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The prolonged recession increases the trial of private labels

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At the end of the year is already clear in everyone's mind that the long awaited economic growth is yet to come. On one hand, we have the negative evolution of food products sales, drinks and tobacco, after 10 months in 2011, with a 7.7% decrease compared to the same period last year. On the other hand, we have the results of the most recent ISRA Center survey that reveal that, although the visit frequency for each type of store kept constant during last year, the average amount spent kept decreasing.
The only exception from the rule is coming from hypermarkets, where there was a slight increase.
Equally interesting is the fact that most of the new products tried by Romanians in the last month are retailers' private labels.

These findings come from the survey conducted by ISRA Center exclusively for "Magazinul Progresiv" in 3 phases (February, May, November) across 2011. The 3 aspects studied were: the buying behavior, private labels and the stock-up behavior of Romanians during the 3rd year of crisis. Data were collected face-to-face based on questionnaire, on a sample of 1.111 respondents. The results are representative for urban population (cities over 50,000 inhabitants), aged between 20-60 years old. The maximum sampling error is 2.9%.

Shopping basket: same products, smaller quantities

The products that are always present in the Romanians' shopping basket are breading products, dairy products, fresh vegetables and personal care products. Other important categories bought in the last month, by more than 80% out of Romanians, are fresh meat, groceries, non-alcoholic drinks and cold cuts.
Regarding the evolution of the purchased volume, 27% out the respondents claimed to have decreased the non-alcoholic quantity bought in the last month compared to the previous period. Among that category, a decrease of the buying frequency can be seen in the traditional stores (from 53% in May to 42% in November), although that can be also the result of the seasonal variation.
Among products that registered sales decreases of more than 20% between November and the previous wave of the survey, there are also coffee or coffee based products, cold cuts, personal care products, dairy products, fresh meat and home cleaning products.

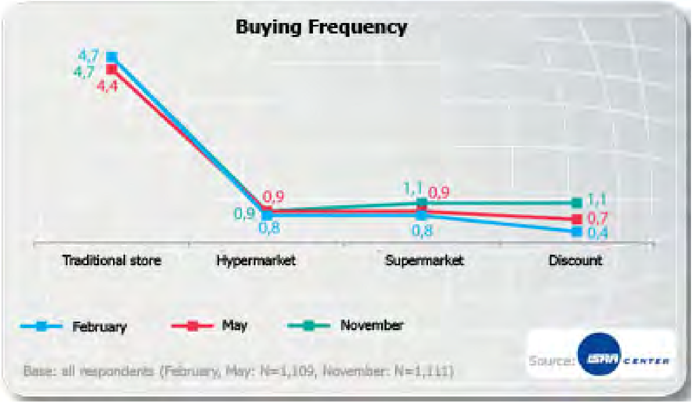
Frequency of discount store visits increases

The frequency of visits for each type of store kept almost constant during 2011, with an average of 4.7 visits per traditional stores, 0.9 for hypermarkets and 1.1 for supermarkets. For discount stores the frequency of visits for discounts stores slightly increased (from 0.4 in February to 0.7 in May and then 1.1 in November). Although the visit frequency increased, the amount spent on these types of stores decreased during 2011, from 102 lei per visit in February to 76 lei in November. The amount spent per visit continued to decrease during the year also in supermarkets (from 113 lei to 106 lei), while in traditional stores the value relapsed to the one registered in February (26 lei), after a regression down to 23 lei in May.

The only distribution channel that had a positive evolution, compared to the May wave, is the hypermarket: the average amount increased to 173 lei from 158 lei (registered in May).
Same as the previous period, Romanians buy from traditional stores mostly bread, non-alcoholic drinks, dairy products, sweets and fresh fruits. Between these categories, in November 2011, dairy products were the most bought products from traditional stores (40% in November compared to 32% in May).

More than 2 in 3 new brands tried are retailers' private labels

Just 16% out of Romanians living in urban area claimed to have tried new products or brands in the last month, same as in the previous period. Most new products tried belong to categories such as cosmetics, sweets, personal care, laundry and dish washing products and dairy products.
The new brands tried in the last period are mostly private labels (13%): Clever, Lidl, Carrefour, Marca Nr.1 and K Classic.
Even in that situation, 2 in 10 Romanians from urban area have not heard of private labels.
On the other hand, the trial rate of these products increased from 12% to 16%, while there are less who reject private labels (from 24% to 17%). Among those who buy private labels, the number of those who buy them occasionally increased (from 27% to 33%), while the percentage of those who buy them regularly decreased (from 19% to 14%).
The main reason for rejecting the private labels is still the concern regarding the quality of the products (47%). The most known private labels are Aro, Carrefour, Marca Nr.1, Clever and Tip. Among those, Carrefour registered an increase in the last period, from 10% to 15% top of mind, while others competitors decreased in terms of spontaneous awareness – top of mind. The same trend is followed by aided awareness.
Carrefour also had a positive evolution in the last period regarding the ability to attract new buyers that try their products, with a registered increase from 49% in May to 63% in November. On the other side, Clever had a visible decrease in their ability to create regular purchase (from 28% to 16% in November).



The situation is similar for Aro, although the downfall came in spring, when the ability to generate regular trial dropped from 25% in February to 8% in May. Last but not least, sweets are among categories where private labels sales increased.

Promotions attract larger shopping volume

According to the survey, 23% from urban population use to stock-up when they find products with volume promotions (larger quantities/ extra free products). Stocks with products are made up from categories such as laundry and dish washing products (43%), groceries (39%), personal care products (11%) and non-alcoholic drinks (9%). Particularly, stocks are made with detergent (39%), oil (29%) and sugar (21%).

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