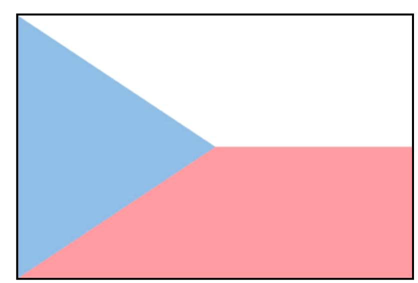
Retail in Czech Republic

Radoslav Škapa

Retail in Czech Republic
(overview)

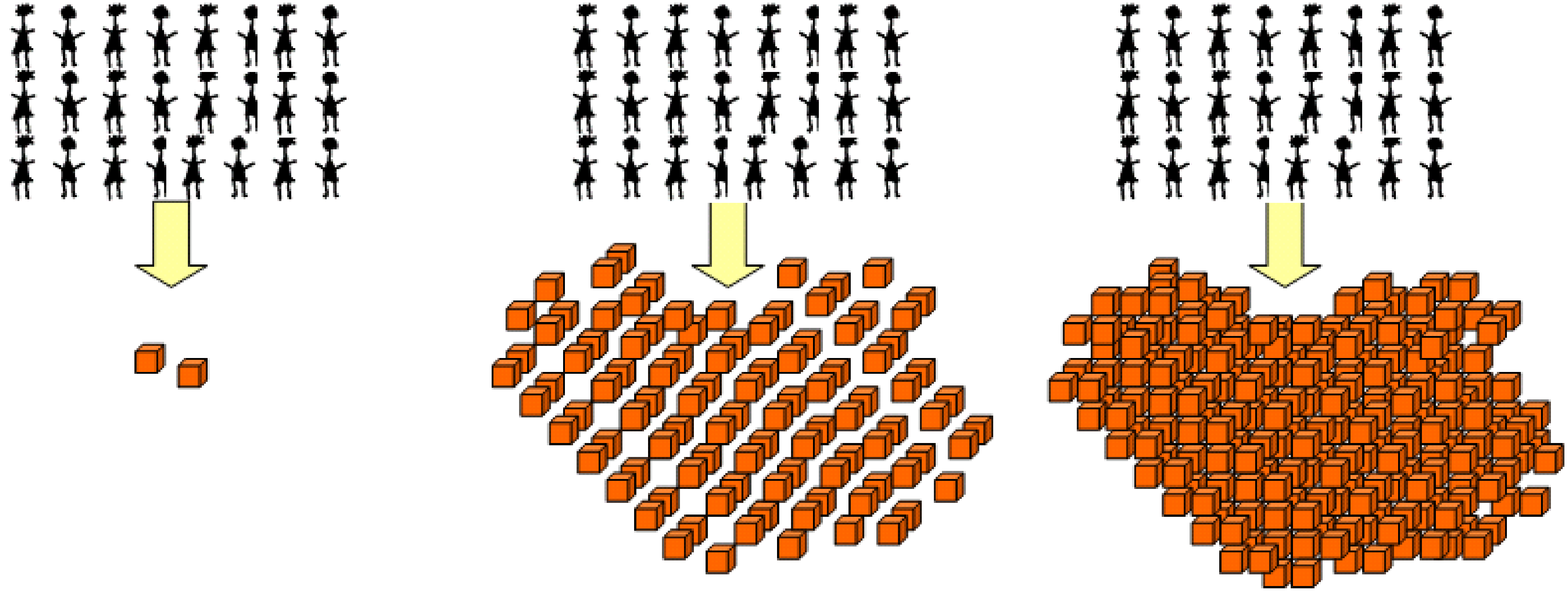
Retail market of consumer goods

- 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



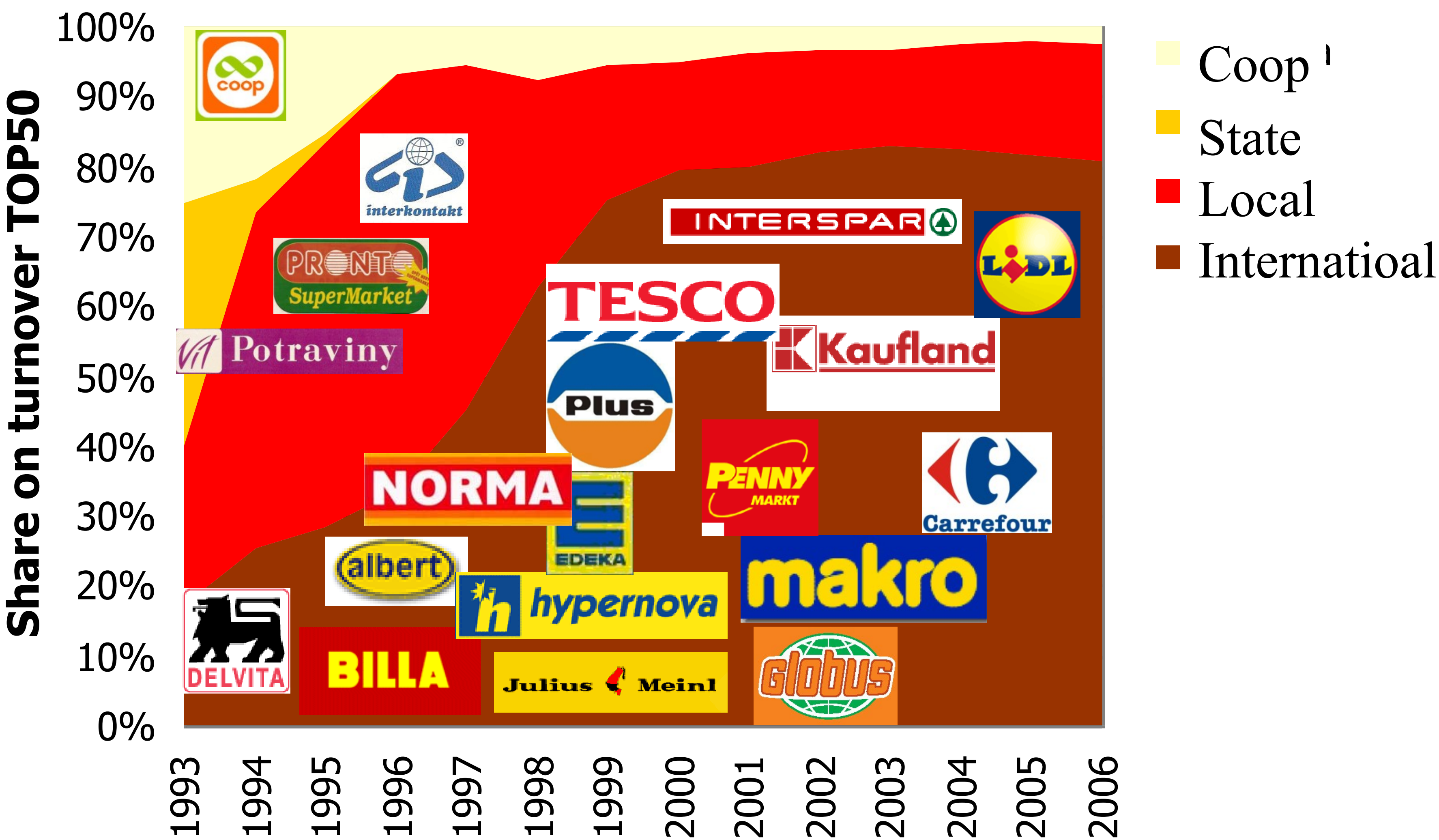
Speed of Retail Expansion Is Enormous (case of Czechia)

1996 | 2001 | 2006



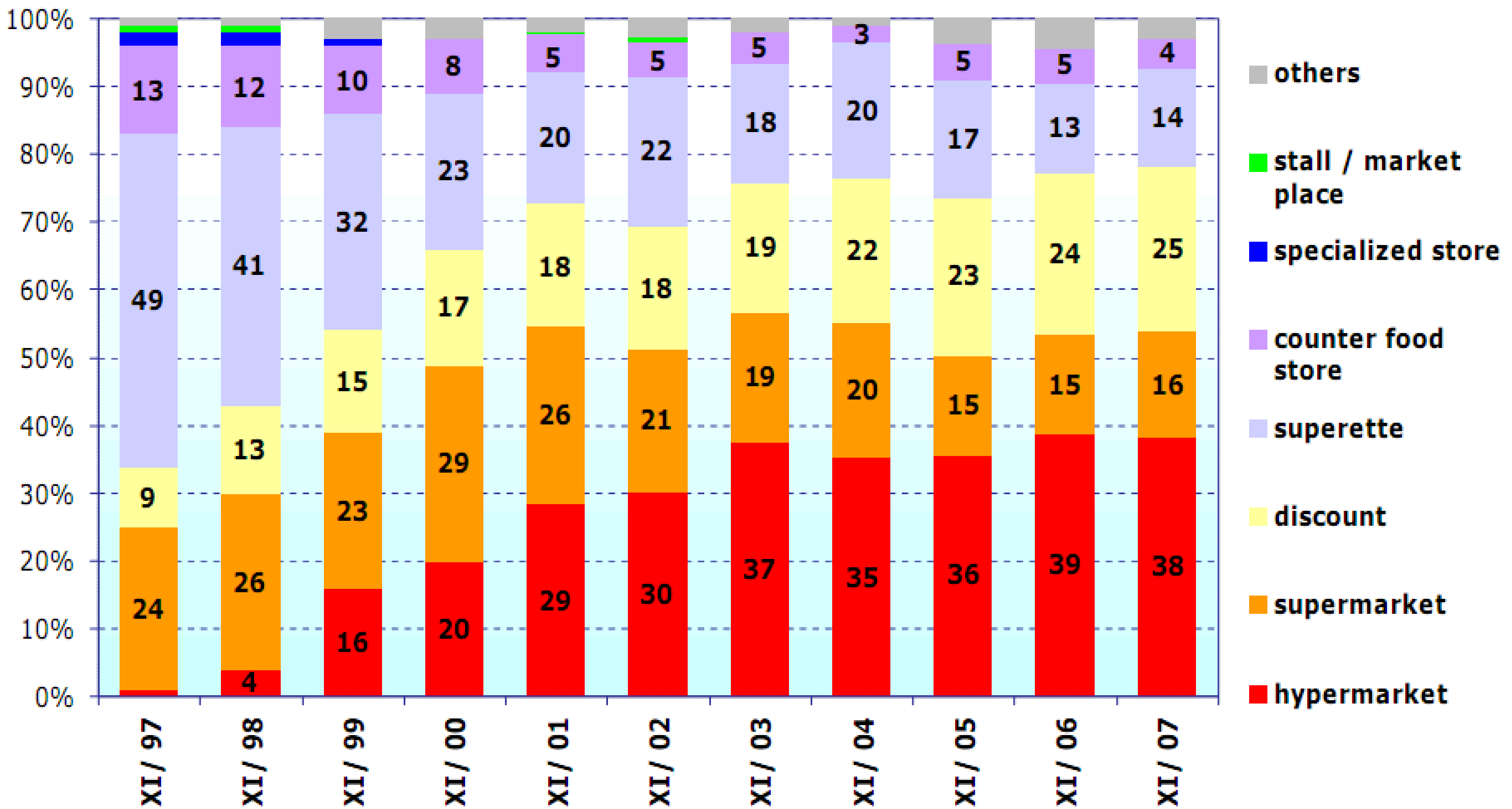
1996	2001	2006
1 hypermarket per **5 million** shoppers	1 hypermarket per **100.000** shoppers	1 hypermarket per **50.000** shoppers
No big shopping centre with more than 50 outlets	1 big shopping centre per **1.800.000** shoppers	1 big shopping centre per **350.000** shoppers

The share of turnover per proprietor type

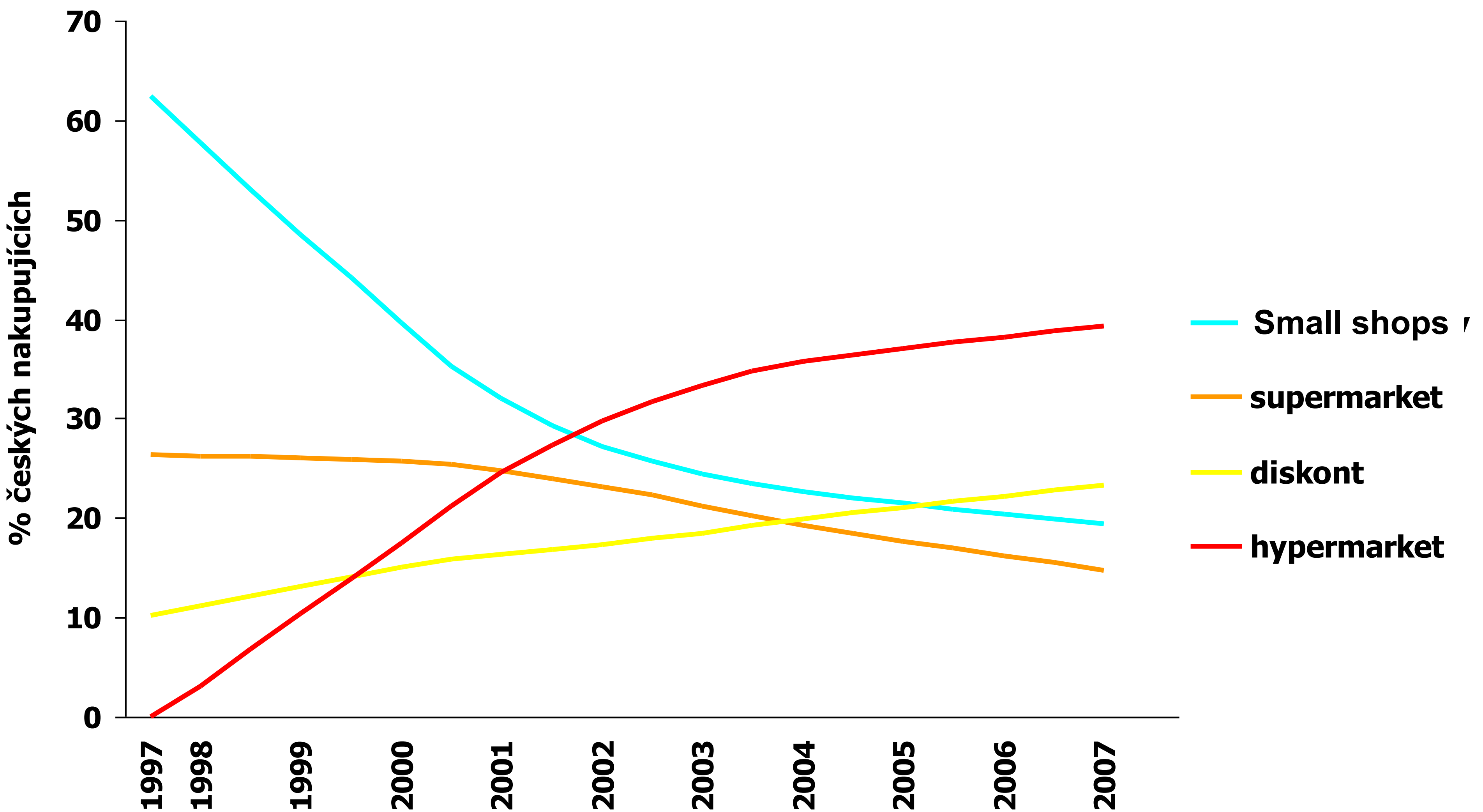


Pramen: INCOMA Research

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

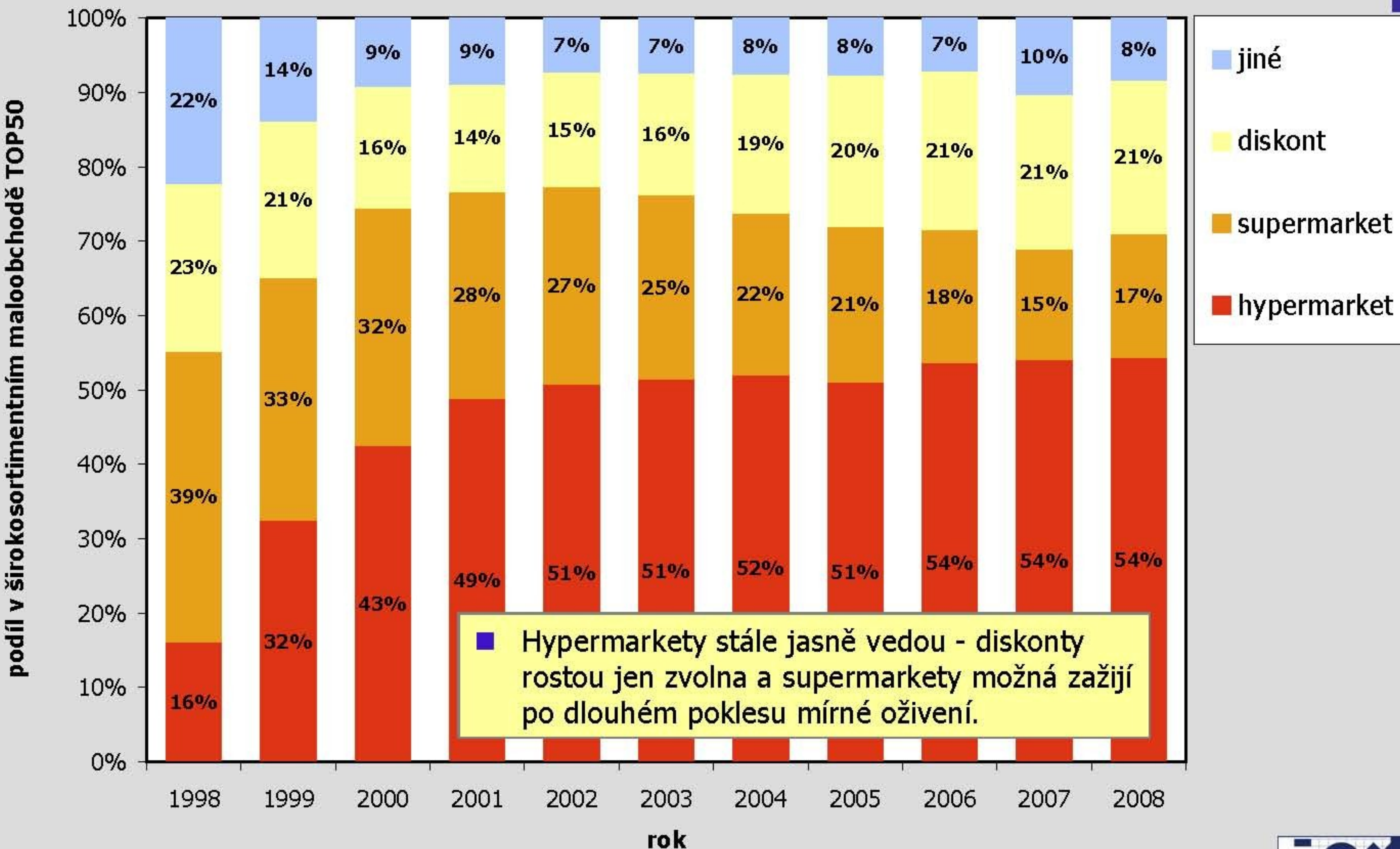


THE MAIN SHOPPING PLACE FOR FOOD (development 1997-2007)



