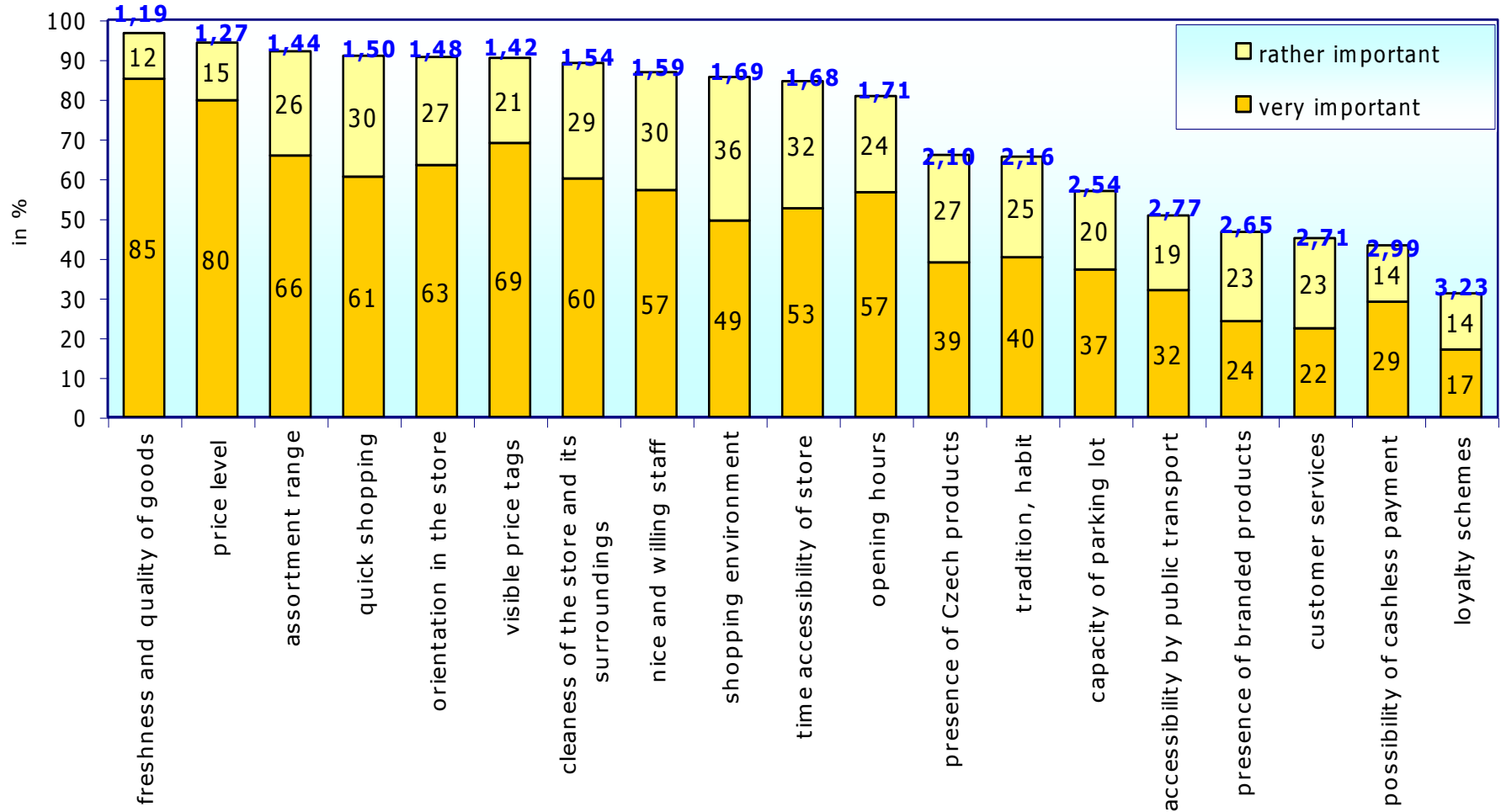
Source: SHOPPING MALL 2004 (INCOMA + GfK)

Selling time restriction

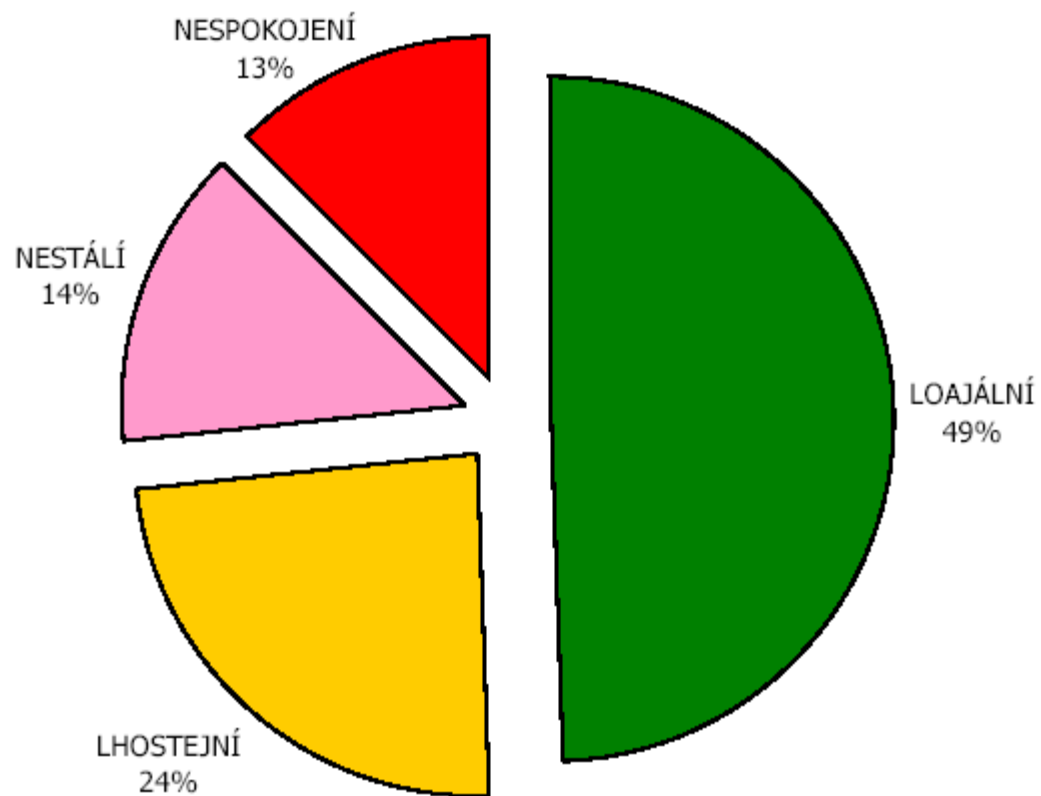
Shops open during
red-letter day?



