

## Hungary

### Holiday Season Overview: Christmas Season Continues to Decline

**Hungarians are spending less and less during the Christmas season every year. Whereas December usually has an outstandingly high share for household spending on fast moving consumer goods, this proportion seems to have been falling over the last three years: this is what the data from the GfK Hungária Market Research Institute show. Amongst the retail channels, it was only hypermarkets and drug stores that were not affected by the slower Christmas season last year and both channel types demonstrated outstanding performances. Nevertheless, Hungarians still buy more of the products they need for their Christmas cooking and baking in December compared to the average monthly amount.**

Hungarians are spending less and less during the Christmas season: at least this is what the data from the last three years seem to show. Whilst in the last month of 2006, people spent 25% more than in an average month the comparable figure for 2007 was 20% and fell to only 16% for 2008. The effects of the restrictive measures introduced from the fourth quarter of 2006 together with the world economic crisis which started in October 2008 have certainly contributed to the decreases seen in the December season over the last few years and this is shown by the data from the Consumer Tracking survey by the GfK Hungária Market Research Institute.

"As regards the expectations for the coming Christmas season, in addition to the gradual slow down in the Christmas seasons of previous years, it is also worth considering that, with an inflation rate of 4%, households still spent about the same amount on fast moving consumer goods in the first three quarters of the year as in the year before. This means that households bought less food and chemical products in the first eight months of the year than during the same period of last year. At the same time the Consumer Confidence Index, surveyed quarterly by GfK Hungária, also shows a low propensity to buy," said Otília Dörnyei, GfK Hungária's Client Service Director.

#### **Let's Head for the Hypermarket!**

If it is Christmas Shopping then it is at the hypermarket. On the basis of the trends of the previous years, it can be established that hypermarkets are the favourite places for Christmas shopping because of their wide selection of products and (usually) lower prices. As regards their turnover, this is the type of shop whose significance has increased most in the December season. In addition to hypermarkets, drug stores were also able to realise an outstanding increase in their turnover during the Christmas season last year.

#### **Ingredients for Christmas cooking and baking: margarine, vanilla-flavoured sugar, baking powder**

People traditionally buy more of the products associated with Christmas cooking and baking in December. Compared to the average monthly consumption surveyed during the year, Hungarians buy a third more margarine, butter, pudding and dessert powders and cream in December and about 50% more cocoa powder, vanilla-flavoured sugar and bottled cream is sold. Households buy about twice as much baking powder in December as in an average month in preparation for the Christmas season.

Offering and consuming alcoholic beverages is part of the preparation for the Christmas season for most families. This is also reflected in the household purchases: about one and a half times as much wine and twice as much spirits were bought in December 2008 as in an average month of the year.

In addition to home-made delicacies, chocolates are also an integral part of the season and present giving. Hungarians buy more than two and a half times as much chocolate in December than in an average month of the year. More than half of it is accounted for by seasonal products such as Christmas fondant, chocolate figures, and Santa Claus packages (for 6<sup>th</sup> December). However, more is also bought of the other types of chocolate for the gift giving season than the monthly average: in the shape of a third more chocolate bars and nearly twice as many assorted chocolates.

Highest seasonal increases: Increase of food products bought by households in December compared to the average monthly amounts, 2008 (%)

Growth of about 200% in December	baking powder assorted chocolate spirits
Growth of 150% in December	vanilla-flavoured sugar whipped cream traditional cocoa powder wine
Growth of 130-140% in December	Pudding and dessert powders cream chocolate bars butter margarine

Source: GfK Hungária, ConsumerScan

### **Clothing: Both Accessories and Sportswear Are Popular**

The Christmas season is also of outstanding importance for the clothes sector. According to data from GfK Hungária's FashionScope survey, the last two months of the year have outstandingly high shares in the purchase of clothes by Hungarian households, although this proportion has decreased in the last three years. Whilst in 2005 to 2007, retailers realised a 40% higher turnover in the clothes market on average during the Christmas season (November-December) compared to the two-month average for the whole year, in the last two months of 2008 this extra turnover was only 30%, making it the first period to be affected by the crisis. The Christmas season is especially fast moving for accessories. In recent years their turnover value had been more than double the two-month average of the whole year, and it increased even further in 2008. Sportswear is also very popular at this time of year with households spending 50% more on this category at Christmas.

The Christmas season is usually also outstanding in the retail trade for various electronic products. On the basis of the surveys carried out by GfK Hungária's Retail and Technology department, it can be established that consumers became more careful after October 2008, the start of the global crisis, and as a result the classic end-of-year Christmas period did not even reach the turnover for 2007 in the consumer durables markets. This year, all sectors (consumer electronics, photo products, small and major household appliances, IT market) have shown decreases compared to 2008 and this will probably affect this year's Christmas period as well. Demand must surely be higher: the question remains to be answered as to how big an increase the advertising campaigns which are already running will be able to induce.

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