## Hungary

# Changes in Behaviour and Buying Habits due to the Crisis

**As a result of the global crisis, initially households tried to economise on clothes and travelling but in 2009 the sales volumes of food and household chemical products also started to fall. Nowadays, more than half of households are less likely to go on a big weekly shopping trip and they tend to buy fewer products each time they go. Another consequence is that the Hungarians spend increasing amounts of time at home and are not willing to pay for services they can do equally well themselves.**

**However, whilst spending on food is a must, the situation is quite different in the consumer durables market and this can be felt in the fall in demand. The falls in the consumer durables market, which had already started towards the end of 2008, continued in 2009.**

According to the results of the latest research by the GfK Hungária Market Research Institute, eighty per cent of Hungarian households admitted to spending less on clothes and travelling last year than they had done in previous years. The amount of income available for free spending decreased further for nine out of ten Hungarians because of the increasing cost of housing. Half of the population feels that the amount spent on food and household chemical products was higher in 2009, whilst the other half feels it has fallen: i.e. the discrepancy within society has increased. Nearly half of Hungarians have to make significant economies even on food products but the other half of the population is trying hard to save wherever they can but do not economise on food products.

### Fewer weekly shopping trips

More than half of Hungarian households go on a weekly shopping trip less often than they did previously. In addition, the average shopper's "basket" has become smaller since the start of the crisis, i.e. for more than half the population it can be said that they buy fewer products on each shopping excursion. An increasing number of people are using tried and tested traditional household practices to try to reduce the amount spent on food and household chemical products.

### Resourceful Hungarians – continuously changing behavioural and buying habits

Due to their reduced financial means, most households have had to make changes to their previous habits. Their adaptation to the new situation is also indicated by the increases in various specific food product categories as well. For example, an increasing number of people are using vinegar for cleaning purposes as well for food uses and a lot of households are trying to reduce the amount spent on food by baking at home, increasing sales of baking powder.

One consequence of the customers' changes in behaviour is the fact that Hungarians are spending more and more time at home, seeking refuge within the confines of their home, making things for themselves and not paying for services they able to do for themselves.

### Hunt for the best deal

The search for favourable prices is also indicated by the fact that last year a majority of households visited several shops whilst doing their shopping – in order to find the best buys – so that the number of customers increased in almost all the retail channel types. At the same time, the basket size did not grow in size but became smaller as shopping became a hunt for favourable offers.

"Consequently, economising is becoming an important factor for more and more customers when they go shopping, but as both domestic and international examples prove, there is still a demand for a diverse selection – low, medium and high-priced." - said Otília Dörnyei, GfK Hungária's Client Service Director.

**Year-long fall on the consumer durables market**

The demand in the market for consumer durables did not decrease until March 2009 although there had been indicators of a fall even before that. According to the surveys by the Retail and Technology Sector at GfK Hungária, March-April 2009 was the period when the demand for consumer durables plummeted compared to the previous years.

The turnover of the so-called electronics market where the five main sectors surveyed by GfK Hungária are included (entertainment electronics, photo, major and small household appliances, IT and printing) saw a 23.5% fall last year compared to 2008.

**Changes in value within the main sectors (2008/2009, %)**

| Total Electronics Market | -23.5 |
|---|---|
| Photo | -29.9 |
| Consumer electronics | -26.8 |
| Small domestic appliances | -11.0 |
| Major domestic appliances | -17.4 |
| IT/Printing | -25.9 |

**Source: GfK Hungária, Retail and Technology**

However, the various sectors fell at different rates. Turnover in the **photographic sector** fell most, followed by brown goods and IT. Since the fall – which according to the surveys by GfK Hungária amounted to HUF244 billion (turnover in the 50 product groups surveyed by GfK Hungária) – did not affect all the sectors equally, the weighting of the sectors mentioned decreased. Despite the fact that these are the sectors which are most innovative, it was these sectors in particular where the turnover fell most in 2009 (by more than 20%).

It was the **small domestic appliances** sector that felt the effect of the crisis least. The fall was bigger in terms of volume (-13%) whilst average prices increased slightly. The reasons for this are to be found in the increase in VAT, a slight fall in no-name brands and the strengthening of certain product groups such as kitchen appliances, coffee makers and water heaters. The market for personal care products (hair care, shavers, and electric toothbrushes) decreased significantly.

The weighting of built-in appliances increased in the market for **major domestic appliances** as this market only fell by 6% whereas the free-standing market suffered a 20% fall. In terms of the number of products sold, however, the fall was more than 20% even for the major appliances market. The market for tumble dryers was the only one which showed positive indices in 2009 compared to the previous year.

Last year, customers either postponed their purchases or changed the quality of the replacement in certain product groups, whilst in the case of other products, the recent boom in certain sectors means that replacement of the appliances is not yet due.

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