WHAT IS IMPORTANT FOR YOU WHEN BUYING FOOD?



SLOŽENÍ ČESKÝCH NAKUPUJÍCÍCH PODLE LOAJALITY



Attitudes Towards Shopping Centres (Czechia)



- Czech shoppers mostly visit more shopping centres (and compare)
- 54% prefer new shopping centres to traditional shopping streets
- 46% choose a shopping centre which offers low prices
- 51% usually go to the nearest centre, others don't mind to travel far for other benefits
- 74% mostly go by car, easy parking is an important issue
- 36% find public transport connection as a crucial condition
- 36% spend more in a shopping mall rather than in a hypermarket/supermarket, this proportion has been growing year by year
- 55% don't mind spending more time in shopping centres, however they do not want to waste time there
- 54% visit gastronomy outlets there



A new contradictory tendency?

Alternative trade channels

- In accordance with PriceWaterhouse Coopers, more than 50% of food will be traded outside classical retail. (That is, in independent convenience stores, stalls, in marketplace or multiplex.)
- Time-saving
- People-centered not technology-centered

A new contradictory tendency?

Why ATC?

- Aging population
- Single parent families, singles, one child f.
- No time for shopping

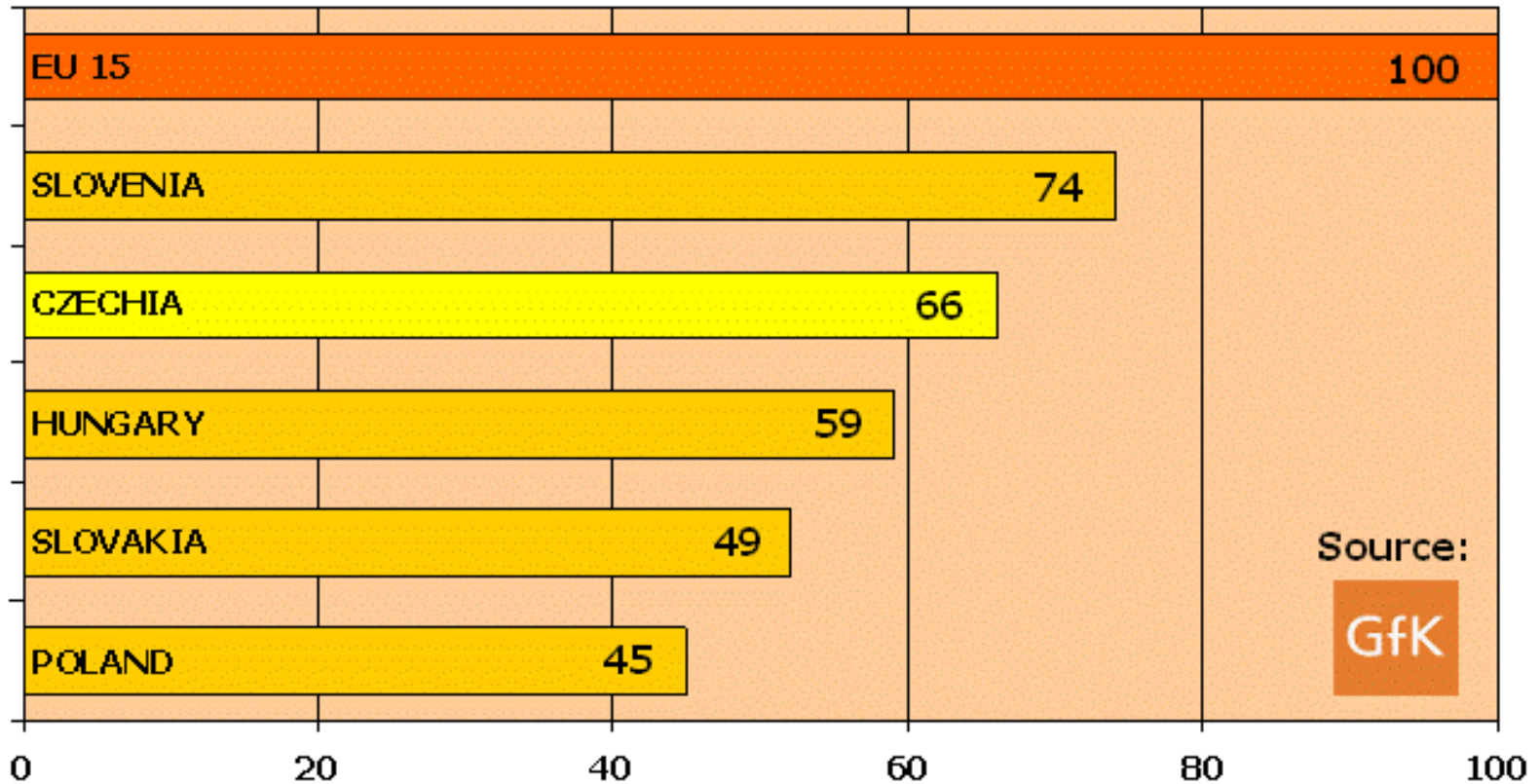
ATC in Czech rep.