VÝVOJ FORMÁTŮ V TOP50

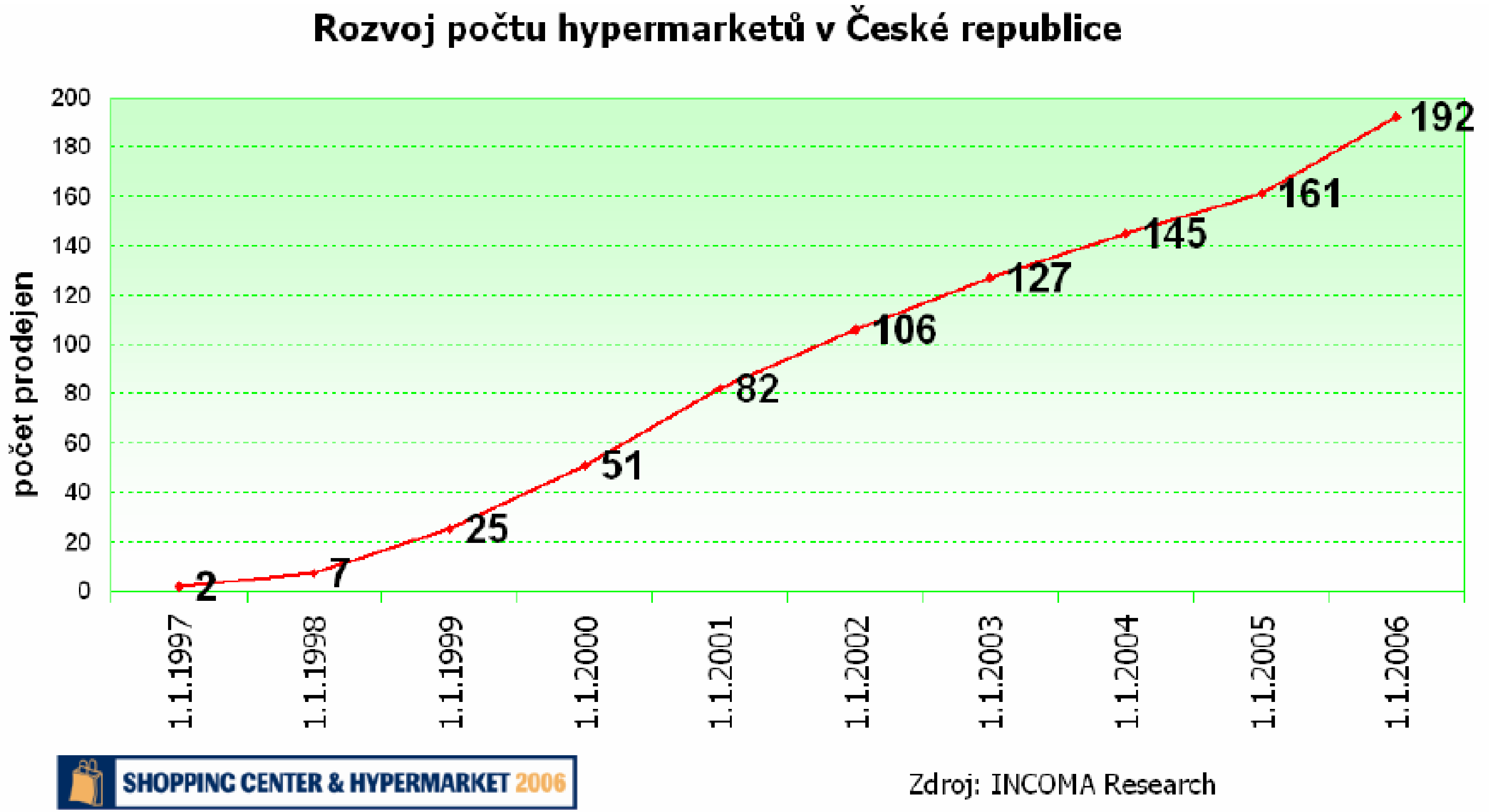
(tržní podíl obchodních formátů v širokosortimentním maloobchodě)

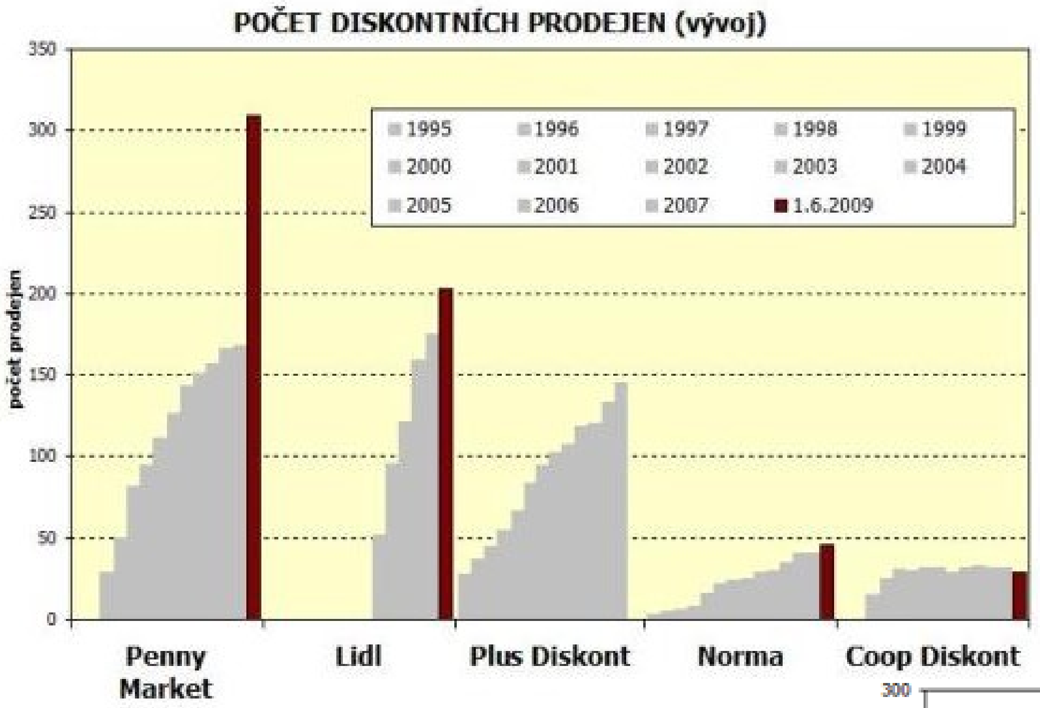


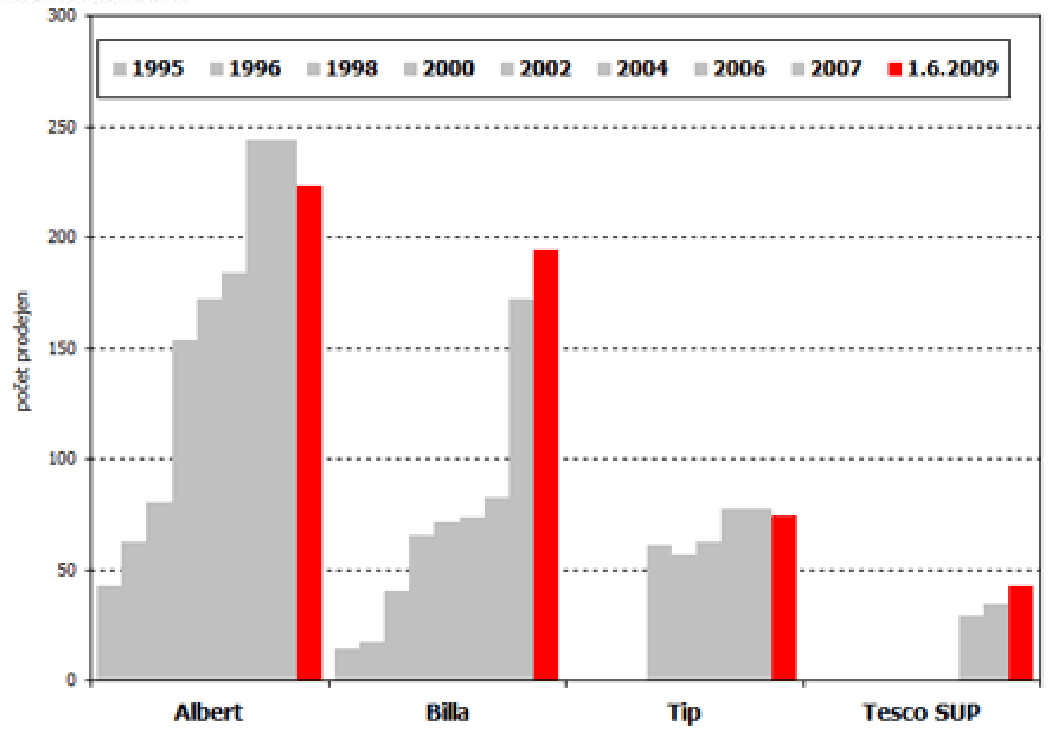
- Hypermarkety stále jasně vedou - diskonty rostou jen zvolna a supermarkety možná zažijí po dlouhém poklesu mírné oživení.

Pramen: INCOMA Research + Moderní obchod

Cumulative number of hypermarkets




POČET DISKONTNÍCH PRODEJEN (vývoj)
350
300
250
200
150
100
50
0
počet prodejen
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
1.6.2009
Penny Market
Lidl
Plus Diskont
Norma
Coop Diskont

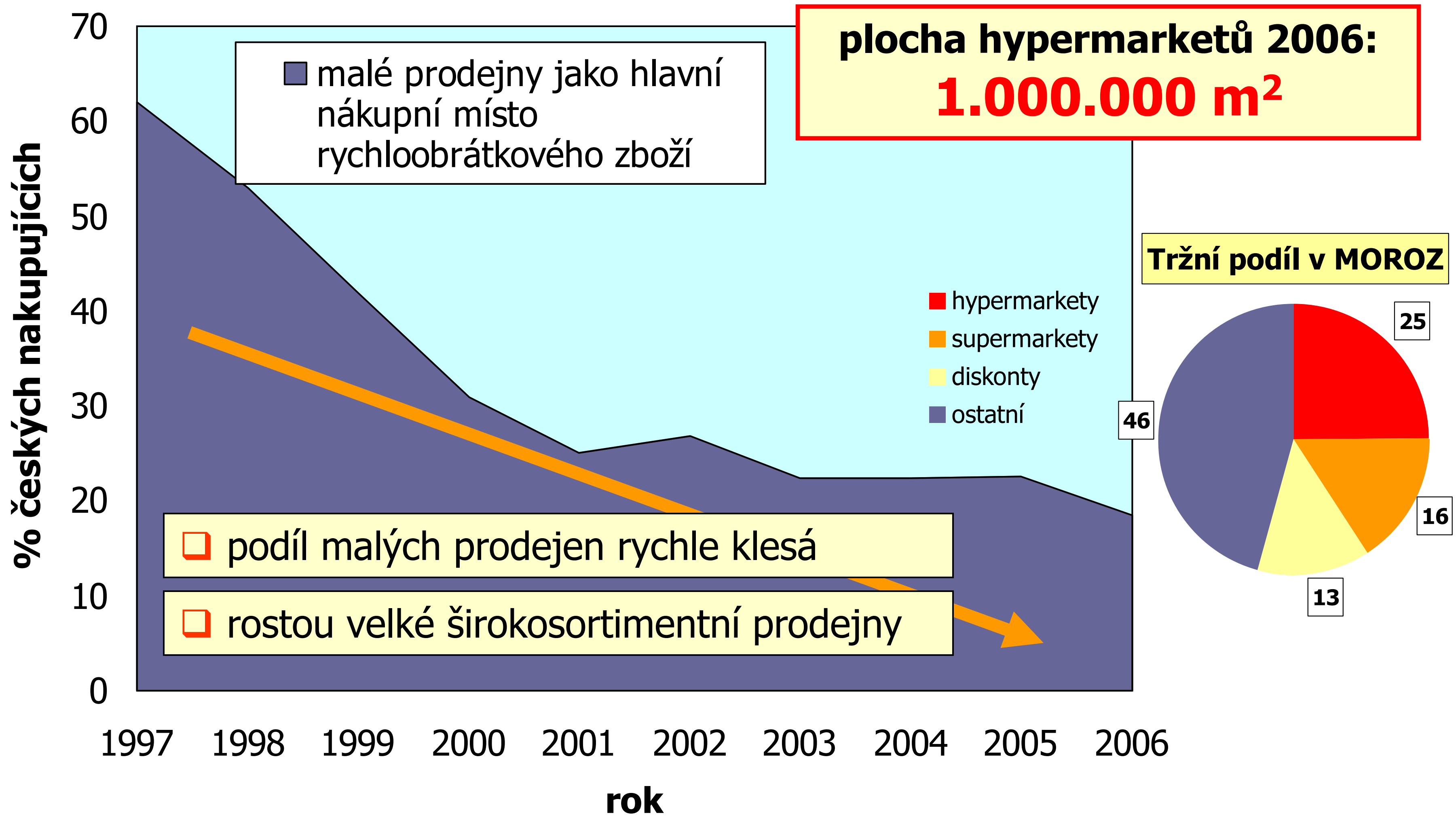

300
250
200
150
100
50
0
počet prodejen
1995
1996
1998
2000
2002
2004
2006
2007
1.6.2009
Albert
Billa
Tip
Tesco SUP

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.

