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## Consumer in the Time of the Crisis

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### Dear Readers,

We would like to welcome you to another edition of our CEE Newsletter.

In the light of the global economic crisis which has increasingly affected the markets in the CEE region, the focus of this issue will, once more, be on the reactions of consumers and shoppers to the negative business environment.

GfK's Consumer Tracking division's household panels form the ideal source for monitoring changes in FMCG purchasing and consumption behaviour over time. Articles from as many as 10 countries, from Austria to the Ukraine, and from the Czech Republic to Romania, show that consumers are very aware of the macro-economic implications of the recession but, more often than not, have not yet experienced any direct impact on their individual purchasing power. However, first shifts from out-of-home to in-home consumption, from national brands to private labels and from hypermarkets and supermarkets to discounters can be observed.

As described in the contribution from Austria, it is key to know about the potential threat of the crisis by analyzing the buyers of your brand. Then, depending on the share of consumers most likely to suffer directly from the recession, e.g. people with strained budgets and afraid of losing their job, your counter-strategies can be fine-tuned. If you are interested in category or brand specific insights, our Consumer Tracking consultants in CEE will be happy to provide you with tailor-made analyses and recommendations on how to navigate successfully through the crisis!

Yours sincerely,

 **Tobias Schediwy, GfK Austria, General Manager, Consumer Tracking**

You can find further information about the findings of our studies under [www.gfk.at](http://www.gfk.at) or via the links from this site to the web sites of all the GfK companies in Central and Eastern Europe. [e-mail us](#)

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# Croatia

## The Crisis in Croatia and its effects on Private Labels

Just as is the case in the global market, we, the consumers, are aware that recession in 2009 is unavoidable. The crisis in Croatia started in December 2008. In recent years, the Croatian market has undergone some changes: from expansion to concentration and consolidation. And with the current crisis we can expect further changes in trends on the Croatian market.

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# Austria

## Winner or Losers in the Recession?

### Empirical Results from 700 Brands

In the current recession, average values from the base conditions of the real economy are not helpful in the context of marketing planning: the differences between the individual consumer segments, branches, trading groups and media formats are simply too great. As a result then, and depending on how much they are affected, the reactions amongst the consumers range from being quite relaxed, through careful to panic and from wait-and-see through radical cost reduction programmes to an anti-cyclical readiness to invest amongst the business world.

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# Bosnia-Herzegovina

## The Crisis in Bosnia & Herzegovina and its Effects

### The Household Consumption Index in Bosnia and Herzegovina

We have separated three subgroups from the wide GfK basket, which comprises over 50 product groups from everyday consumption products and which is used to calculate the household consumption index. Doing this enables us to also interpret changes in the purchases made by Bosnian households and to monitor the changes caused by the ongoing crisis. These subgroups are: basic food products (milk, edible oil, roasted coffee); personal care products (laundry and dish-washing detergents, soaps (hard and liquid), tooth paste, shampoos and household cleaning products) and non-essential products (instant coffee / cappuccino, fruit juices, CSD, water, ice tea, fermented milk products, milk desserts, chocolate, margarine, mayonnaise, ketchup and mustard).

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# Hungary

## The Hungarian Retail Trade:

### The real crisis had already started back in 2006

The real panic and uncertainty caused by the global crisis only appeared amongst the general public by the end of last year – it is still very recent and incomprehensible for most of the population. However, it has not changed the Hungarian retail trade, only strengthened earlier trends.

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# Poland

## The Economic Crisis and Consumer Behaviour in Poland

»Changes in the Polish buyers' shopping behaviour« was the title of January's »Morning with the GfK Panel« (»Poranek z Panelem GfK«) quarterly conference organised by GfK Polonia Consumer Tracking.

During the meeting, which was held on 14 January 2009, GfK Polonia presented its data showing that, despite the symptoms of economic slowdown, Polish families are not spending less money on food, personal care and household products.

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## People



### Client Service team Romania

As of 2009, the GfK Household Panel in Romania has a new and enthusiastic Client Service team.

These are:

**Raluca Raschip**, Consumer Tracking Director, is facing a new challenge in her life – she will be on maternity leave from May and will rejoin the team early in 2010.

**Diana Toma**, Head of Client Services, has been working for GfK for three years after graduating from the Academy of Economic Studies in Bucharest with a degree in Market Research.

**Gabriela Luca** and **Anca Anton**, Researchers, are the newest and youngest members of our team having been with GfK for less than a year, and have backgrounds in Social and Economic studies.

E-Mail: [▶ Raluca Raschip](#)

[▶ GfK Romania](#)

# Romania

## 2008 – The end or just the beginning?

Whilst there is still great expectation as to what will happen in the near future on the FMCG market, let us go back to 2008 and see how Romanians reacted to the first rumours and indications of a possible crisis in our country.

In 2008, Romanians increased their consumption slightly in volume by 3.4% (a very small increase compared to past years) and also indulged a little in up-trading - +5.4%. These two factors, together with the inflation in food prices, have led to an increase in overall spending of 19.3%. Nevertheless, there are some significant differences in what happened in the second half of the year compared to the first.

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# Russia

## The Crisis is all in our Minds or the Russians' social mood

Since 1995, GfK-RUS has been monitoring consumer behaviour and public opinion amongst the Russians with respect to their assessment of social mood, the level of satisfaction with the past year and their expectations for the future. Respondents are asked if the past year has been good or bad for them, for their family and their country in general and also whether they expect more good or more bad things for the year to come.

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## Ukraine

**No end in sight: Downswing in consumer mood continues to break records**

Results of consumer confidence survey in Ukraine, a joint project between GfK Ukraine and the International Centre for Policy Studies

Ukraine greeted 2009 with a thus-far unseen deterioration in the consumer mood as the crisis in the country's economy worsened. In January 2009, the Consumer Confidence Index (CCI) fell a further 12.1 pp over December 2008, to 41.8. This is a new record and the absolute lowest the Index has ever been since monitoring of it started. This level of the CCI indicates that more than three-quarters of Ukraine's consumers are feeling pessimistic.

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## Serbia

**Changes in buying behaviour**

Serbian industry is increasingly likely to enter recession in 2009. Starting from the end of 2008, falls in the number of orders, instability of the national currency and decreased liquidity followed by a crisis of confidence which resulted in a drop in production activities have all been noticeable.

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## Slovakia

**Slovak households in favour of purchases abroad**

Slovakia has successfully adopted the Euro in January 2009, and this now seems to be a comparative advantage for Slovak citizens as the local currencies of neighbouring countries have started to depreciate in value. In the past 6 months (Sep 08–Mar 09, source: ECB), the Hungarian Forint has lost 24.34 % in value against the Euro, the Czech Koruna 9.84 % and the Polish Zloty an incredible 38.19 %. This certainly puts Slovak households into a favourable position when it comes to shopping abroad.

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## Comments

If you would like to make any comments about our Newsletter or if any other colleagues in your company are interested in our E-Mail News please let us know.

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