- Turnover 5-10 mdl. CZK per year
- Rate of grow: 10 – 20%



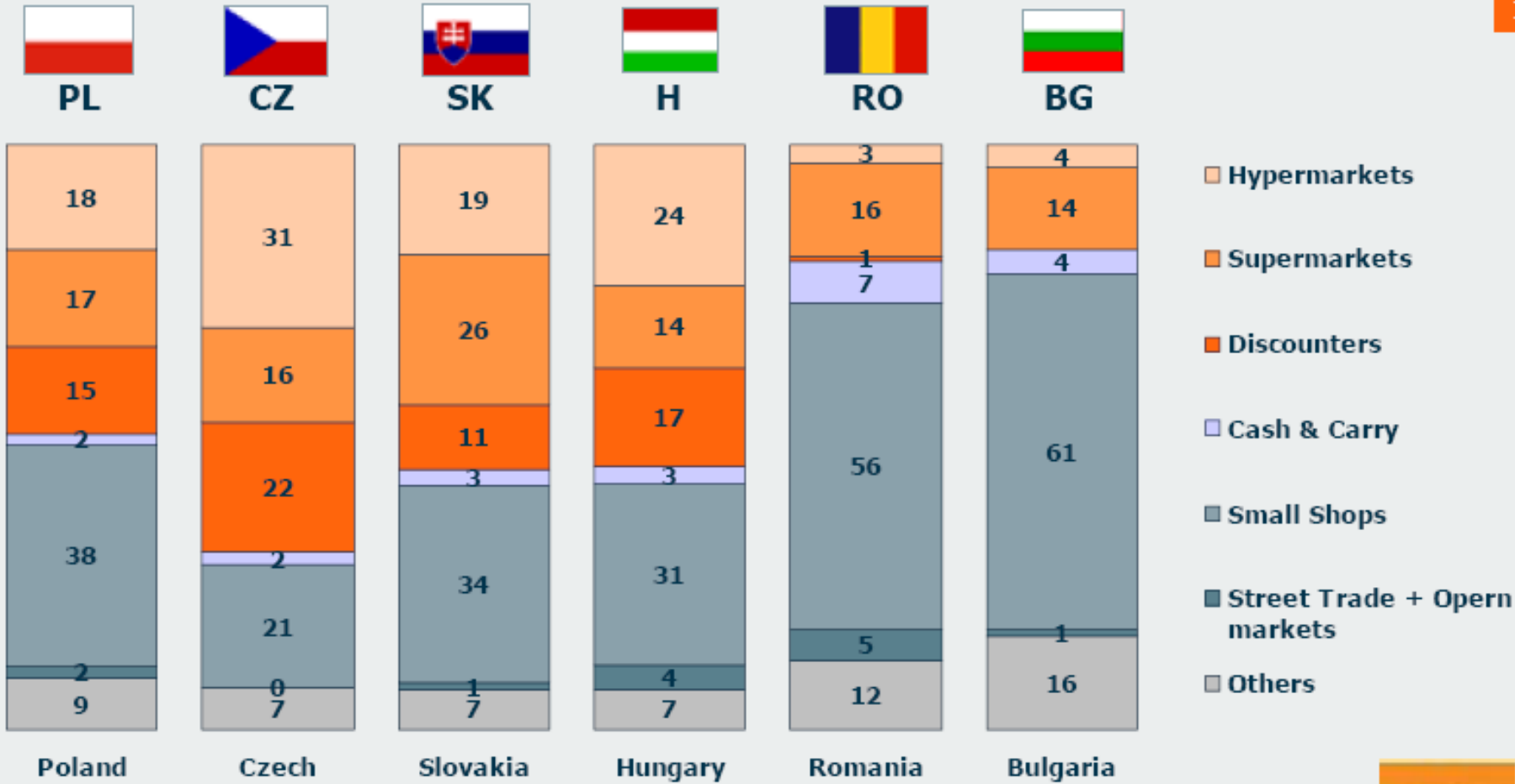
Two-way shopping

THE PER CAPITA PURCHASING PARITY LEVEL IN CENTRAL EUROPE RELATED TO EU 15