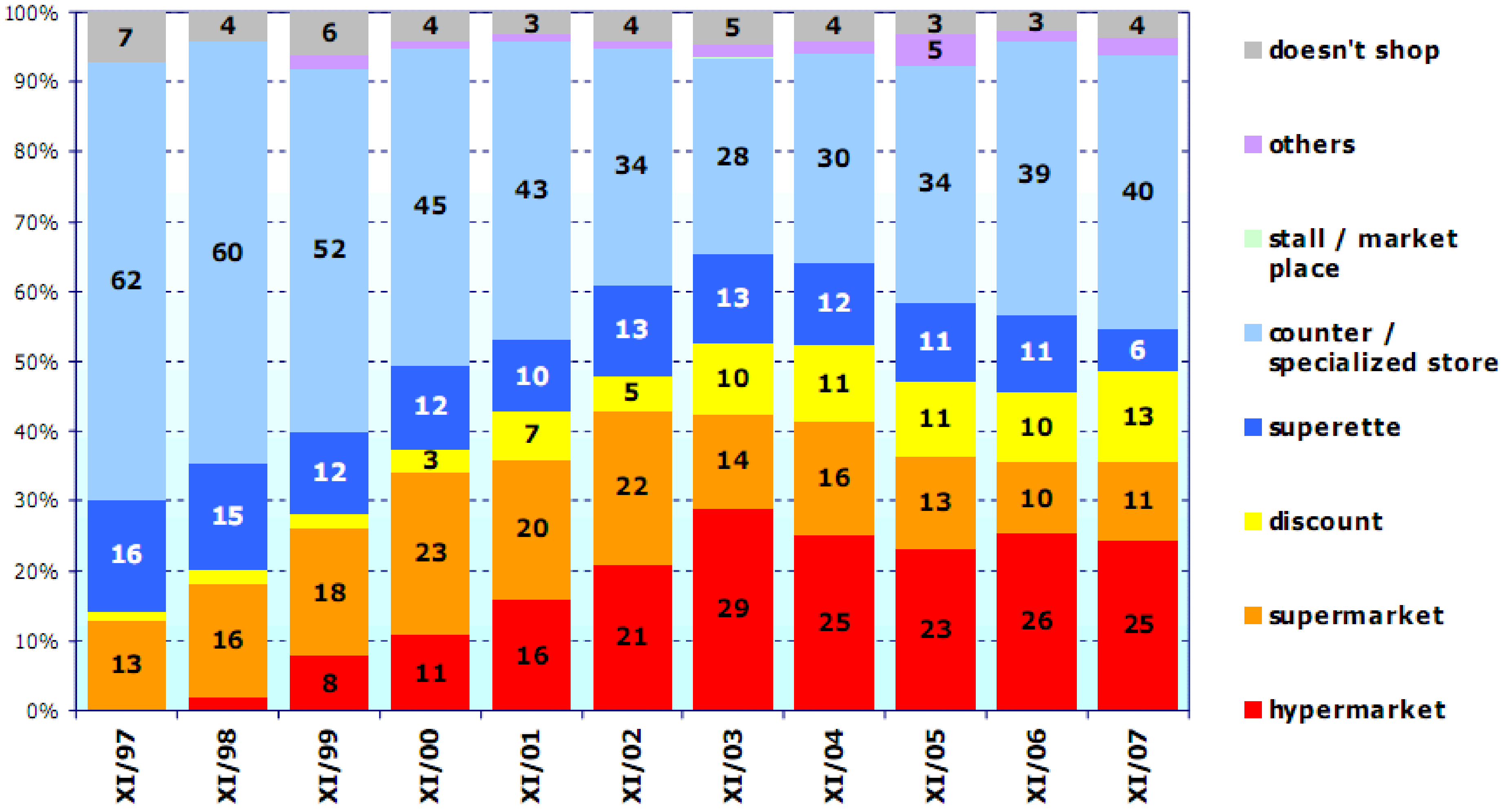
- Remain the main point for shopping of durable food products as packed food products, beverages (Consumers preferences are usually from 75% to 83%
- Loosing in fresh food products (bread, pastry etc.) or specialized assortment of drugstore and cosmetics products (which are interesting from point of view of the margin!!!)

TREND: POKLES ROLE MENŠÍCH PRODEJEN



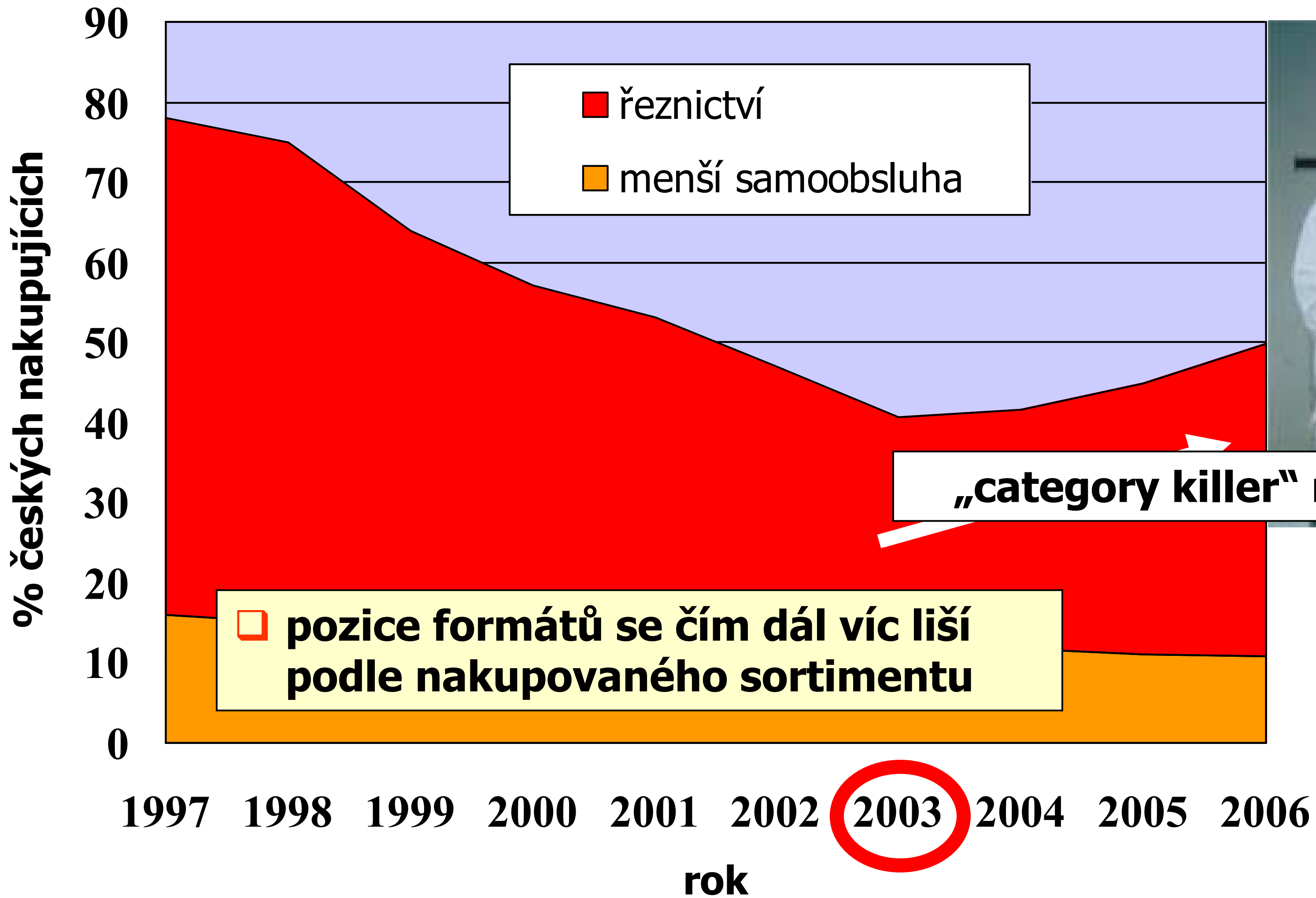
Pramen: INCOMA Research / SHOPPING MONITOR

THE MAIN SHOPPING PLACE FOR FRESH MEAT ?



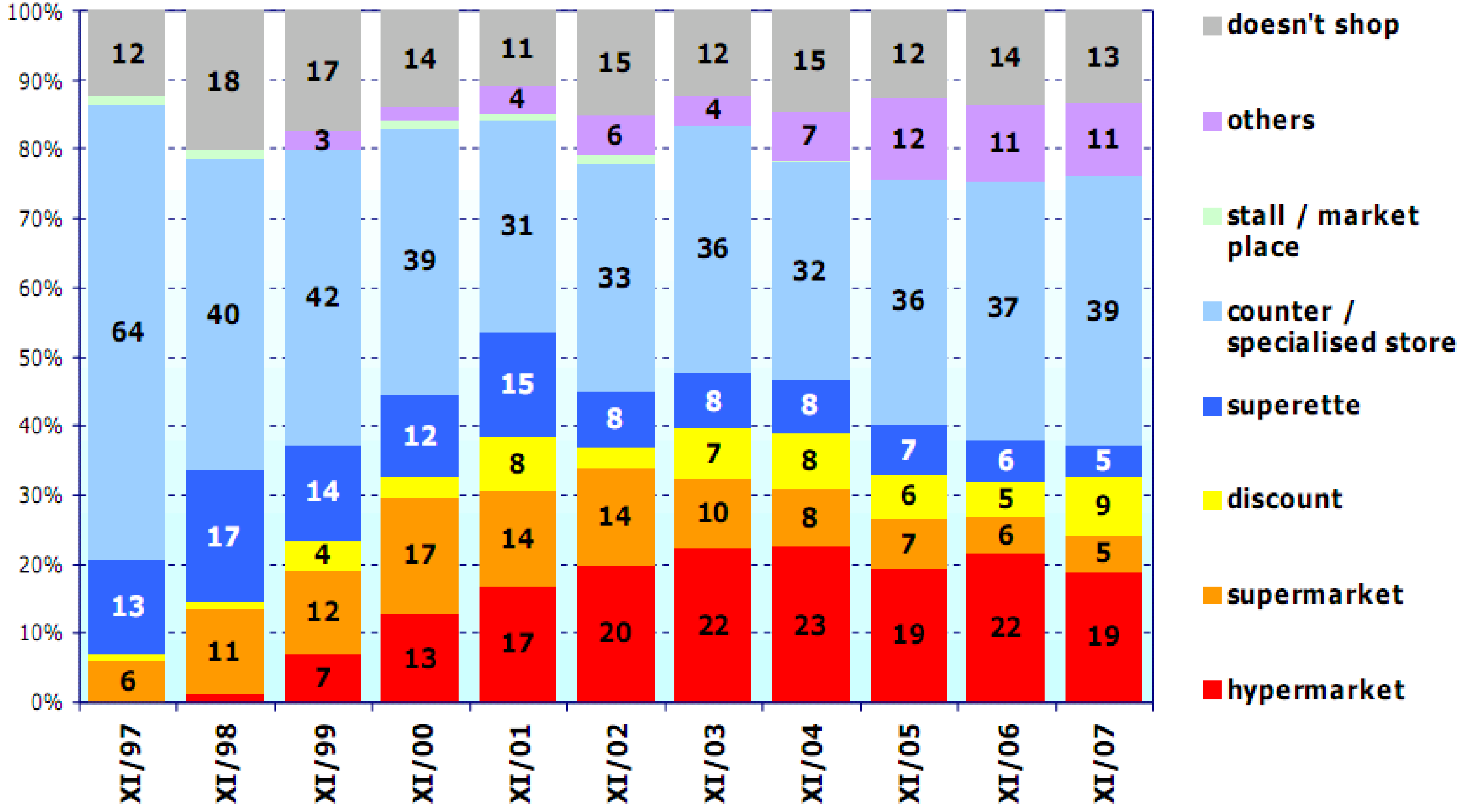
SHOPPING MONITOR 2008

TREND: RŮST ROLE MENŠÍCH PRODEJEN!
(hlavní nákupní místo čerstvého masa)

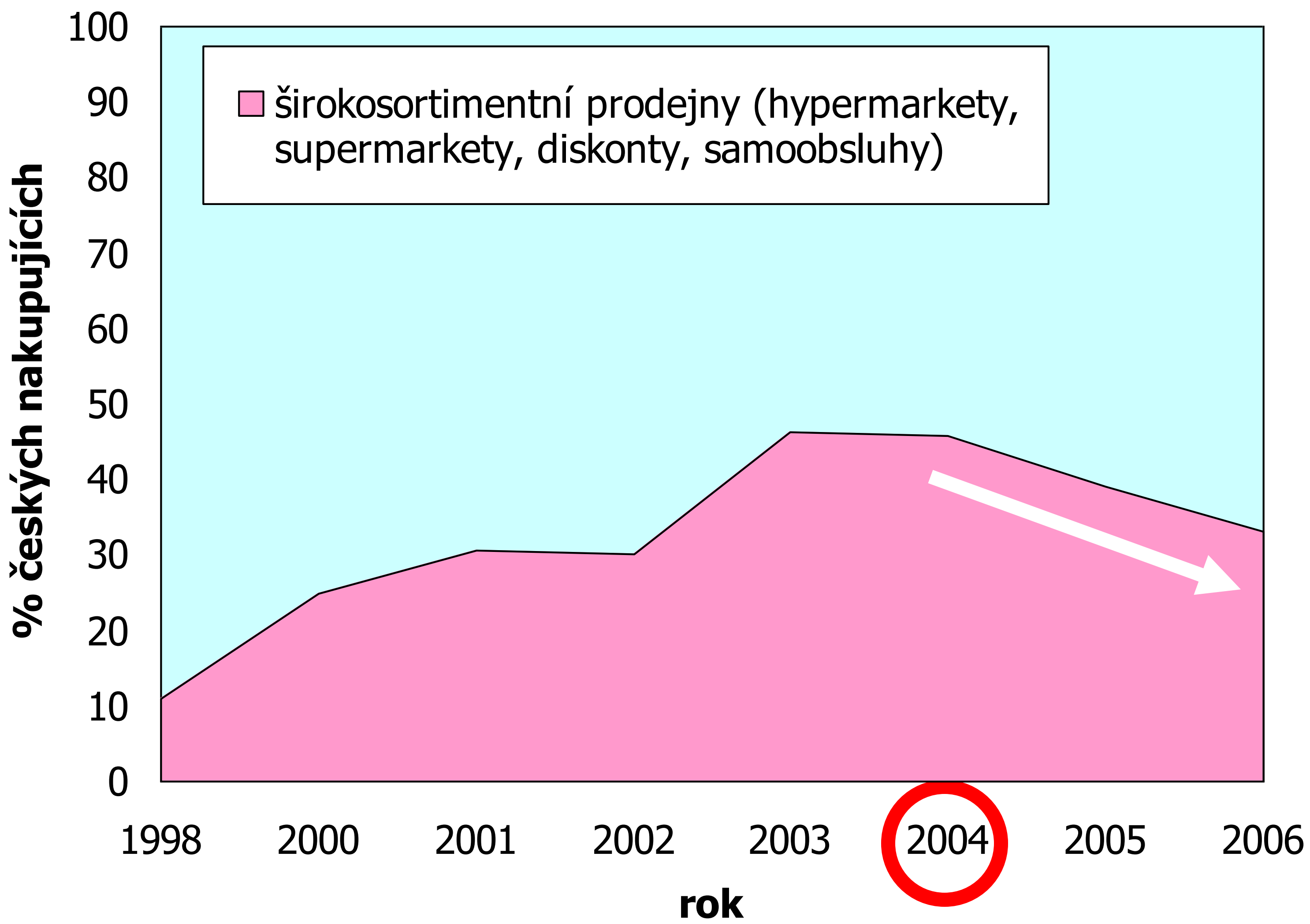


Pramen: INCOMA Research / SUPERMARKET&DISKONT

THE MAIN SHOPPING PLACE FOR COSMETICS ?

