Hungary

Last year, the average household went shopping to nearly nine different retail chains

A slow consolidation process started last year in the Hungarian retail trade. The performance of the various retail channels developed differently over the year. Hypermarkets and chains of small shops showed the highest growth rate whilst fewer households went shopping to supermarkets. The restructuring continues in the discount chain market and drug stores continue to be successful in selling fast moving consumer goods. Cross use between shops was high but customers spent less in the individual shops.

Following the low reached in 2009, the start of a slow consolidation process could be identified in the Hungarian retail trade last year.

The nominal value of household spending on food and household chemical products increased by 1.4% compared to the previous year. The performance of the retail trade was far from balanced throughout 2010 with the slight positive change taking place in the second half of the year. There was also a difference in the development of the performance of the individual retail channels.

The greatest increases amongst the channels in 2010 could be seen for hypermarkets and chains of small shops. It was buying intensity (i.e. the households' average annual spending) that increased significantly in both cases whilst buyer reach did not increase.

In 2010, fewer households went shopping to the supermarket channel than in the previous year. This decrease is worthy of attention since the channel had expanded in 2010 with the former shop network of the Plus discount chain. Another disadvantageous development for the channel was that, on average, Hungarian households also spent less in supermarkets than they had a year earlier.

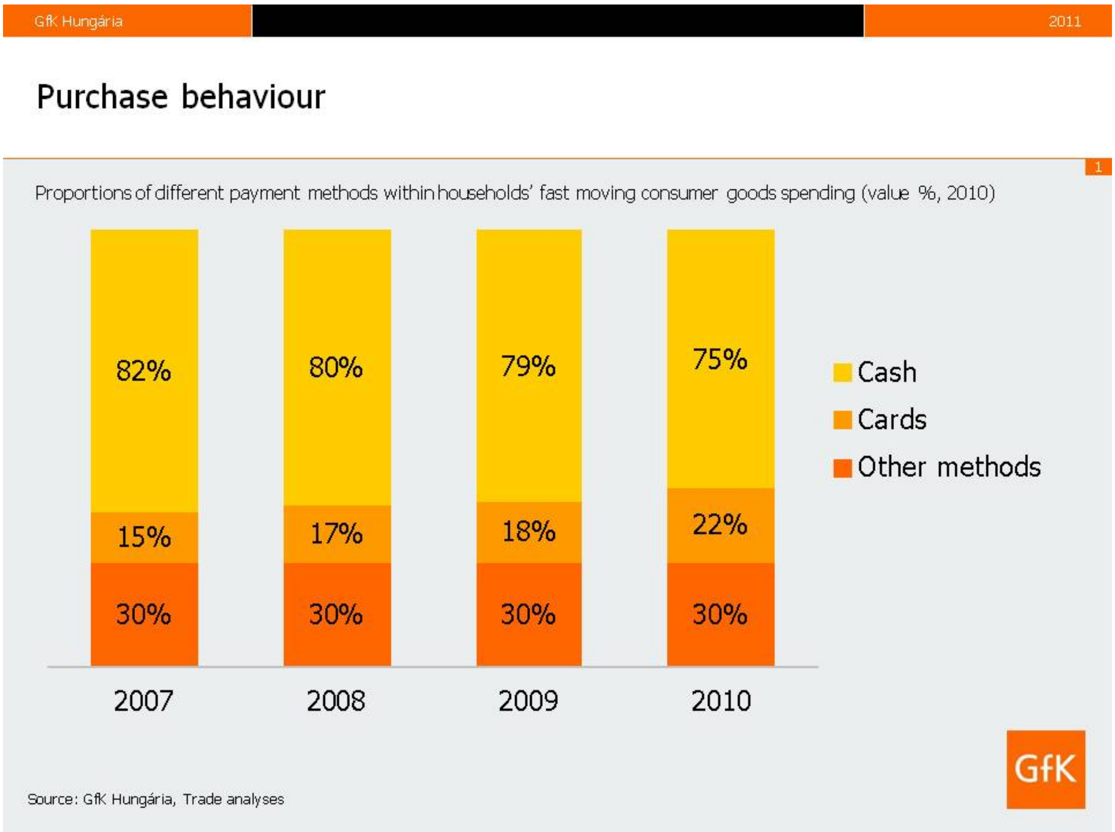
The restructuring continues within the discount channel. The aggregate market share after the conversion of Plus increased, in particular due to the expansion of the German-owned chains.

The increase in the turnover of drug stores is uninterrupted; they continue to be successful in selling fast moving consumer goods and households spent nearly 14% more in this channel than in 2010. This is as a result of the fact that more and more people, now two thirds of households, do their shopping in drug stores and their buying intensity is also on the increase.

"A high level of cross use between the shop chains characterised 2010. This means that customers spent a lower proportion of their outlay in the individual shops compared to the previous period. That is, their loyalty is decreasing," said Krisztina Kovács, Manager of GfK Hungária's Consumer Tracking department.

The average household went shopping to almost nine retail chains last year. In this respect, there is no significant difference between the customer groups of the different chains: a similarly high cross use was found for all the chains.

The proportion of card payments has been increasing for years and reached 22% of the total spending on fast moving consumer goods in 2010. Households typically pay for larger amounts with their cards and this accounts for the proportion of this method of payment being highest in the hypermarket and cash & carry channels, forming 38-42% of the turnover.



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