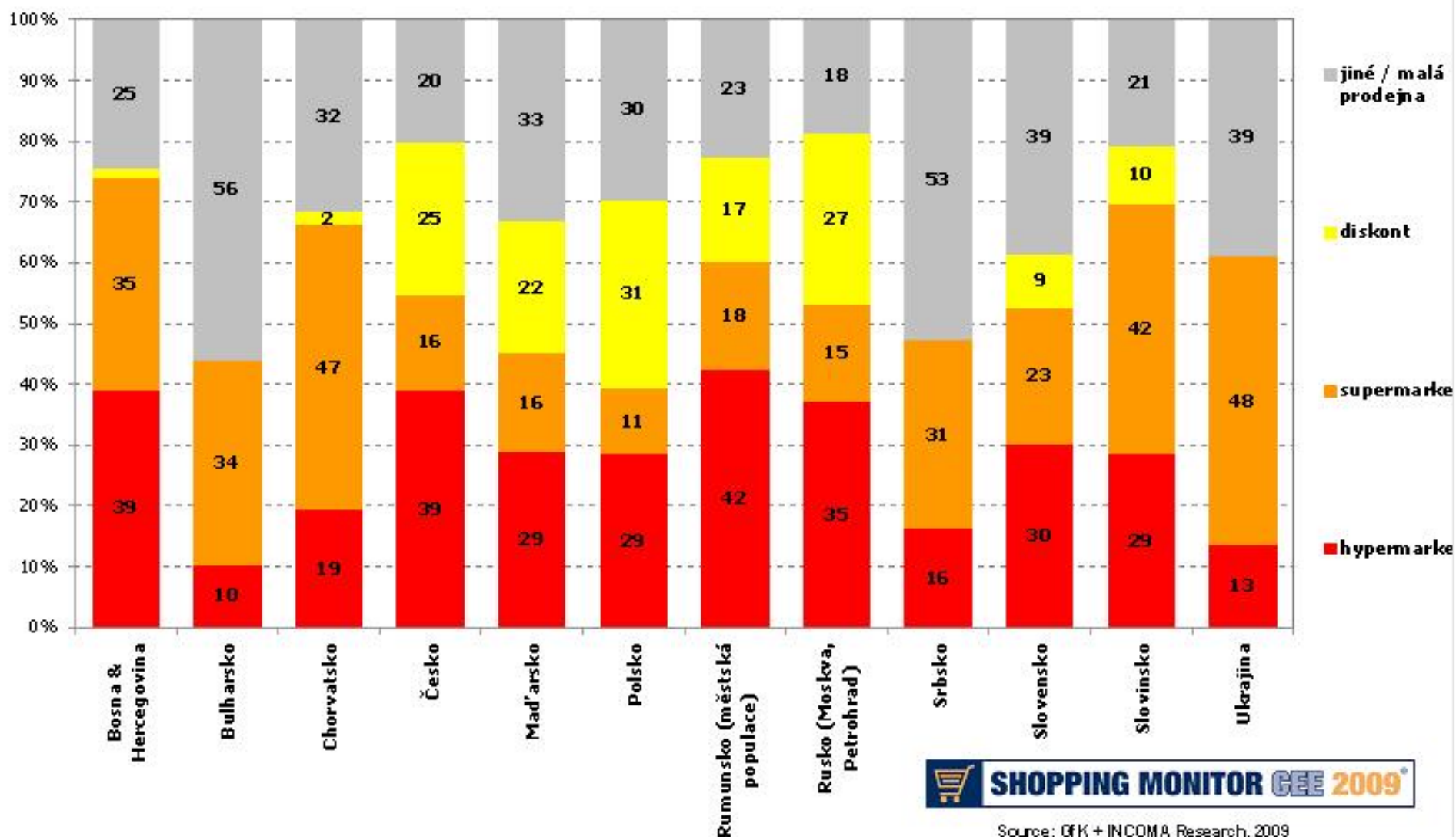


Trade Channels Market Shares in other countries

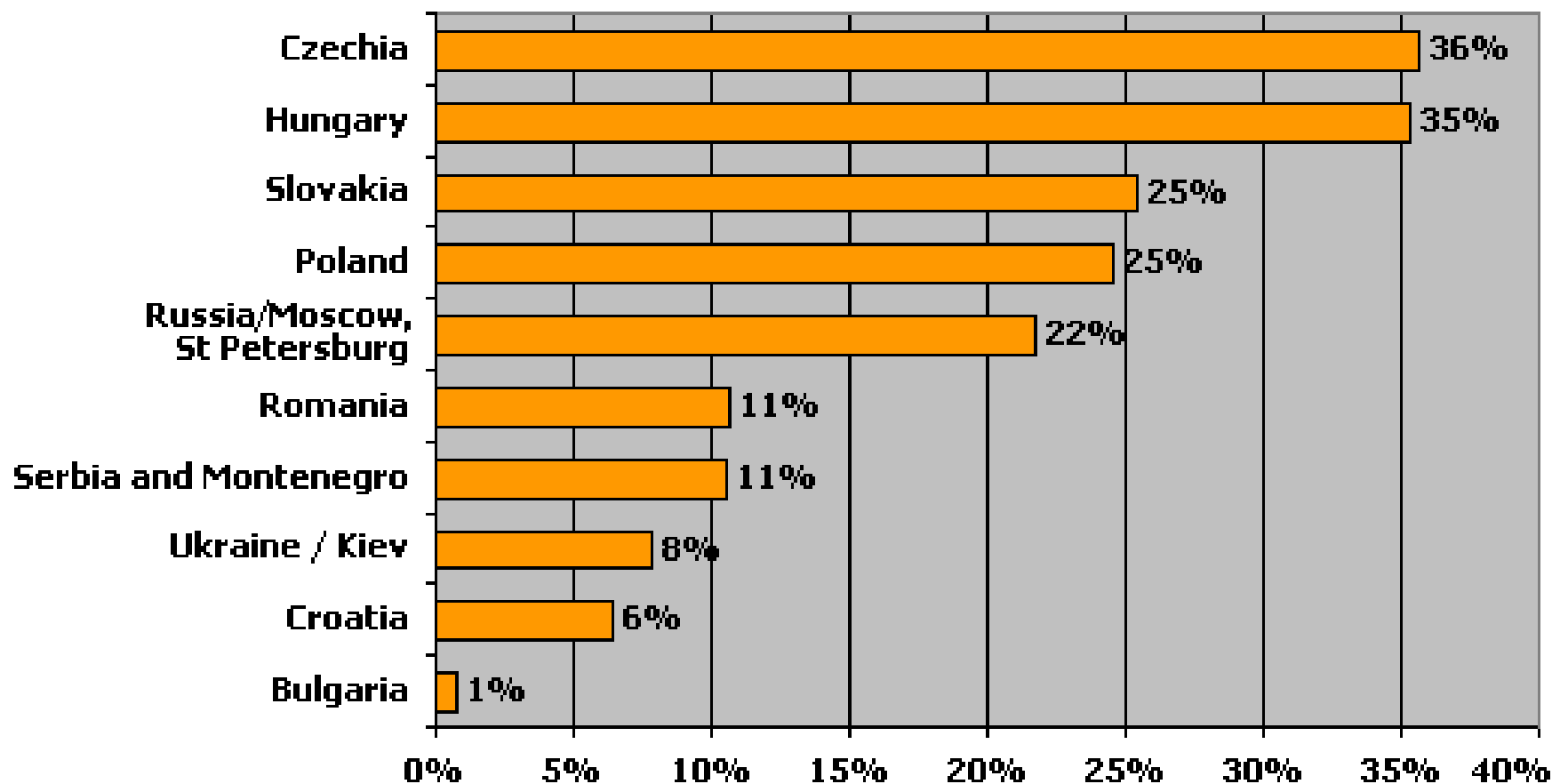
January-June 2005



HLAVNÍ NÁKUPNÍ MÍSTO POTRAVIN A ZÁKLADNÍHO NEPOTRAVINÁŘSKÉHO