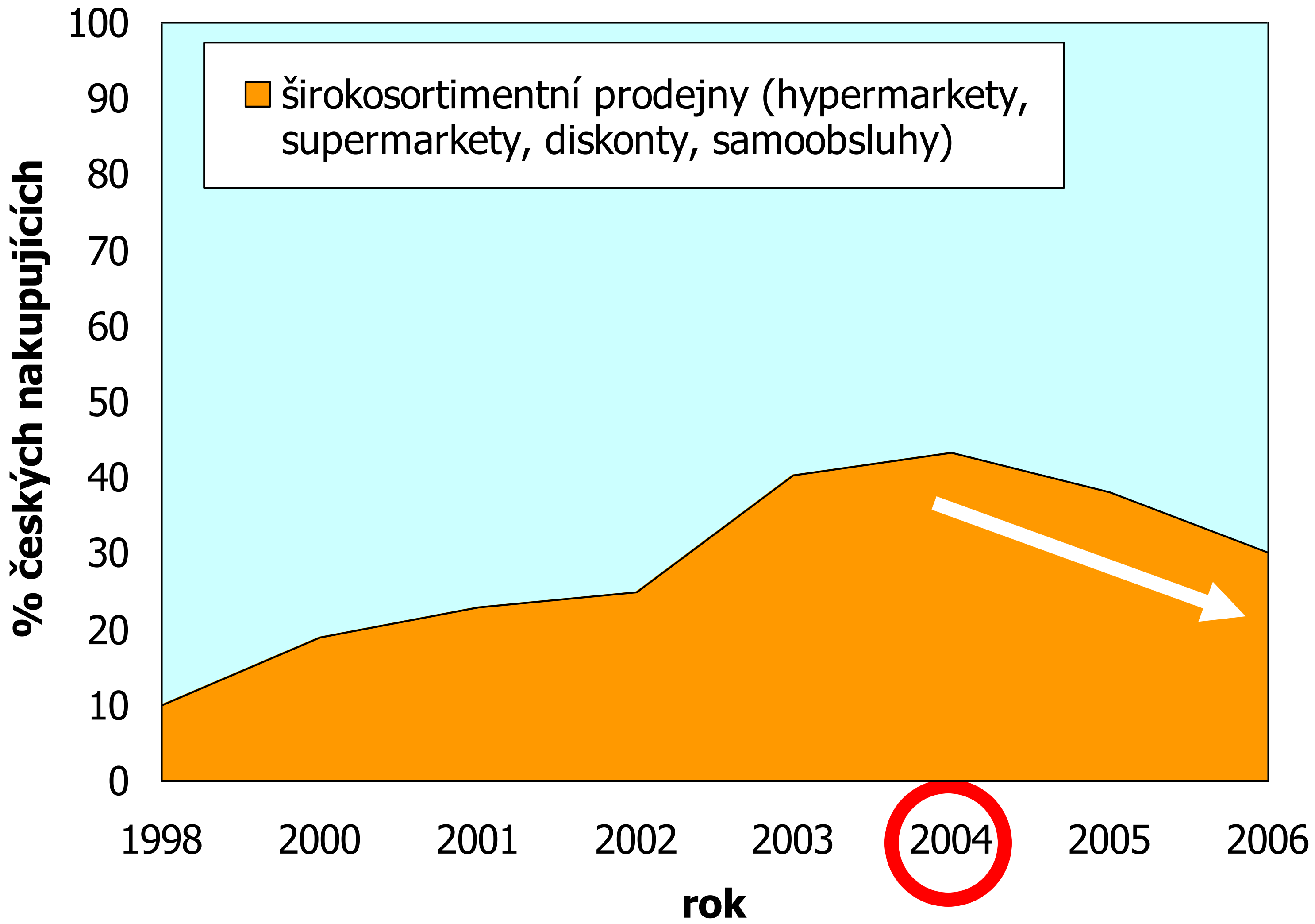


TREND: RŮST ROLE MENŠÍCH PRODEJEN!
(parfémy / deodoranty)



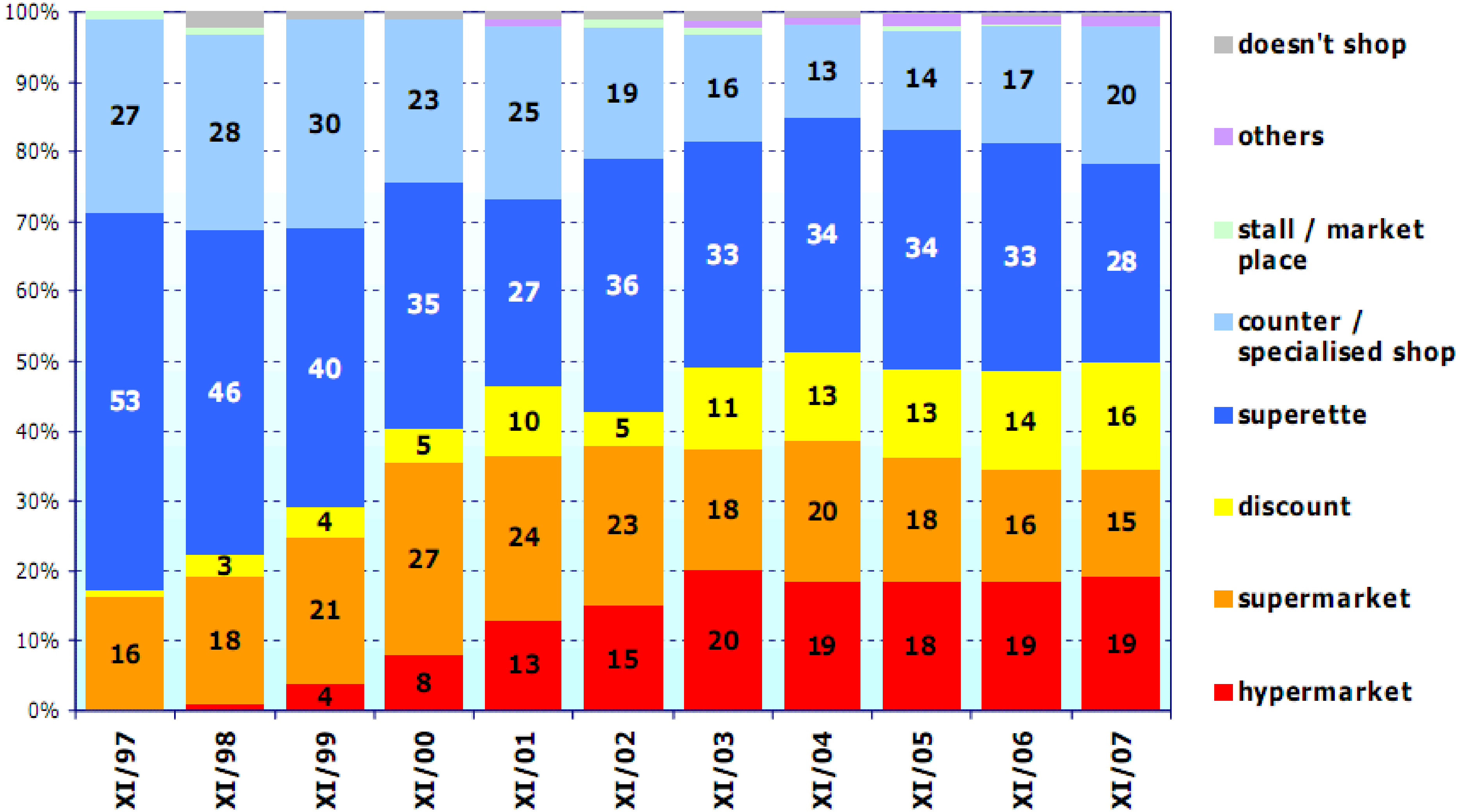
Pramen: INCOMA Research / Drogerie

TREND: RŮST ROLE MENŠÍCH PRODEJEN!
(dekorativní kosmetika)



Pramen: INCOMA Research / Drogerie

THE MAIN SHOPPING PLACE FOR FRESH BAKERY ?



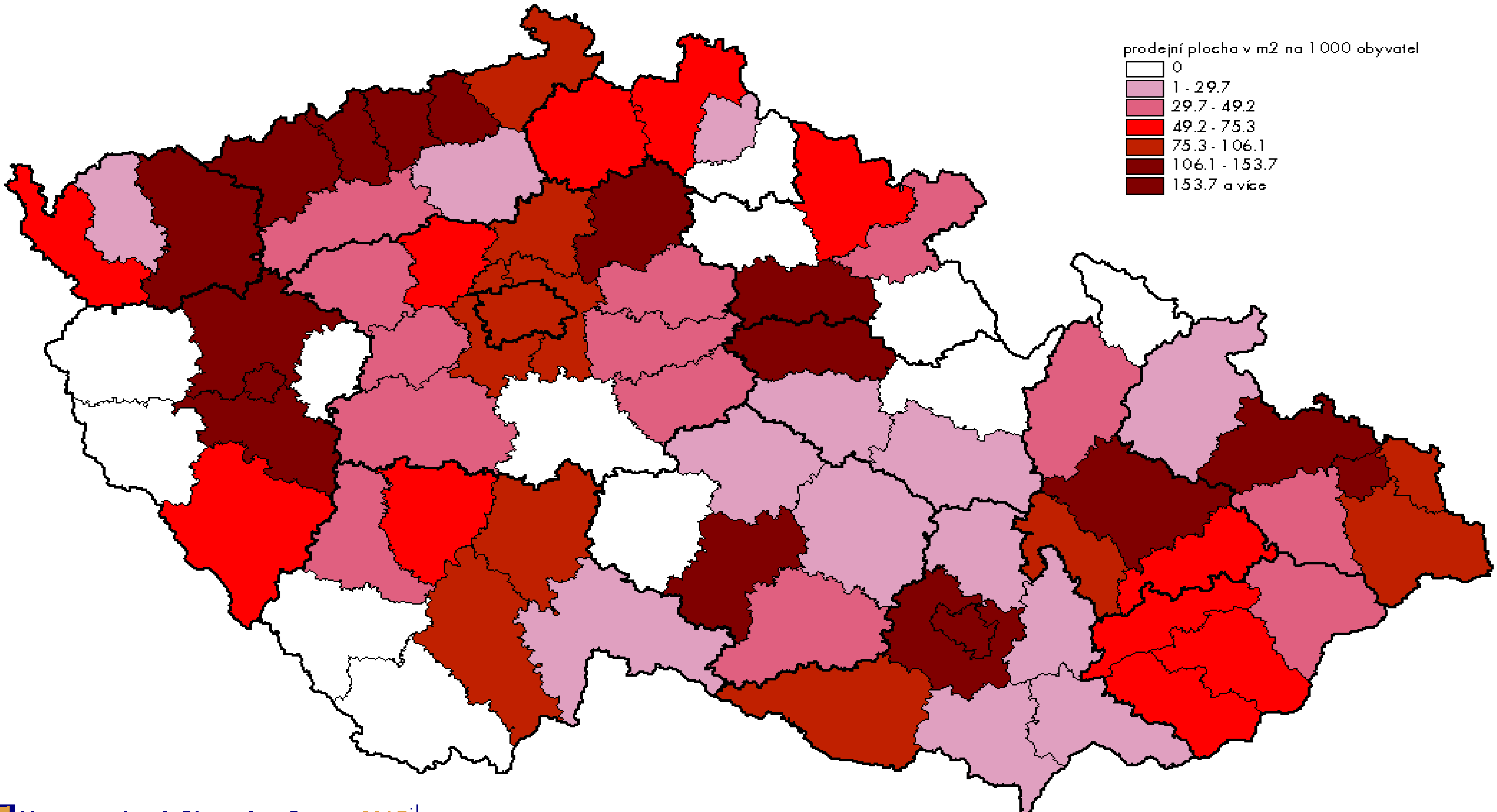
SHOPPING MONITOR 2008

Market share and the size of municipality

Floor space of hypermarkets in square meters per 1000 inhabitants

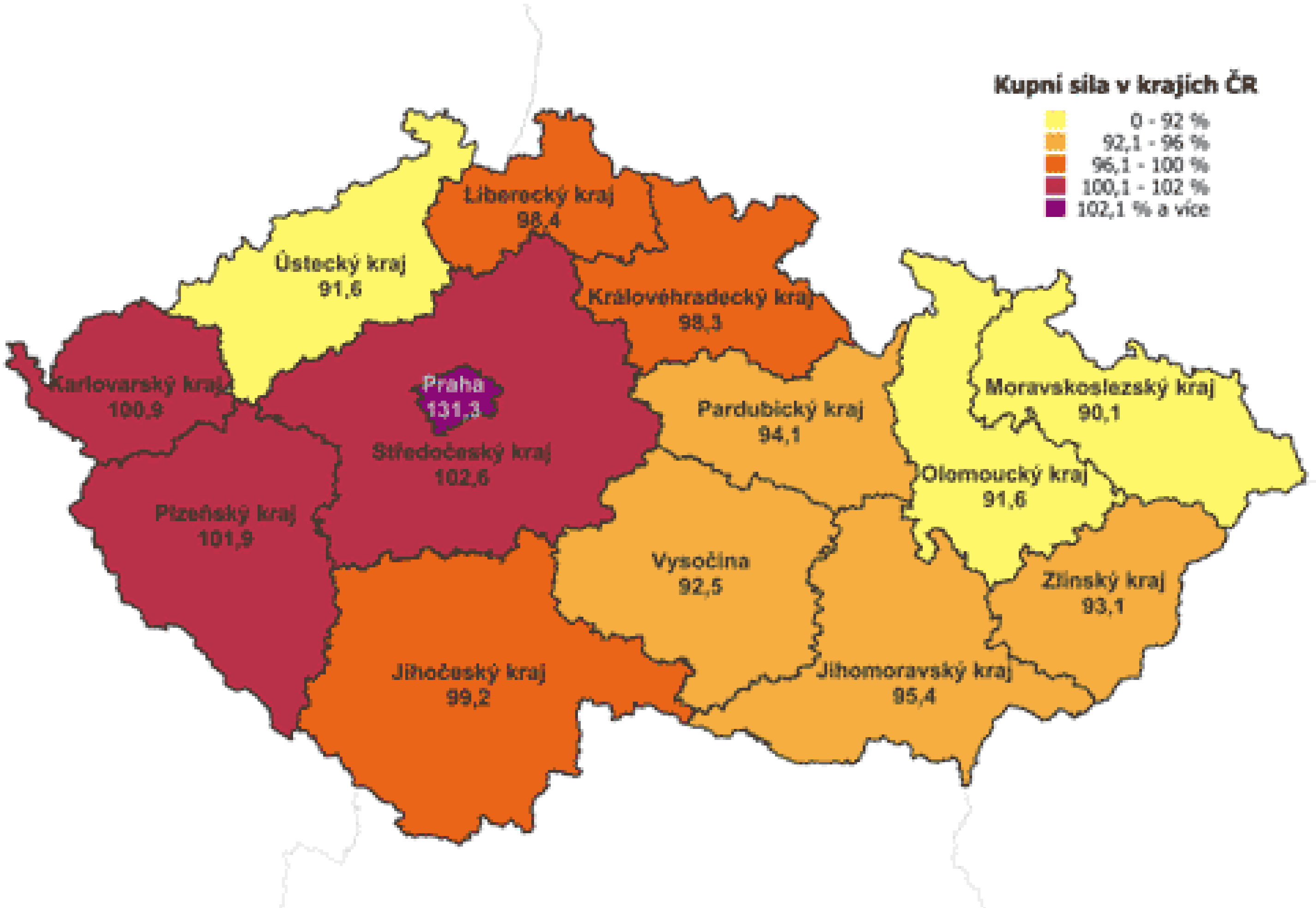
1.25. Prodejní plochy hypermarketů v okresech České Republiky na 1000 obyvatel (1.1.2005)

