



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.

The negative trend seen in the purchase of fast moving consumer goods by Hungarian households existed even before the global economic crisis started setting in around September 2008. However, the crisis which started in the financial sector and then became global, increasingly has made people rethink the way they spend their disposable income and encouraged changes in the structure of their consumption.

We are now seeing the lowest ever values since the first publication of the complex Consumer Confidence Index (CCI) in 1996-97. One of its components is the Buying Propensity Index (BPI), whose December fall may cause some concern. Its value has fallen by 27 points since September 2008, now standing at 117.6 points. A fall of this magnitude has not been seen before.

As a result of the fears manifesting at the end of 2008, such as an increase in unemployment and the worsening financial conditions for families, consumers have adopted a wait-and-see attitude with regard to their purchases and are being compelled to rethink the volume and quality of their consumption.

Previous trends did NOT change as a result of the crisis

GfK Hungária's regular survey evaluating the annual state of retail trade shows that the previously dynamic growth of hypermarkets and discount stores came to a halt last year. Following a significant value increase in 2007, in 2008 households spent only 3.6% more in discounters and only 1.1% more in hypermarkets than the year before. Both figures are below the inflation rates for food (Central Statistical Office: 10.2%) and alcoholic drinks/tobacco products (Central Statistical Office: 5.6%), i.e. there was no increase in these channels.

A prime reason for the fall in the turnover figures for **hypermarkets** and **discounters** is their lower price level. At the same time, the turnovers of **supermarkets and drug stores**, which represent a higher price level, increased significantly both over the whole of 2008 and in the last quarter. This was due to the facts they were able to gain new customers and their existing customers shopped there more often, even spending more per visit.

Bosnian household consumption index – Non-essential products basket



What do Hungarians economise on?

Amongst the basic products, in the last quarter of 2008 Hungarian households purchased less in the categories milk, processed meat and detergents. In addition, of the treats, less tea and traditional ground, roast coffee as well as chocolate, biscuits and crackers were bought. In the household chemicals and cosmetic products categories, it was general cleaning agents, shampoo and paper tissues which were sold in smaller quantities. The events of the last quarter also had an influence on the sales of mineral water, which had been increasing steadily for years and the fall in sales came after a long period of time.

Things we don't give up – Or: we need to eat and drink

Amongst the basic food products, the volume of sales of dry pasta, cheese, yoghurt and cottage cheese did not decrease. In addition, spirits and wine sold in the same volumes as the year before. The increase in the sales of cat food shows that people still strive to care for their pets as well: or does this reflect the fact that people turn to them during hard times? A structural change is evidenced by the fact that, whilst less fruit juice is bought, sales of squash have increased, so that it is substituting for the fruit juice category. No criticism can be directed at us with regard to cleanliness, the sales figures for dish-washing liquids, soap and toothpaste show that no changes have taken place there since the start of the crisis.



Contact:

Zoltán Sánta
Market Development Manager
Consumer Goods and Retail

GfK Hungaria

Visegradi u. 31.

1132 Budapest

Hungary

Tel. +36 1 452 3050

Fax +36 1 320 1776

zoltan.santa@gfk.com

www.gfk.hu