ZBOŽÍ VE SLEDOVANÝCH ZEMÍCH STŘEDNÍ A VÝCHODNÍ EVROPY

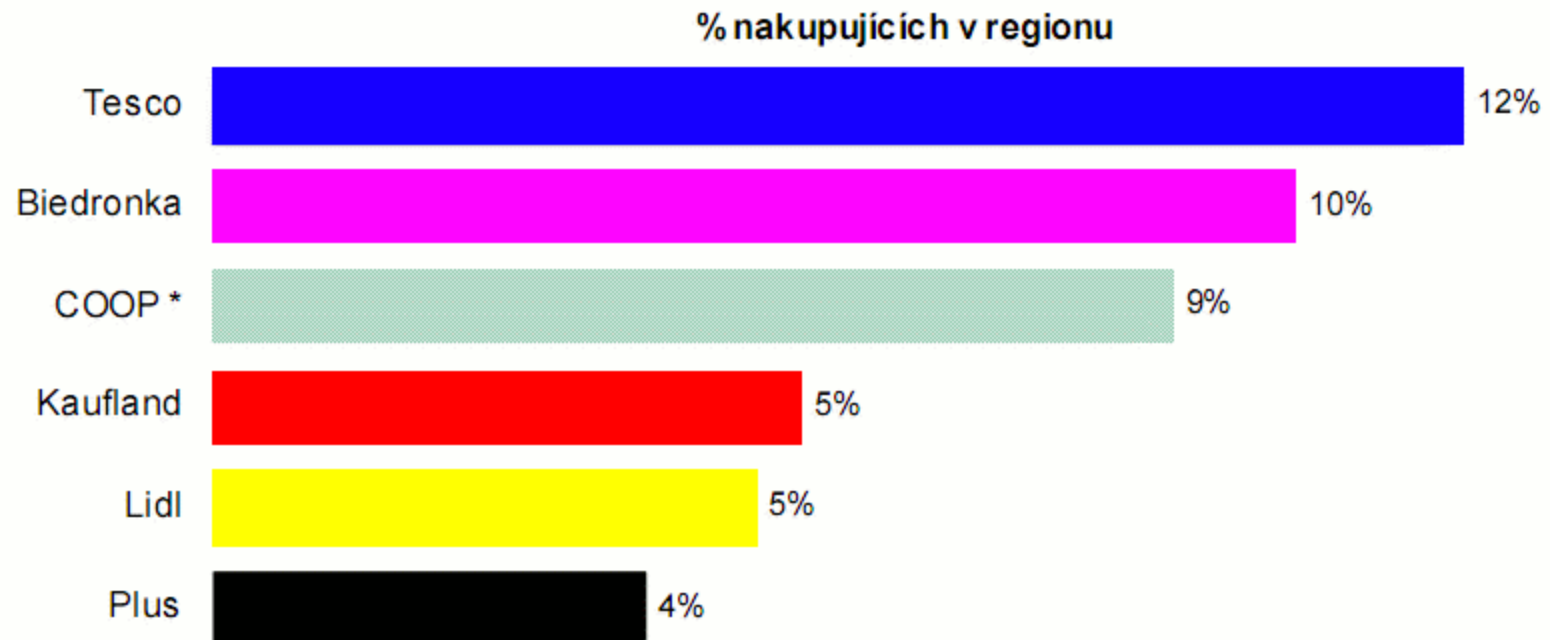


Hypermarket as a preferred main shopping place in selected Central and Eastern European countries (%)