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



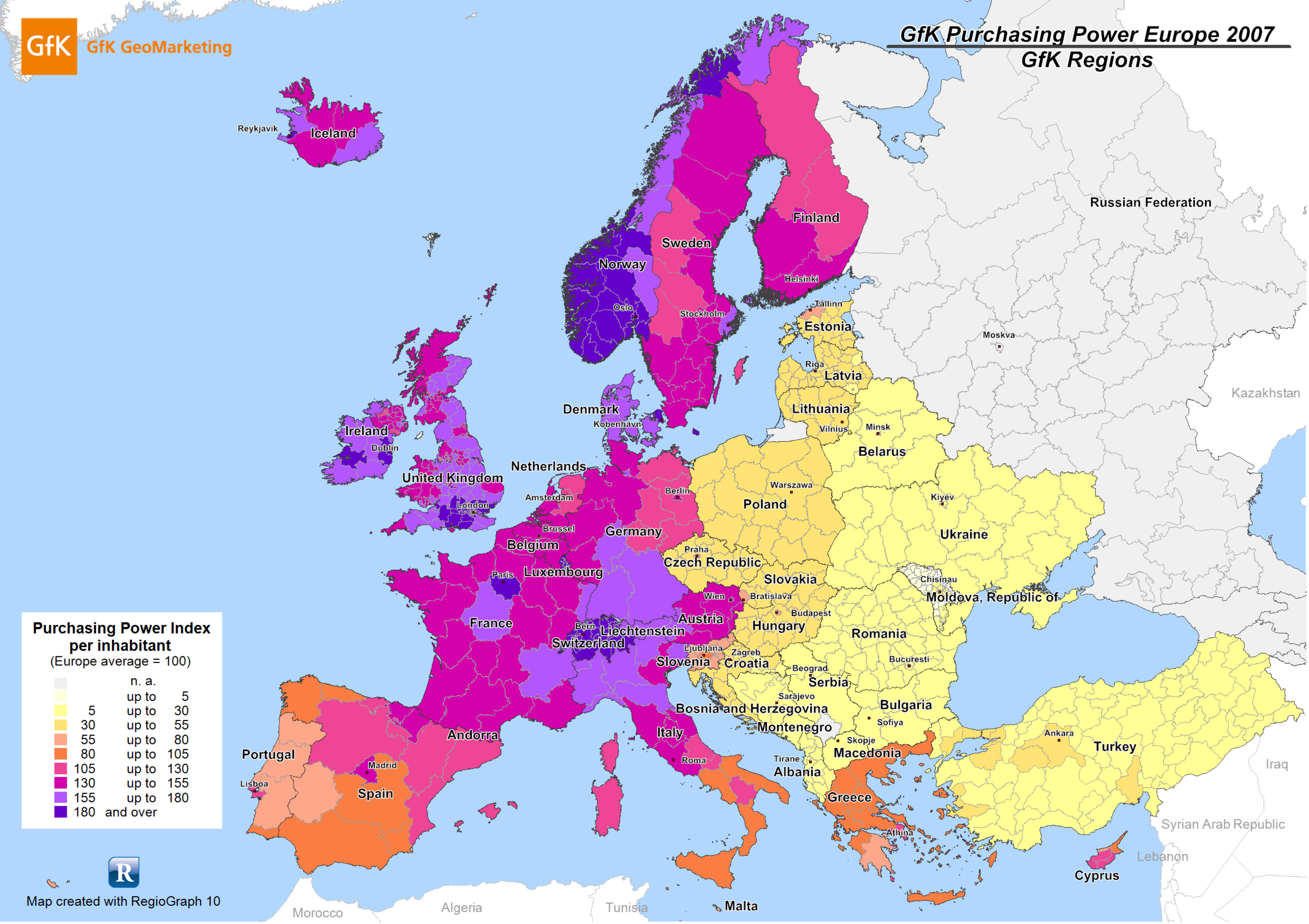
Hypermarket & Shopping Center 2005

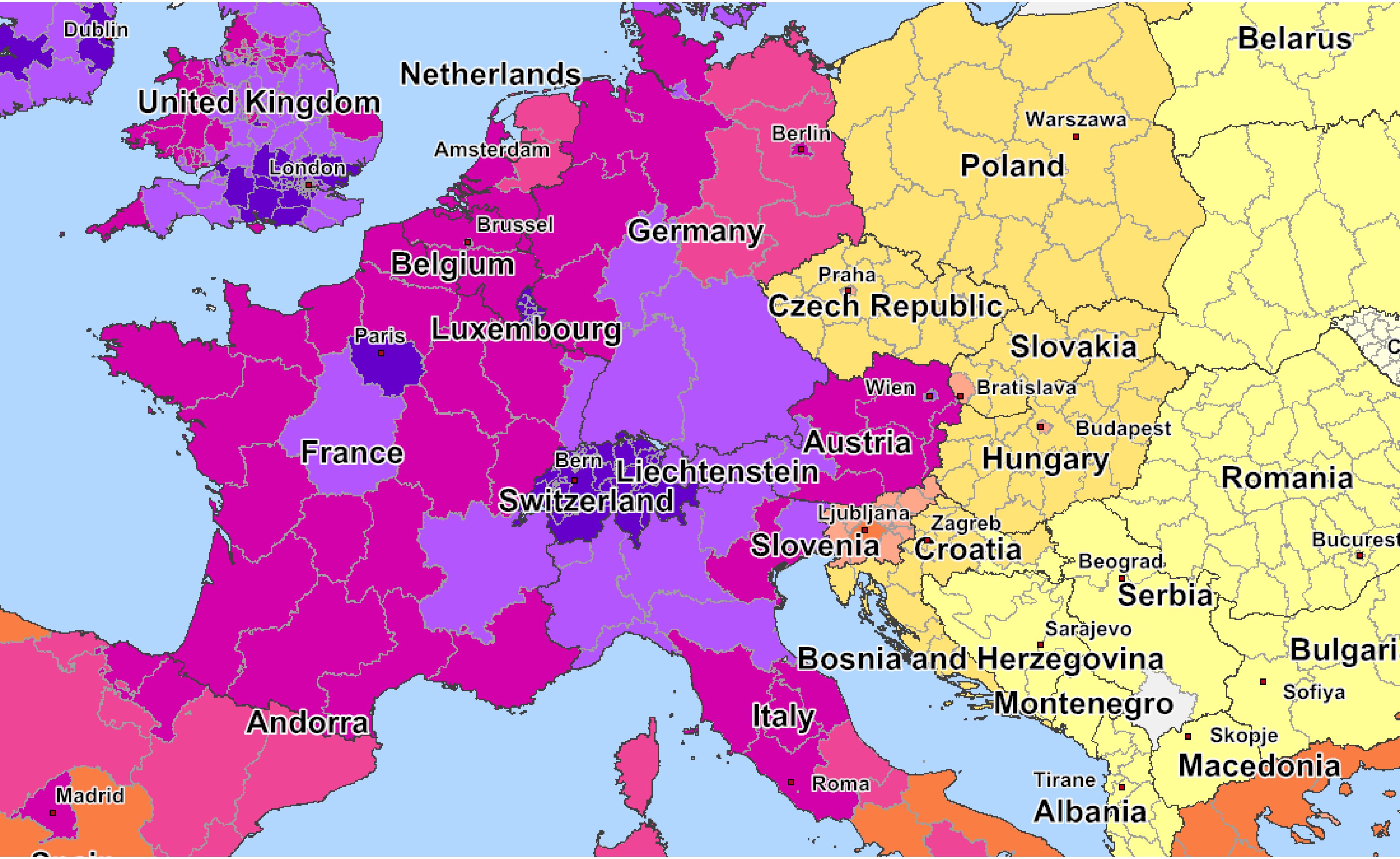
The differences in per capita purchasing power in the Czech regions



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

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


GfK
GfK GeoMarketing
GfK Purchasing Power Europe 2007
GfK Regions
Purchasing Power Index per inhabitant
(Europe average = 100)
n. a.
up to 5
5 up to 30
30 up to 55
55 up to 80
80 up to 105
105 up to 130
130 up to 155
155 up to 180
180 and over
Map created with RegioGraph 10
Reykjavik
Iceland
Norway
Oslo
Sweden
Stockholm
Finland
Helsinki
Russian Federation
Moskva
Kazakhstan
Tallinn
Estonia
Riga
Latvia
Lithuania
Vilnius
Minsk
Belarus
Denmark
København
Ireland
Dublin
United Kingdom
London
Netherlands
Amsterdam
Berlin
Warszawa
Poland
Kiyev
Ukraine
Brussel
Belgium
Germany
Praha
Czech Republic
Slovakia
Paris
Luxembourg
Chisinau
Moldova, Republic of
Wien
Bratislava
Budapest
France
Bern
Liechtenstein
Austria
Hungary
Romania
Switzerland
Ljubljana
Zagreb
Slovenia
Croatia
Bucuresti
Beograd
Serbia
Sarajevo
Bosnia and Herzegovina
Bulgaria
Sofiya
Andorra
Italy
Montenegro
Skopje
Ankara
Turkey
Portugal
Madrid
Roma
Tirane
Macedonia
Albania
Iraq
Lisboa
Spain
Greece
Athina
Syrian Arab Republic
Lebanon
Cyprus
Morocco
Algeria
Tunisia
Malta


Dublin
Netherlands
United Kingdom
Amsterdam
Berlin
Warszawa
Belarus
Poland
London
Brussel
Germany
Belgium
Praha
Czech Republic
Paris
Luxembourg
Slovakia
Wien
Bratislava
Budapest
Austria
France
Bern
Liechtenstein
Hungary
Romania
Switzerland
Ljubljana
Zagreb
Slovenia
Croatia
Beograd
Serbia
Sarajevo
Bosnia and Herzegovina
Montenegro
Sofiya
Andorra
Italy
Skopje
Macedonia
Tirane
Roma
Madrid
Albania

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

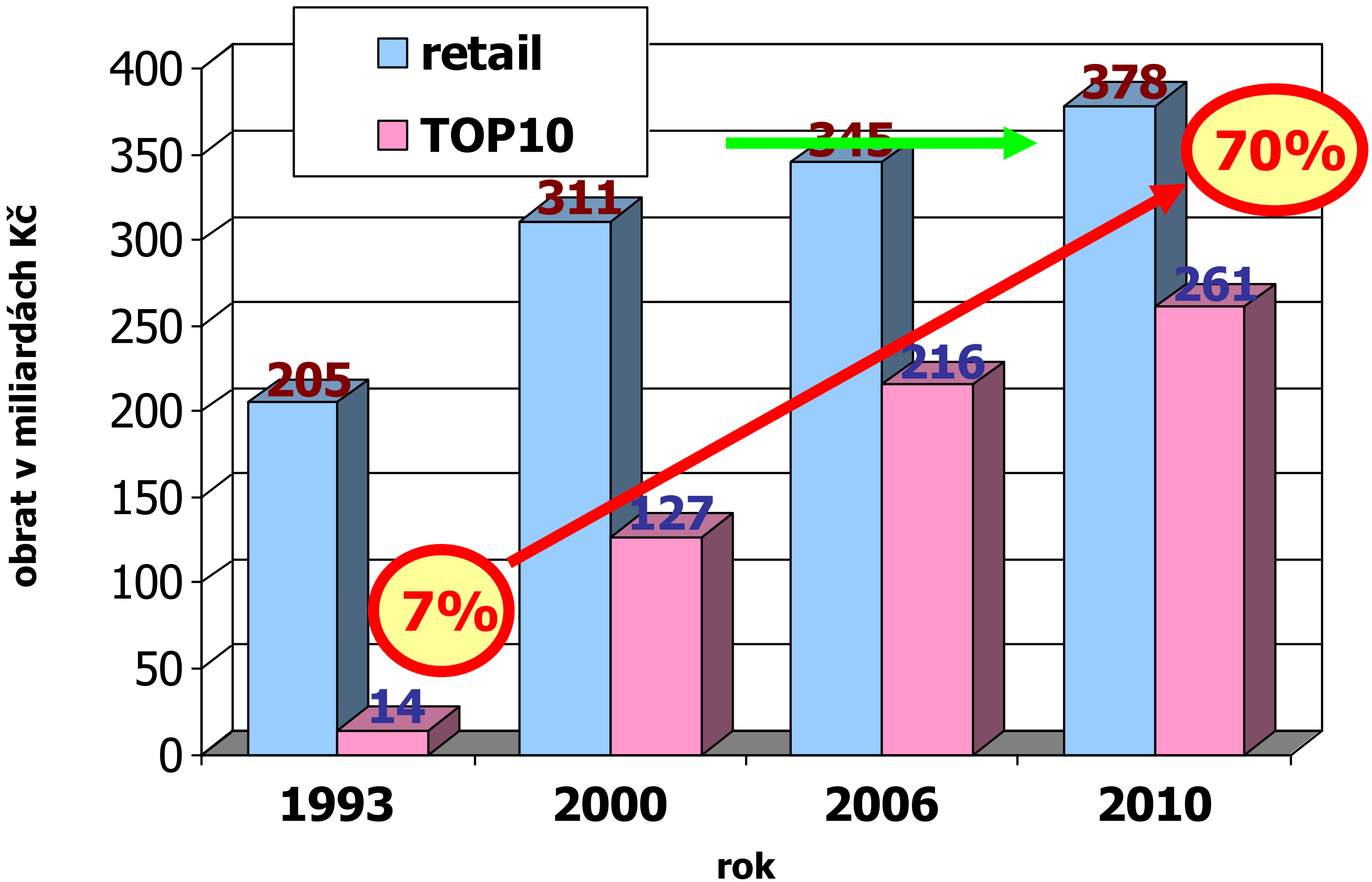
↗ Up since last year ↘ Down since last year → Same as since last year

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.)*

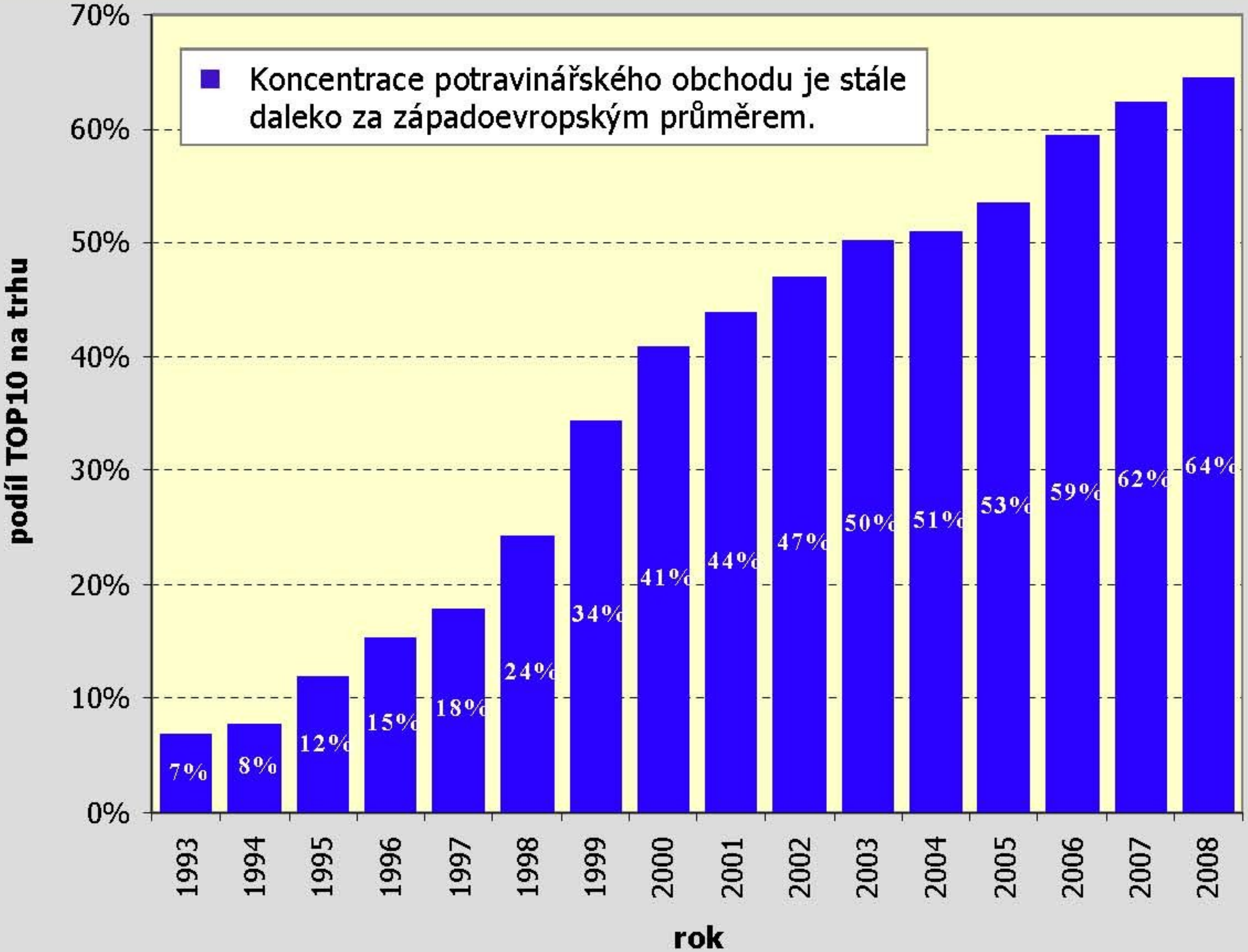
Retail TOP10: process of concentration (turnover on Czech market)



Pramen: INCOMA Research

KONCENTRACE ČESKÉHO OBCHODU

(tržní podíl TOP10 obchodních skupin v maloobchodě rychloobrátkovým zbožím)



Pramen: INCOMA Research + Moderní obchod

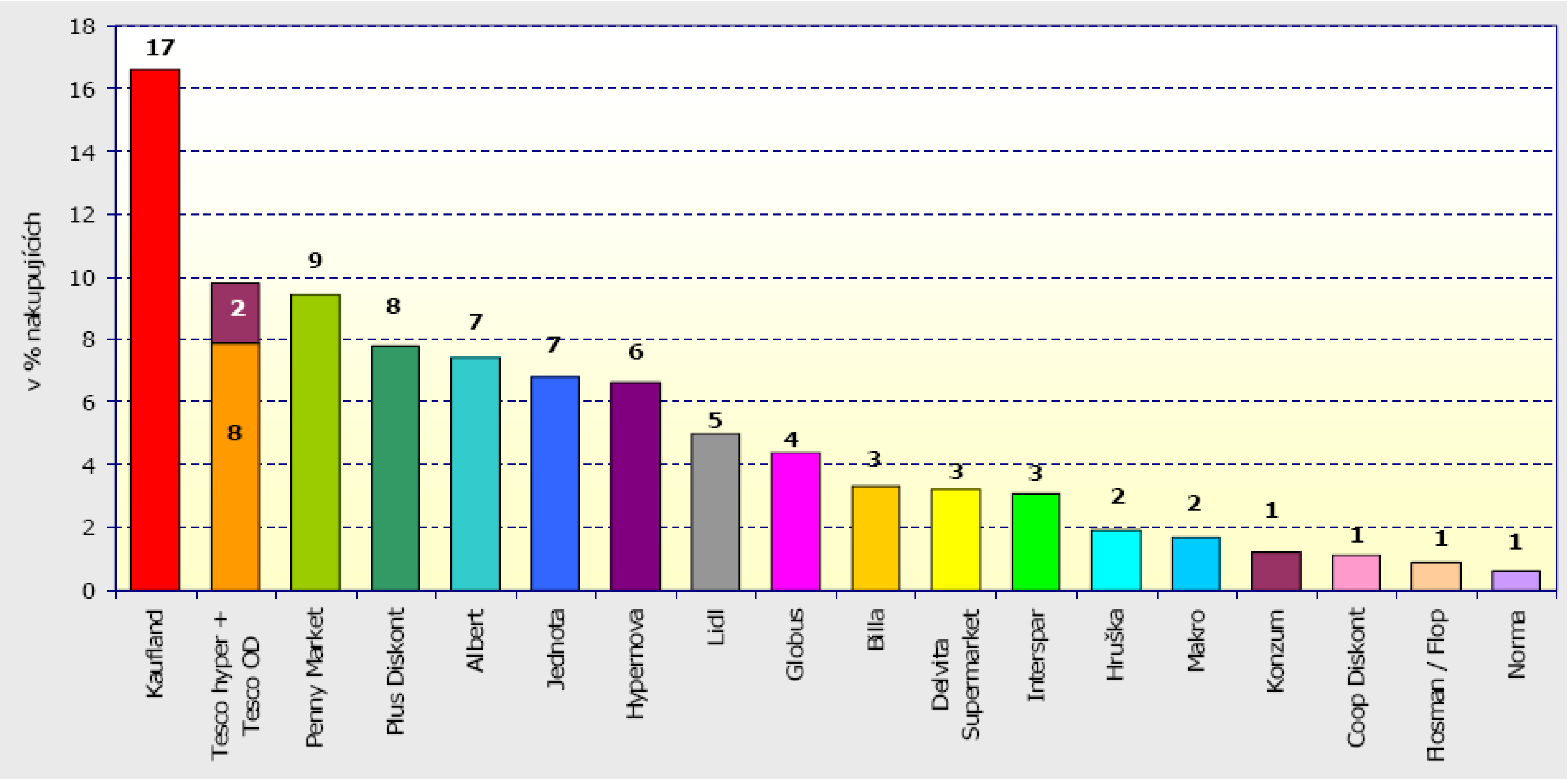
TOP10 in Czech Retail (estimations)

TOP10 marketshare 64%

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

Sourece: INCOMA Research + Moderní obchod

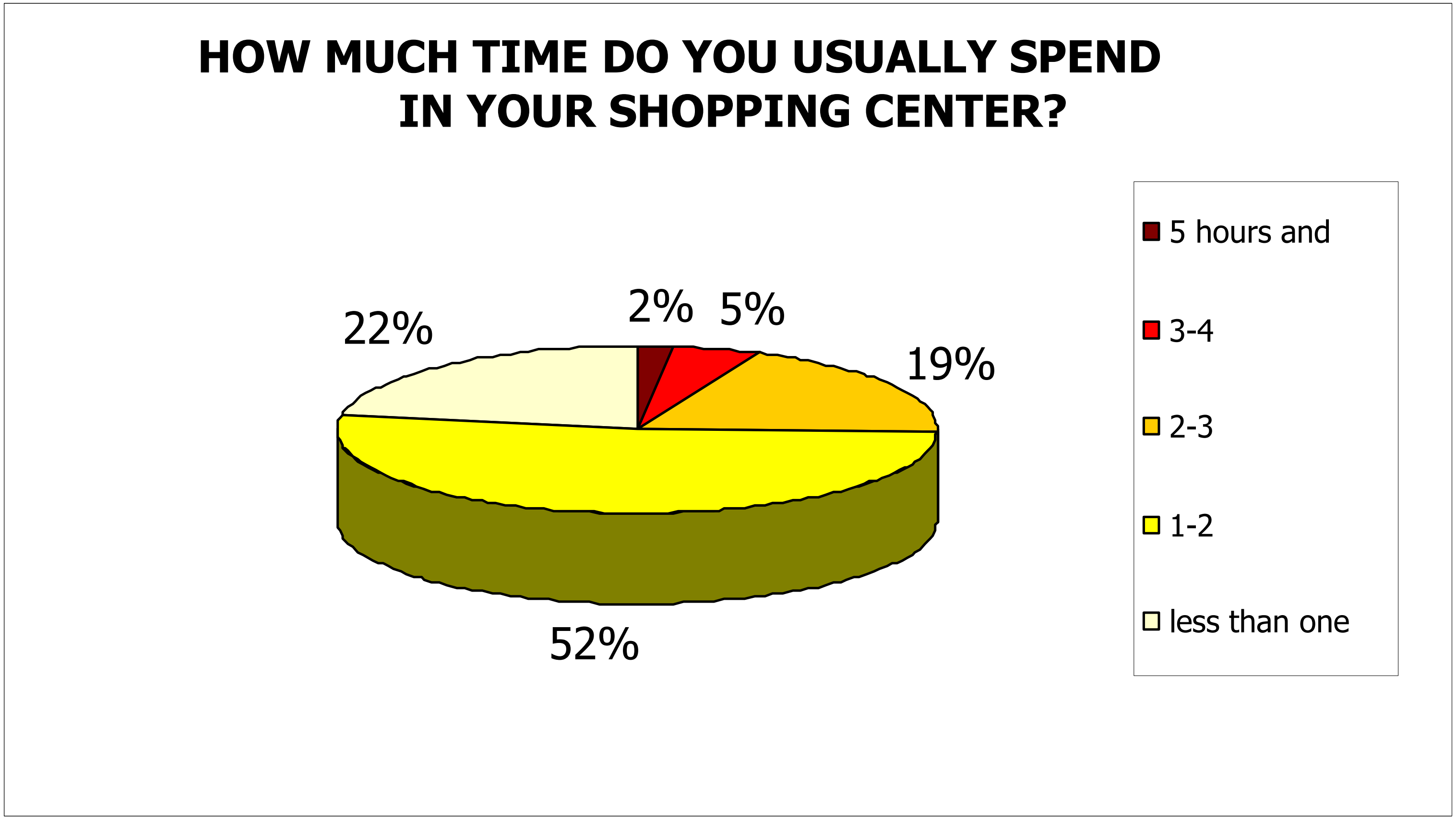
The main shopping place for food- 2006



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)

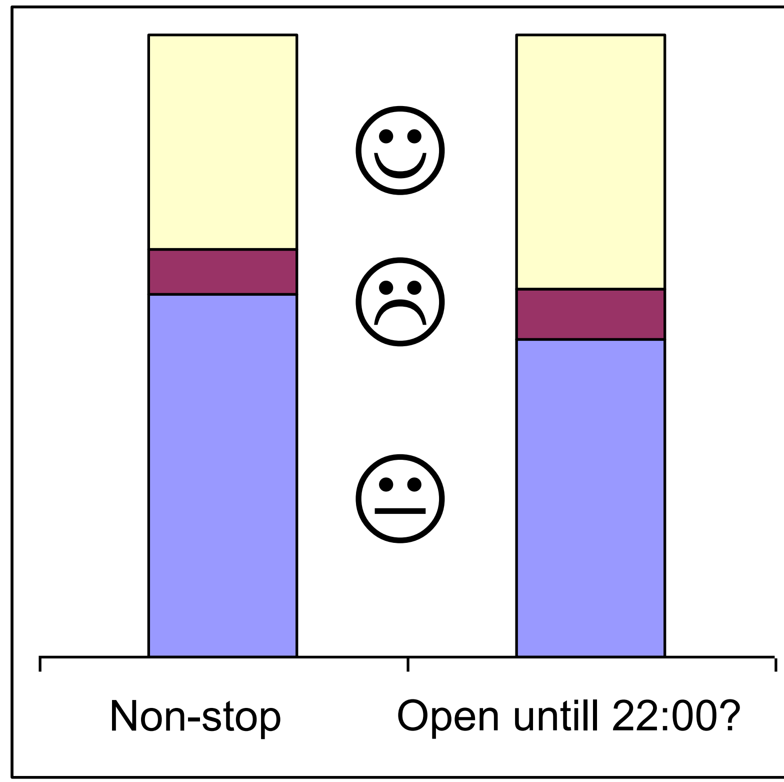
SHOPPING AS A WAY OF SPENDING TIME



Source: SHOPPING MALL 2004 (INCOMA + GfK)

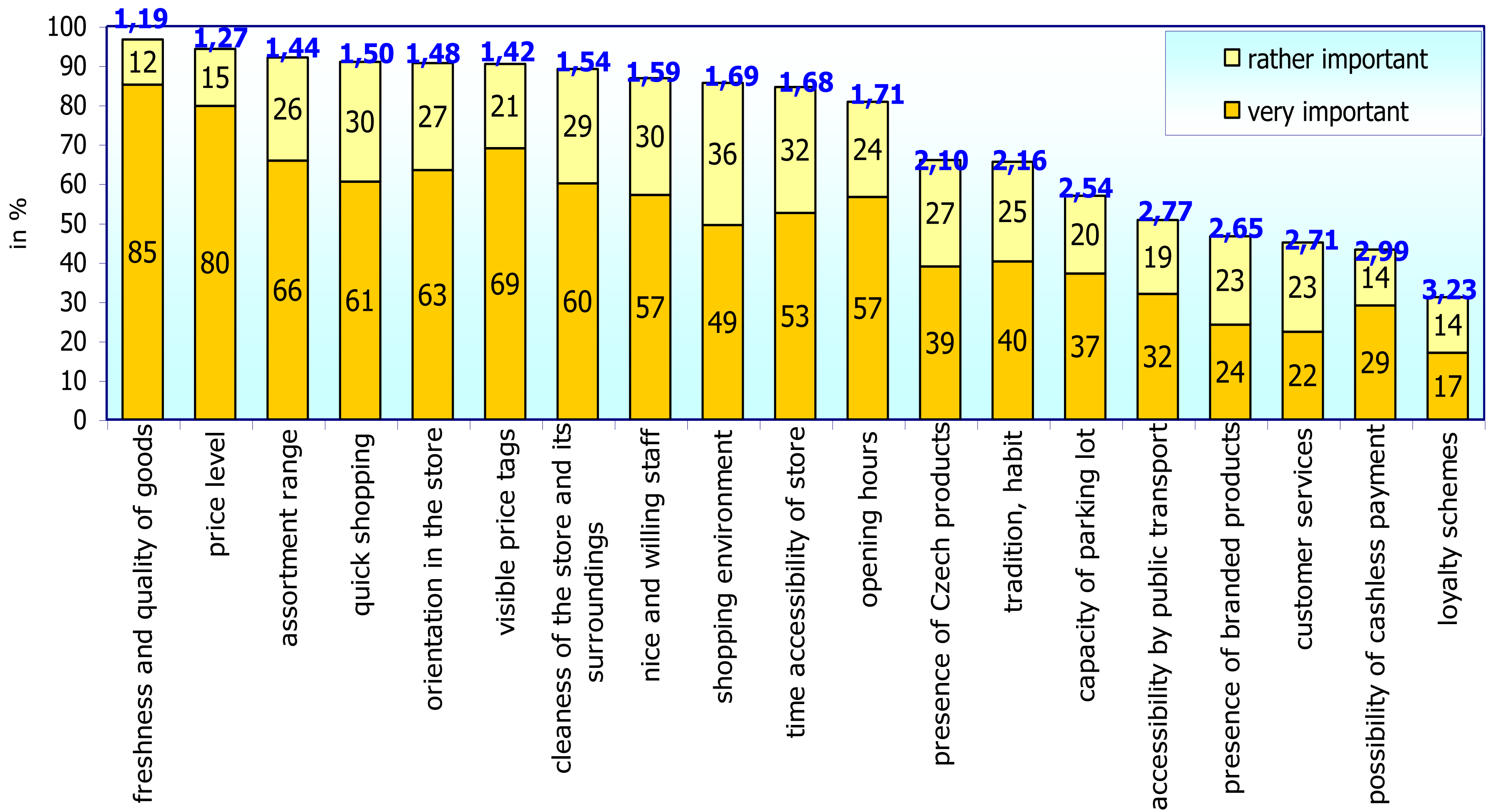
Selling time restriction

Shops open during
red-letter day?



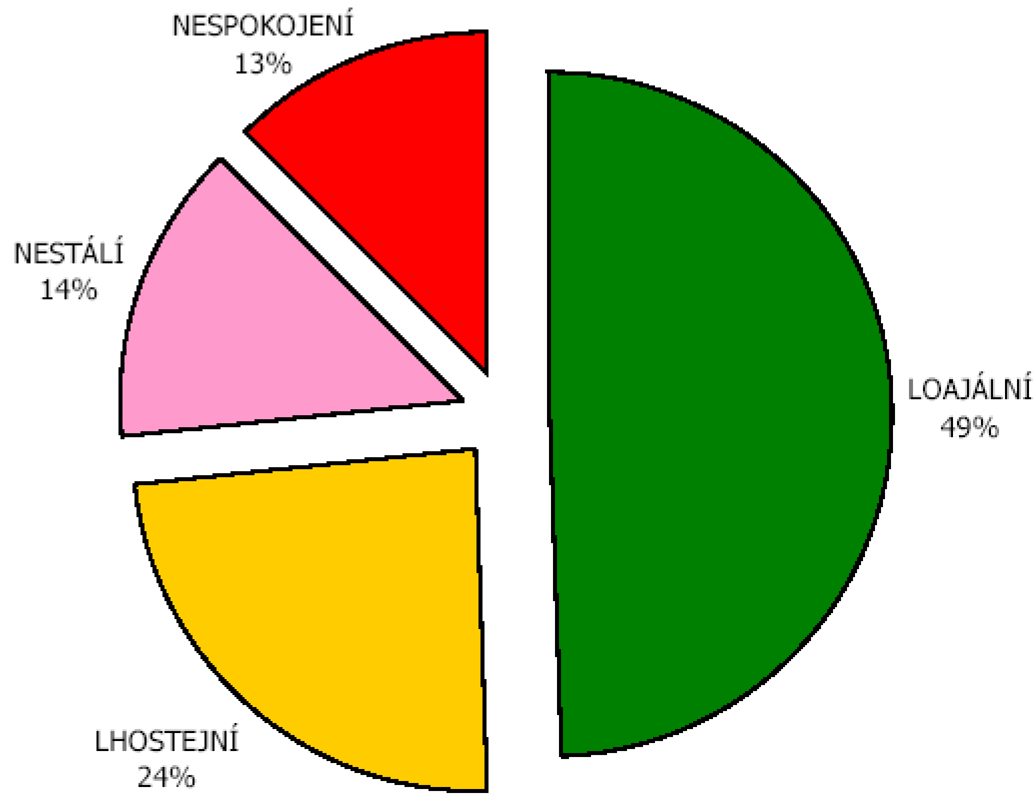
GfK Praha, 2004

WHAT IS IMPORTANT FOR YOU WHEN BUYING FOOD?



SHOPPING MONITOR 2004/05

SLOŽENÍ ČESKÝCH NAKUPUJÍCH 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 contradictious 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 contradictious tendency?

Two-way shopping

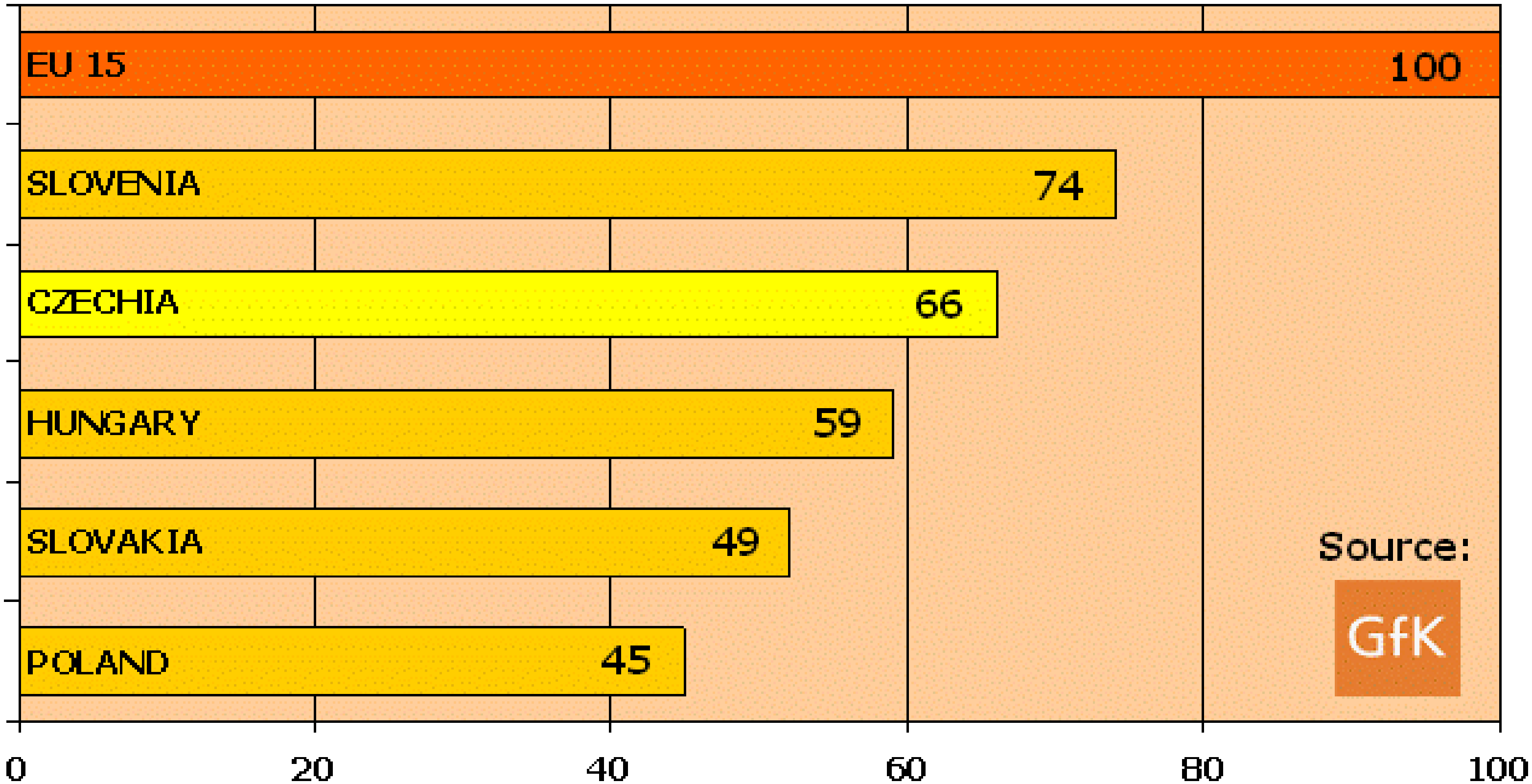
Why ATC?