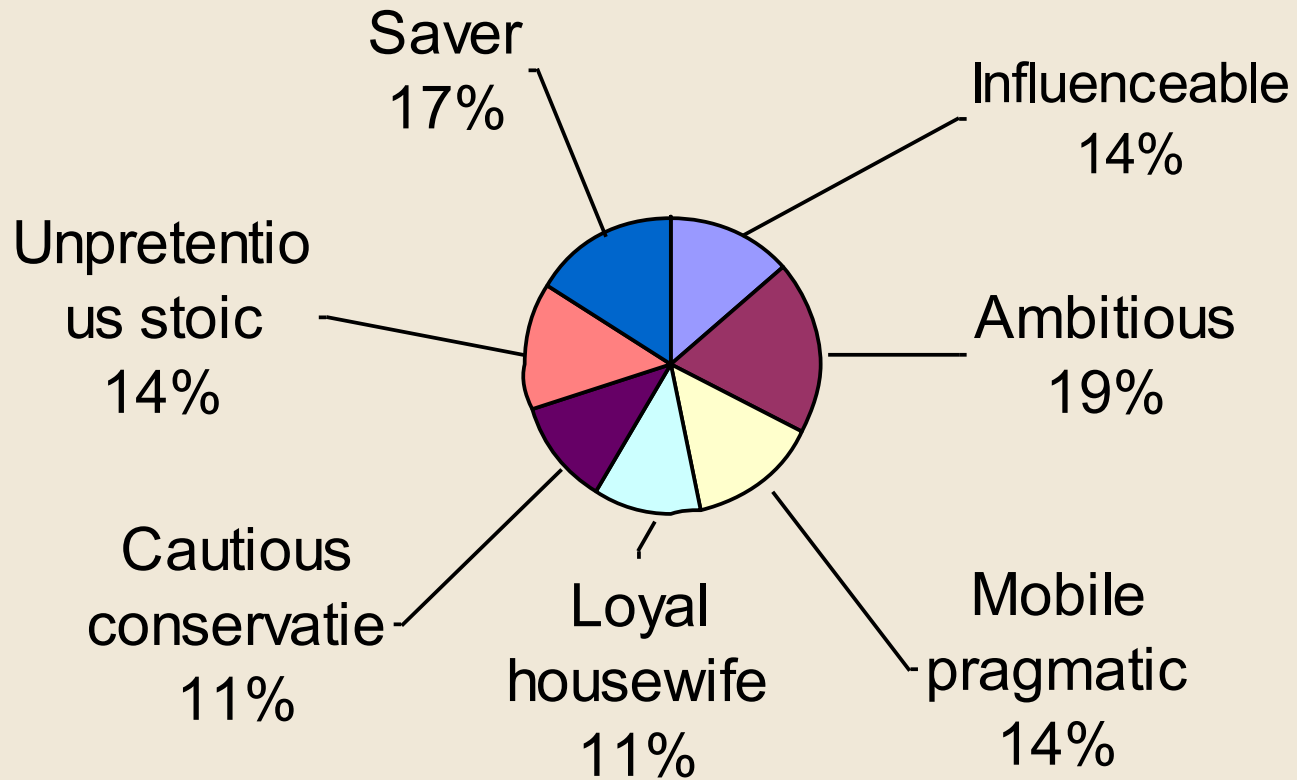
PREFERENCE ŘETĚZCŮ VE VISEGRÁDSKÉM PROSTORU

(CZ, PL, H, SK - hlavní nákupní místo rychloobrátkového zboží)

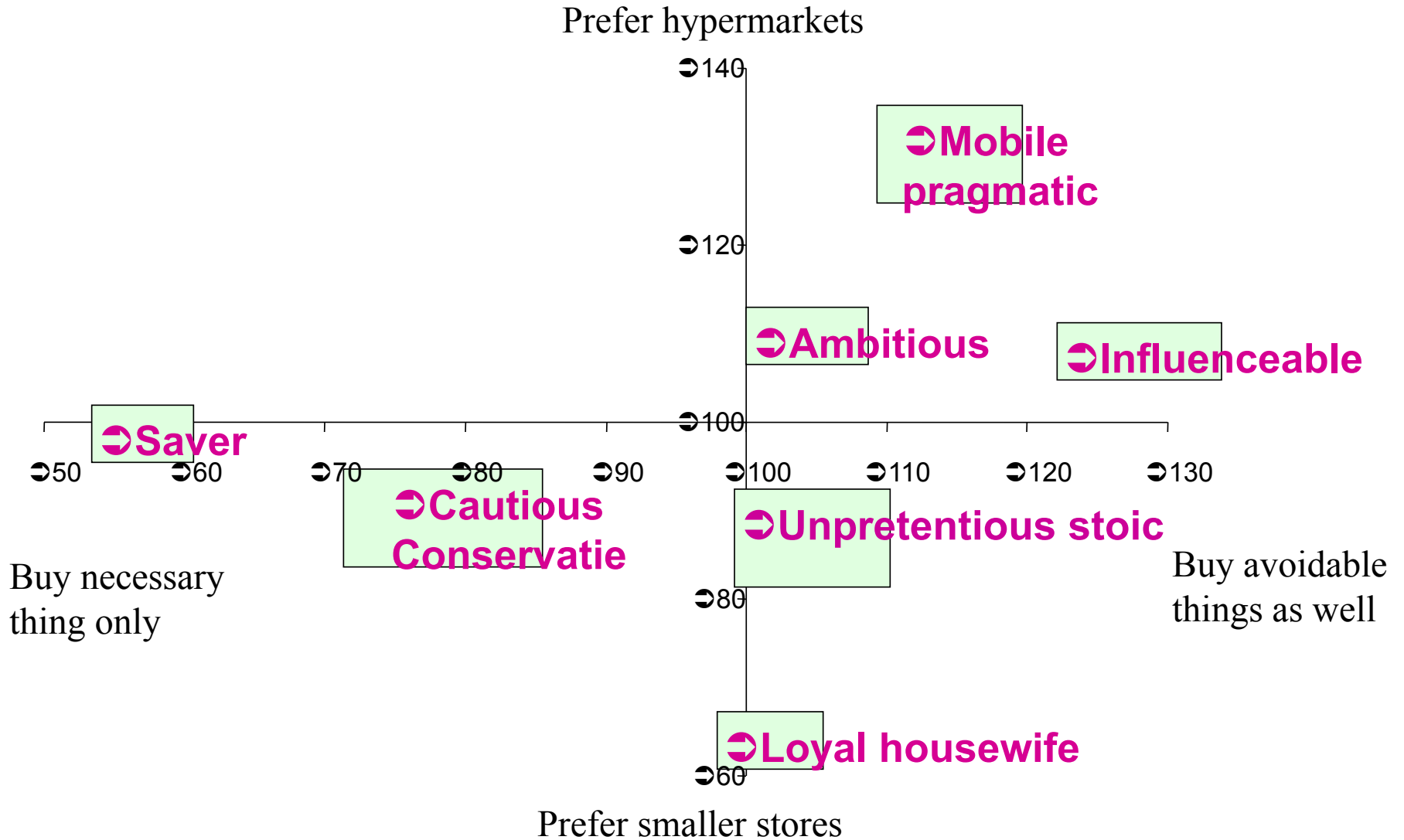


Pramen: SHOPPING MONITOR CEE 2007 (INCOMA Research + GfK)

Shoppers typology



Shopping behaviour



Typology According To The Main Factors Of Shopping Behaviour



IMMOBILE

PRICE SENSITIVE

UNDEMANDING



Thrifty

DEMANDING



Communicative housekeeper

MOBILE

PRICE SENSITIVE

UNDEMANDING



Mobile pragmatic

DEMANDING



Openminded strategist

PRICE NON-SENSITIVE

UNDEMANDING



Undemanding conservative

DEMANDING



Comfortable opportunist

PRICE NON-SENSITIVE

UNDEMANDING



Broadminded

DEMANDING



Demanding premium



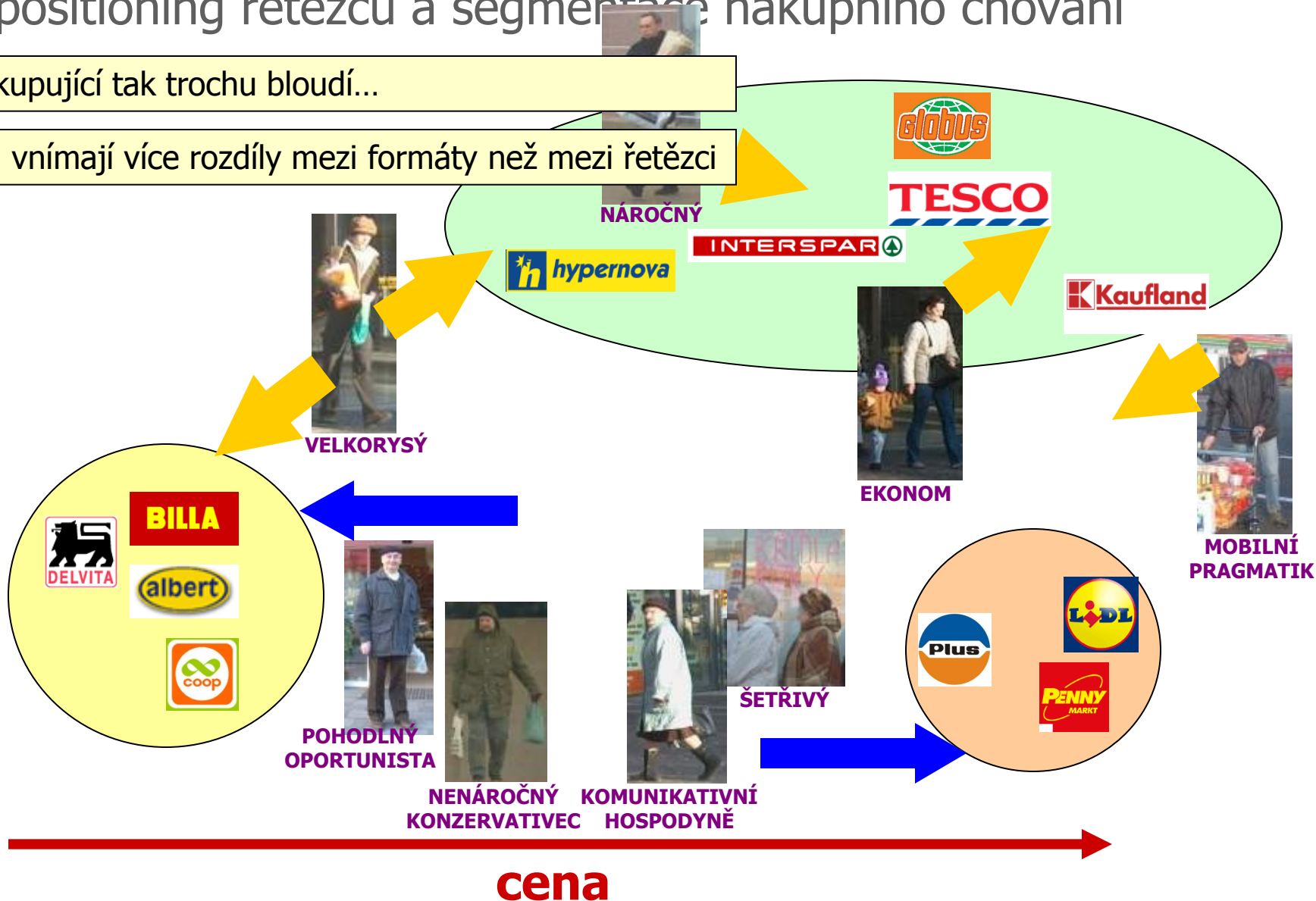
A CO TO DĚLÁ SE ZÁKAZNÍKY?