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

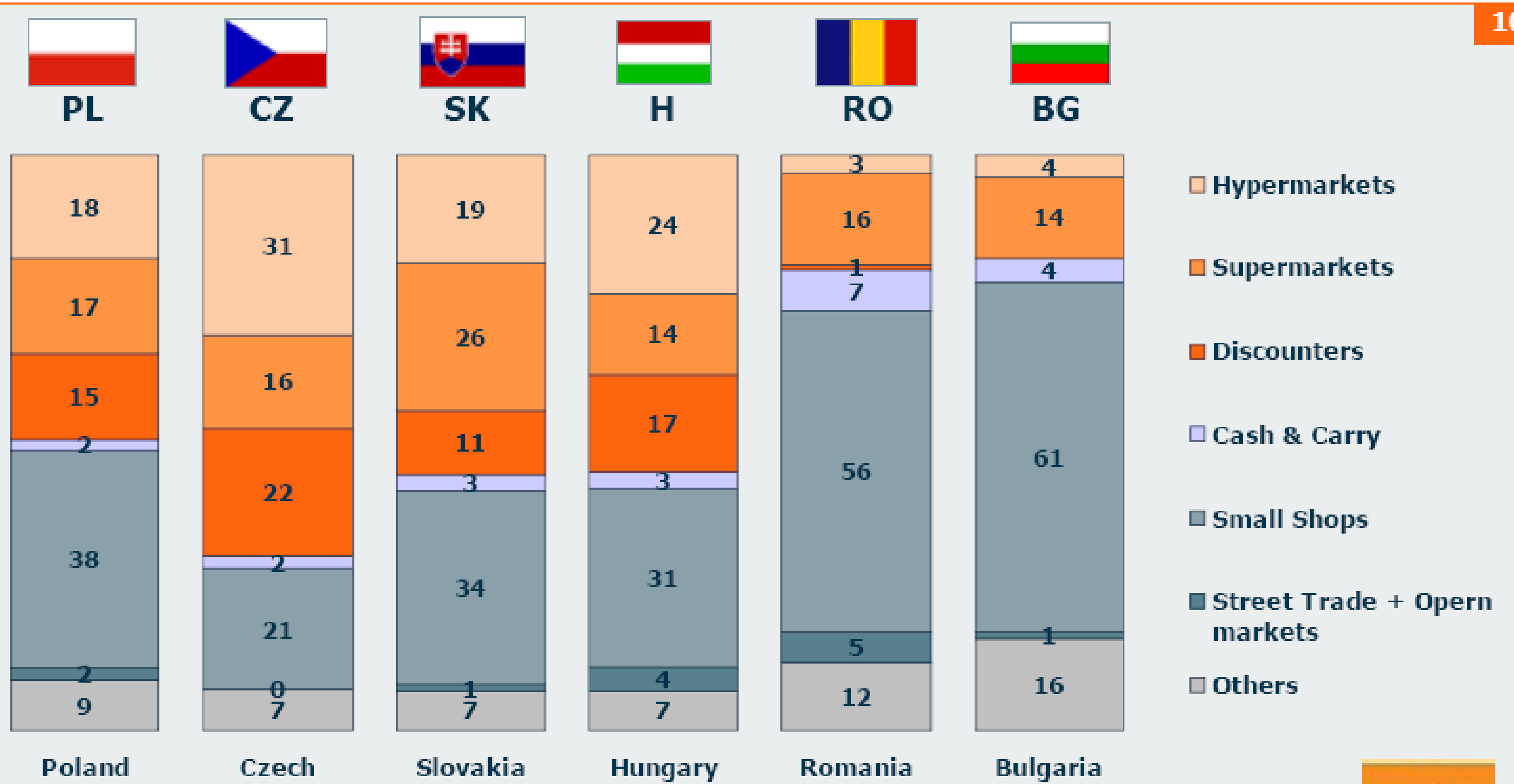
ATC in Czech rep.