-> positioning řetězců a segmentace nákupního chování

☐ nakupující tak trochu bloudí...

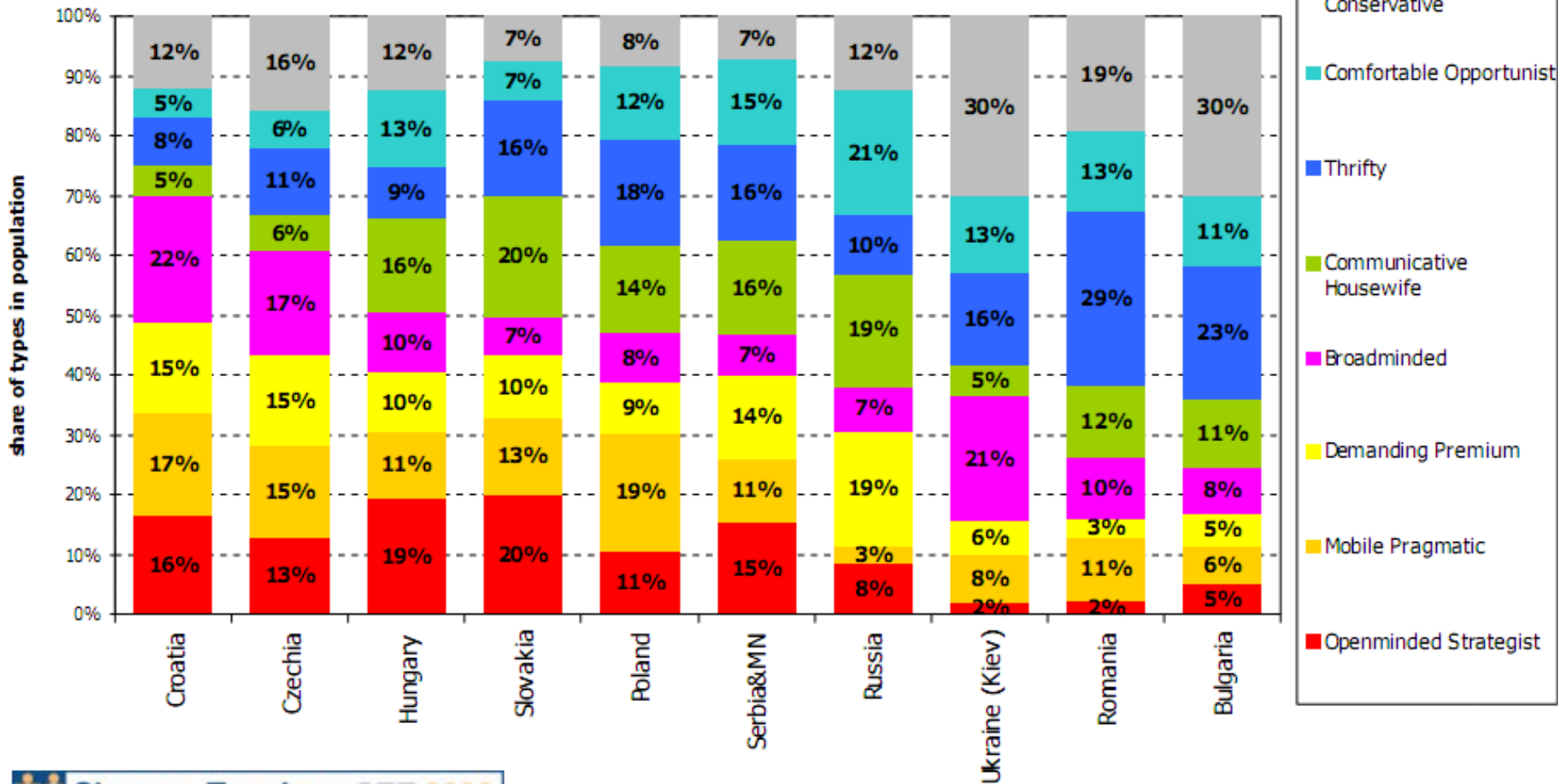
☐ ...a vnímají více rozdíly mezi formáty než mezi řetězci

kvalita



cena

Shopper types – share in the population (2005/06)



Trademarks of retail chains

economical (best price)

Clever (Billa)

Euro Shopper (Albert, Hypernova)

Mince (J. Meinl)

Tesco výhodný nákup (Tesco)

1 (Carrefour)

365 (Delvita)

standard quality for better price

Albert (Albert)

Carrefour (Carrefour)

Delvita (Delvita)

Hypernova (Hypernova)

Spar (Interspar)

Tesco (Tesco)

special (selected range of products)

Best farm (Kaufland)

Selský dvůr (Hypernova)

Chef Menü (Billa)

Extra kvalita (Delvita)

Quality first (Billa)

Julius Meinl (J. Meinl)