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

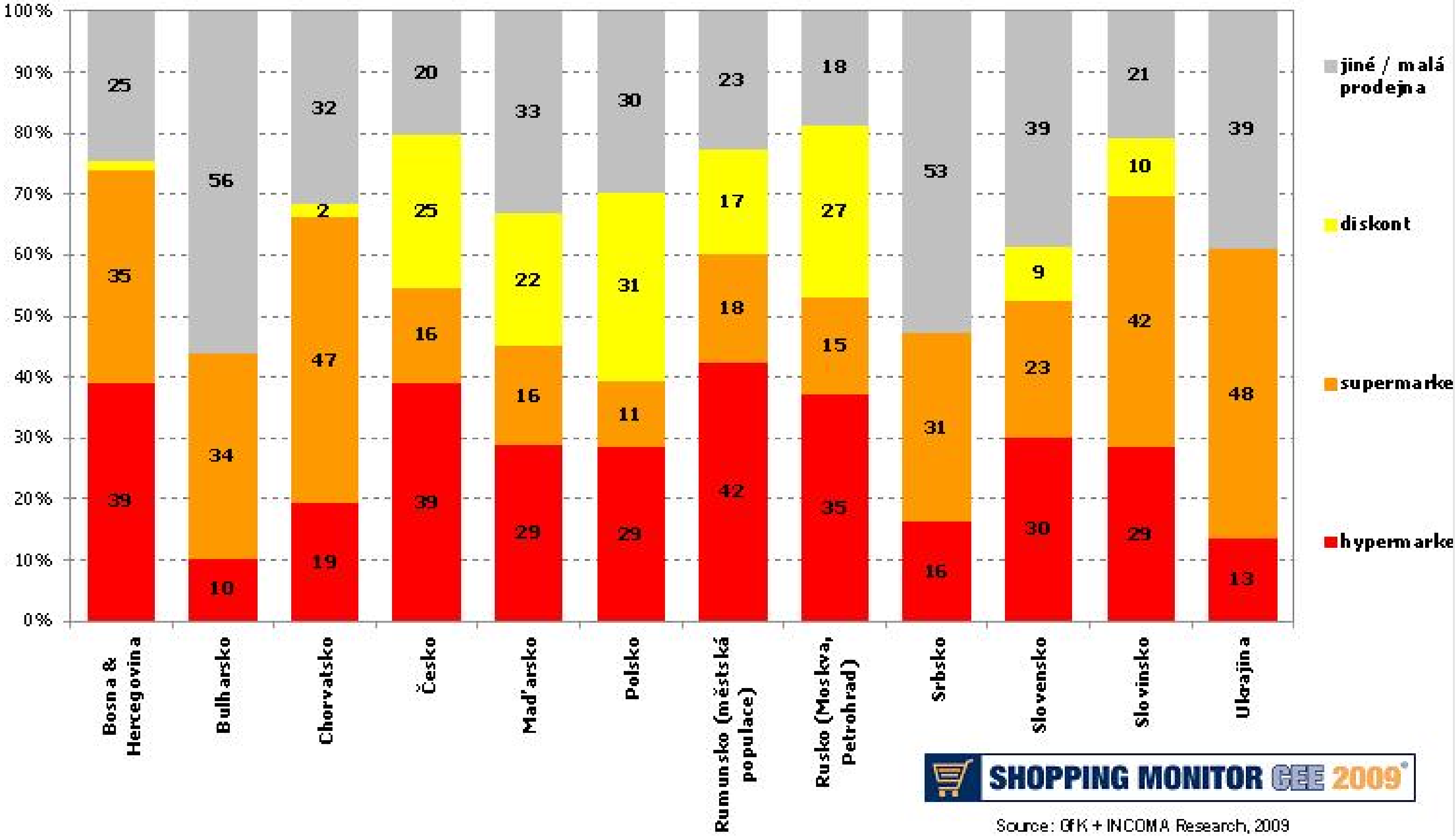
THE PER CAPITA PURCHASING PARITY LEVEL IN CENTRAL EUROPE RELATED TO EU 15



Trade Channels Market Shares in other countries January-June 2005

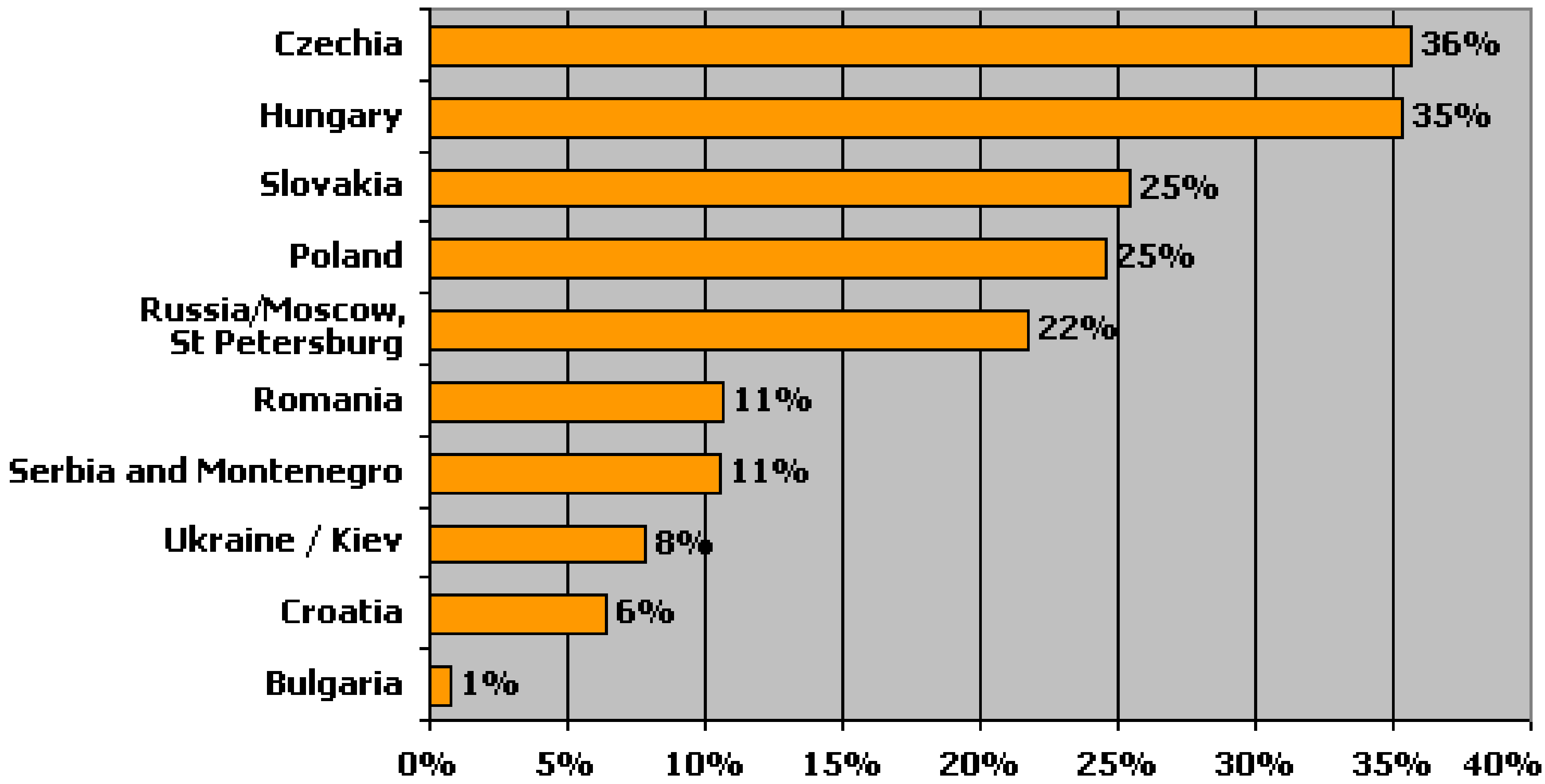


HLAVNÍ NÁKUPNÍ MÍSTO POTRAVIN A ZÁKLADNÍHO NEPOTRAVINÁŘSKÉHO ZBOŽÍ VE SLEDOVANÝCH ZEMÍCH STŘEDNÍ A VÝCHODNÍ EVROPY



Source: GfK + INCOMA Research, 2009

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

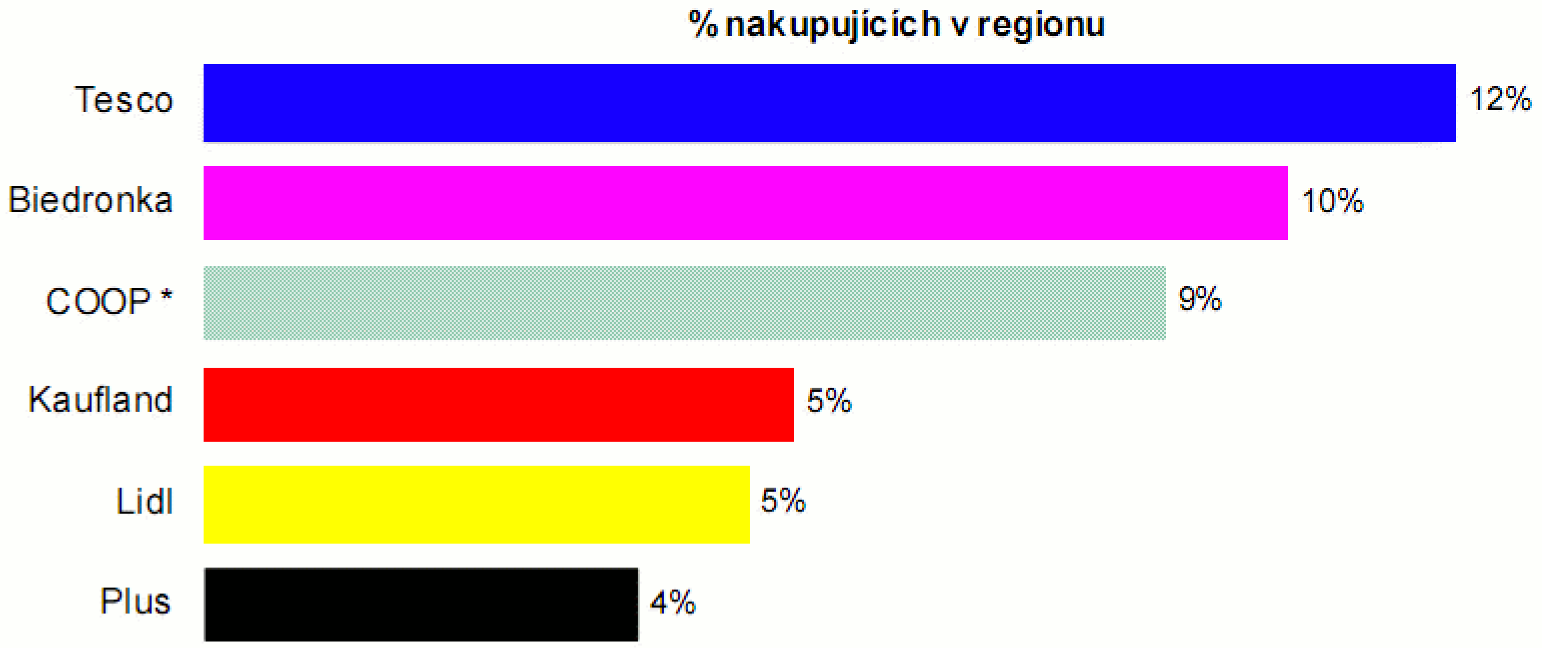


SHOPPING MONITOR - CEE

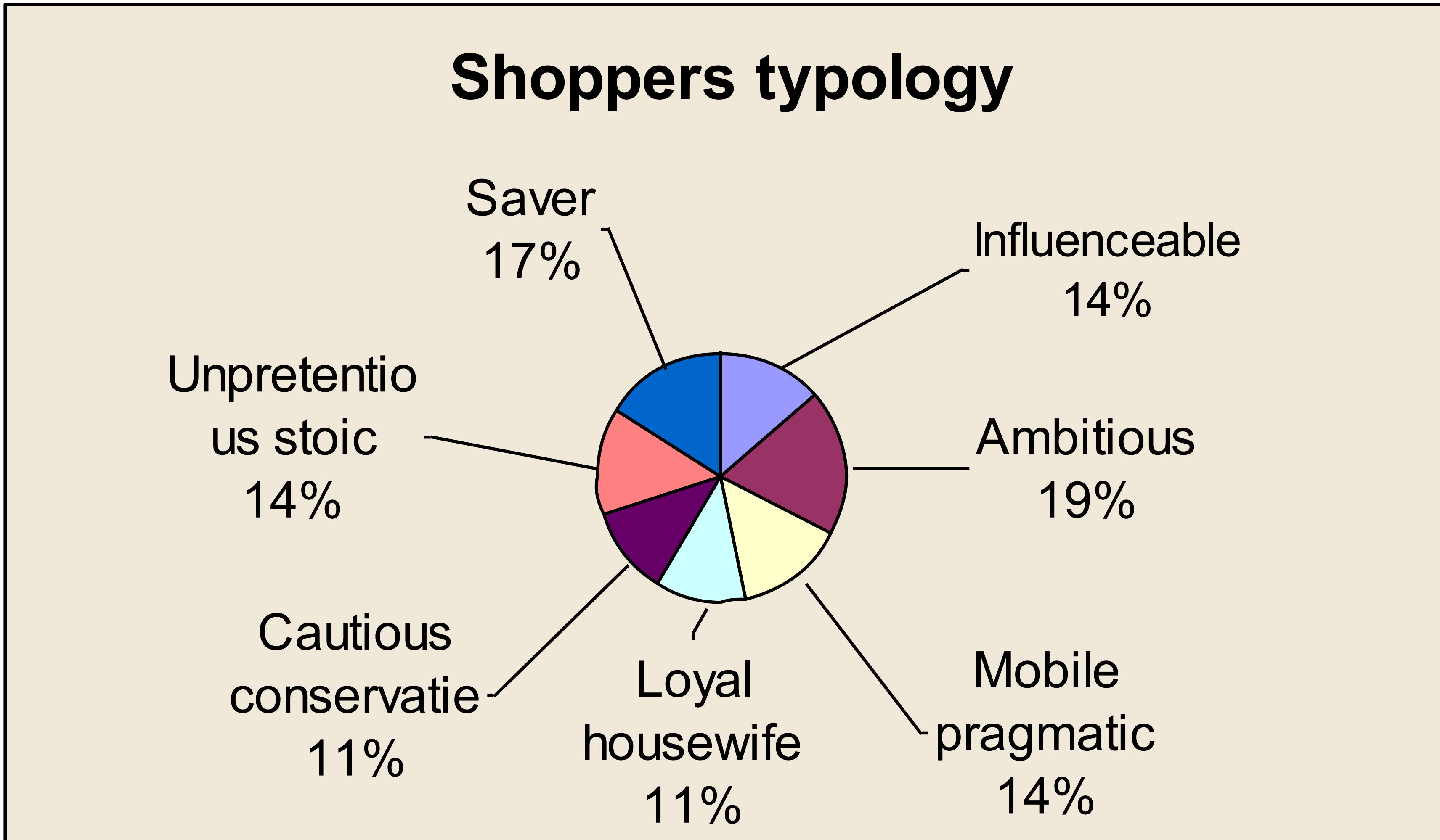
Source: GfK + INCOMA Research, 2006

PREFERENCE ŘETĚZCŮ VE VISEGRÁDSKÉM PROSTORU

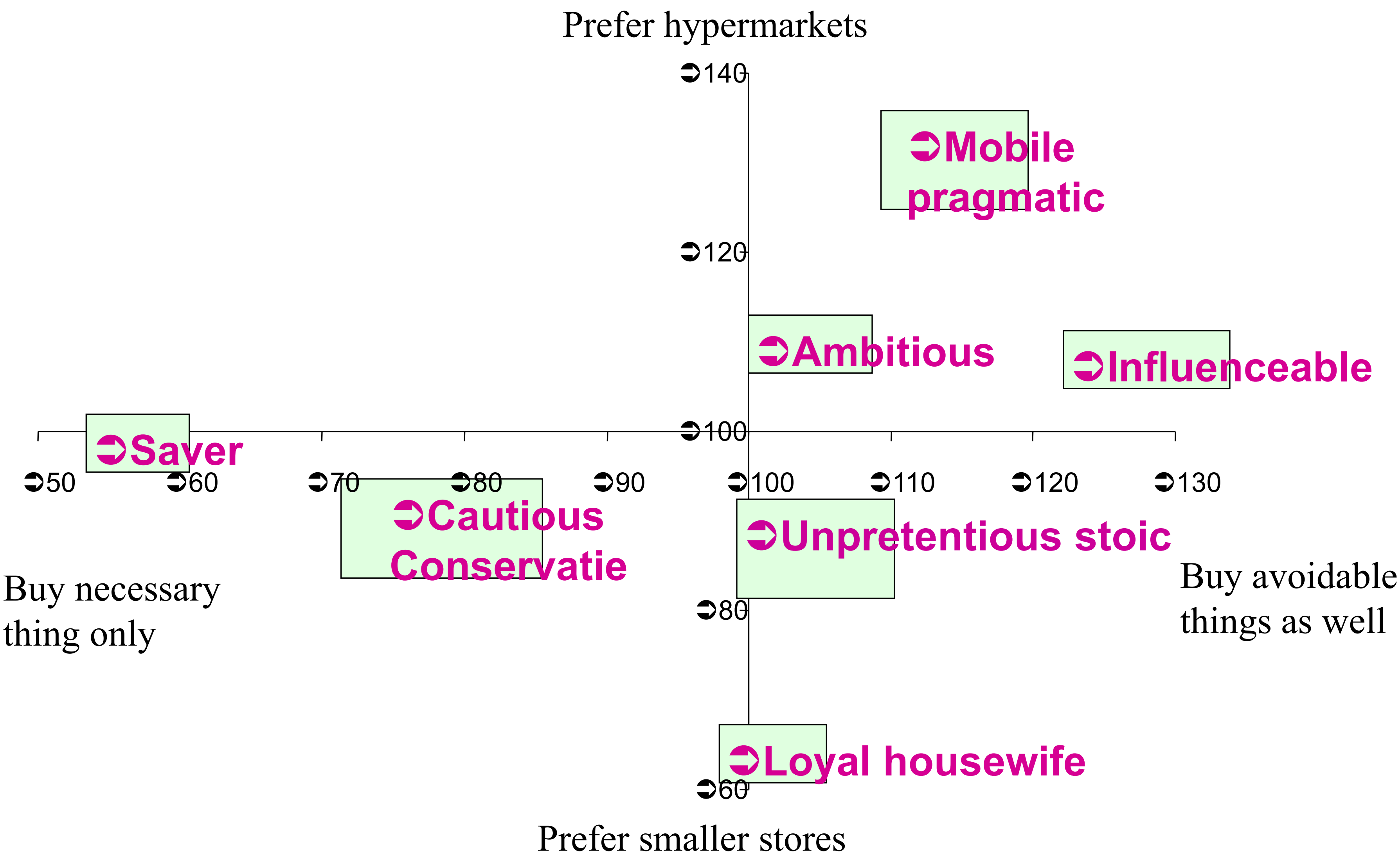
(CZ, PL, H, SK - hlavní nákupní místo rychloobrátkového zboží)



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


Shoppers typology
Saver
17%
Influenceable
14%
Unpretentio
us stoic
14%
Ambitious
19%
Cautious
conservatie
11%
Loyal
housewife
11%
Mobile
pragmatic
14%

Shopping behaviour

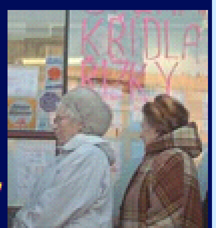


Typology According To The Main Factors Of Shopping Behaviour

IMMOBILE

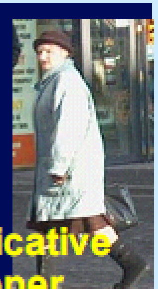
PRICE SENSITIVE

UNDEMANDING



Thrifty

DEMANDING



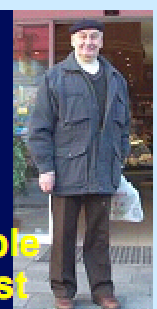
Communicative housekeeper

PRICE NON-SENSITIVE

UNDEMANDING

Undemanding conservative

DEMANDING



Comfortable opportunist

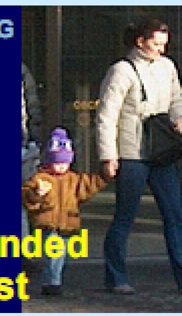
MOBILE

PRICE SENSITIVE

UNDEMANDING

Mobile pragmatic

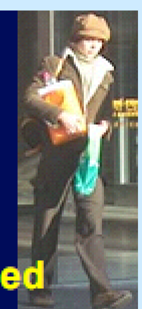
DEMANDING



Openminded strategist

PRICE NON-SENSITIVE

UNDEMANDING



Broadminded

DEMANDING

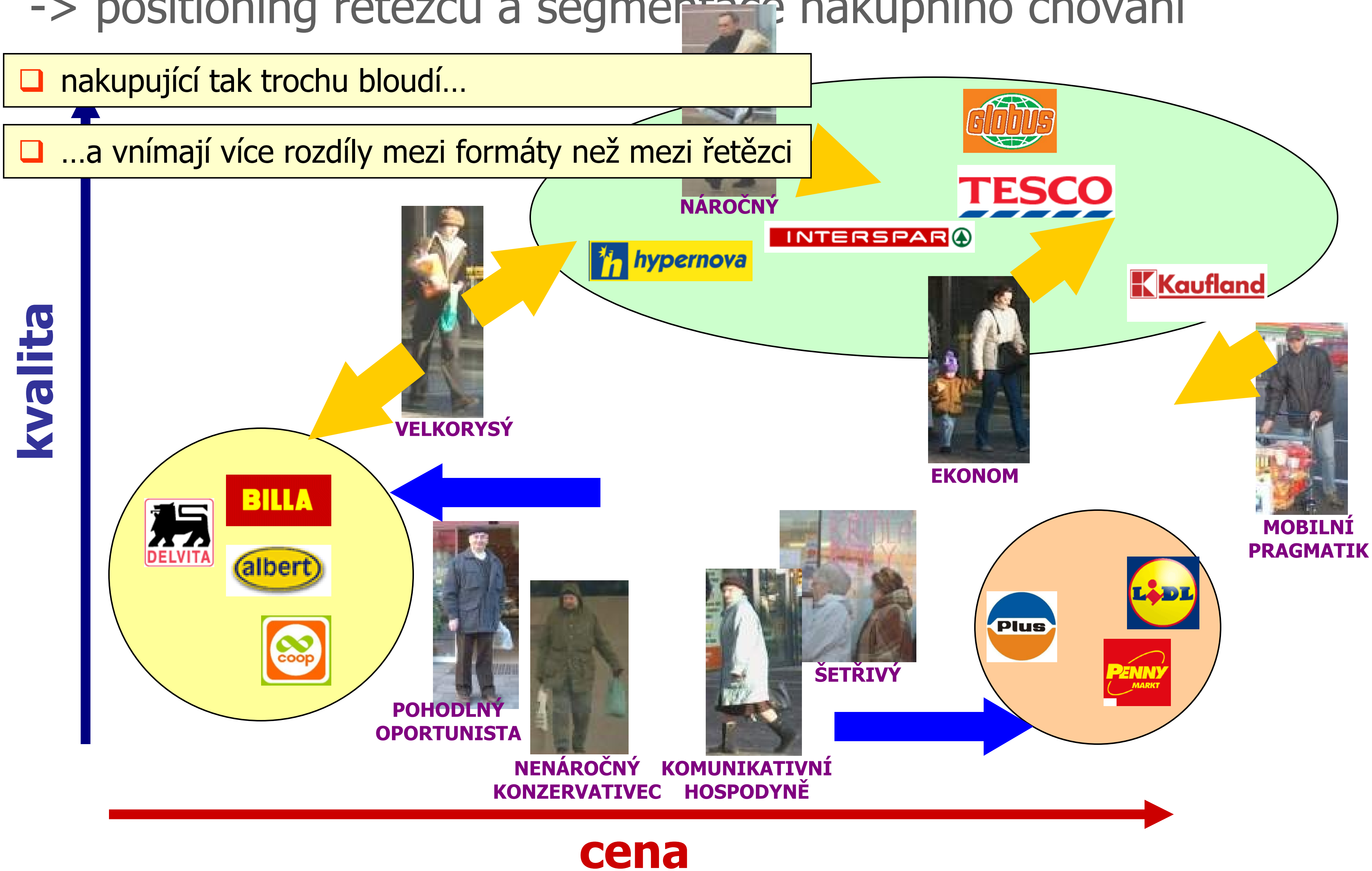
Demanding premium

Shopper Typology CEE 2006

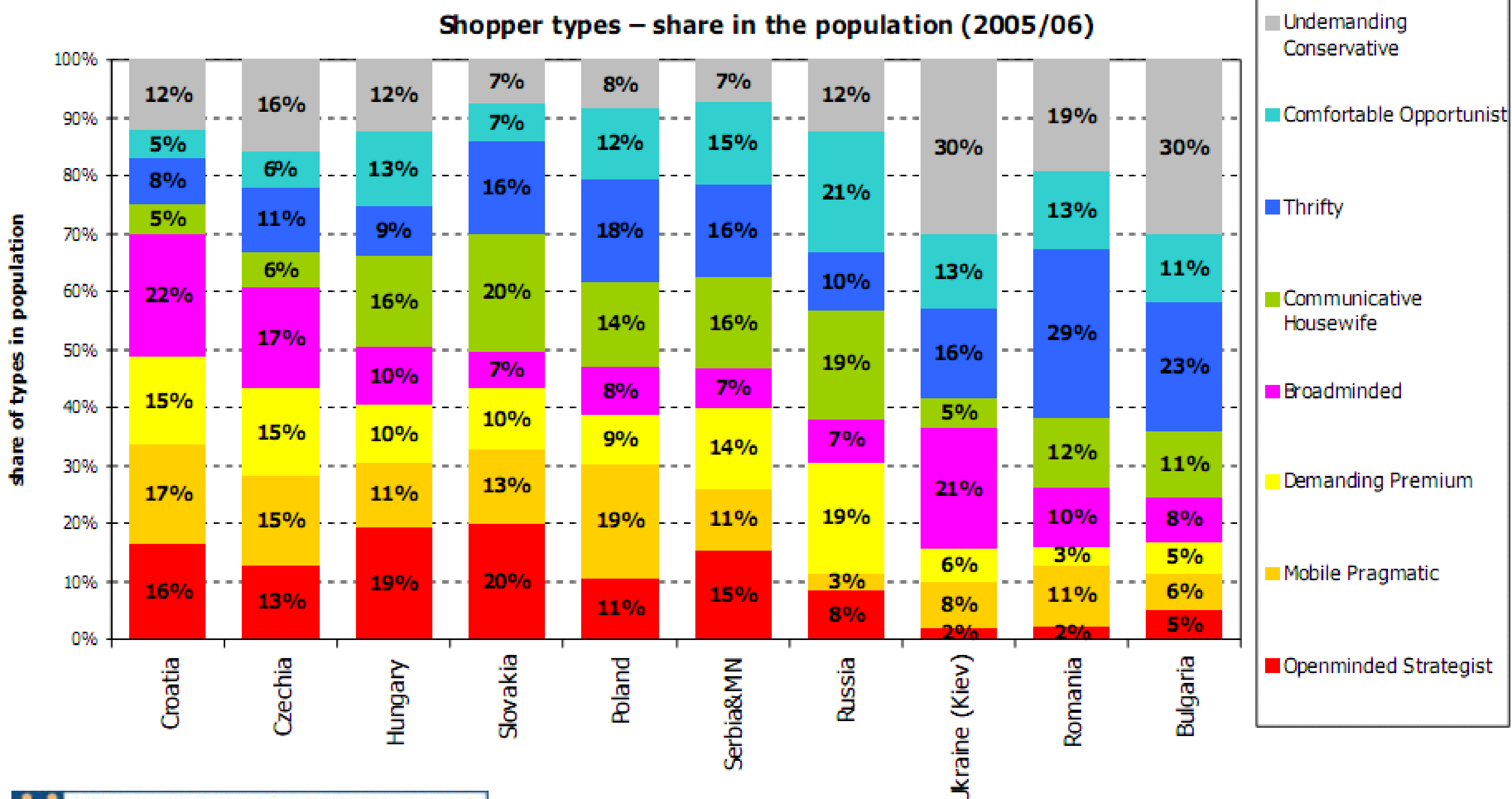
A CO TO DĚLÁ SE ZÁKAZNÍKY?

-> positioning řetězců a segmentace nákupního chování

- nakupující tak trochu bloudí…
- …a vnímají více rozdíly mezi formáty než mezi řetězci



Pramen: INCOMA Research / Shopper Typology



Shopper Typology CEE 2006 by GfK + INCOMA

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)