

Loyalty of Slovak consumers toward retail chains has increased

The Slovak consumers' loyalty to retail chains has increased in Q1 2009, a different trend to that amongst their counterparts in the Czech Republic. Despite the fact that overall purchasing intensity is down and Slovak shoppers have started to keep an eye on their expenditure much more than in the past, they still remained loyal to 'their' traditional retail chains and carried out larger purchases under one roof. These are some of the findings of the most recent analysis carried out by the household panels of GfK Slovakia and GfK Czech. This research tool enables continuous monitoring of all purchases of packaged FMCG goods in all types of stores. The analysis also found that there are great differences in the retail business between the two countries.

Slovaks did not change their shopping habits very much and continued to focus on larger volumes of purchases carried out less often. Over the past 10 years, Slovak consumers have gradually moved away from smaller retail formats and the current trend is to do most of their food and standard consumer-goods purchasing in modern retail formats, i.e. in hypermarkets and discount stores, although traditional formats such as supermarkets and small stores continue to play an important role.

A different phenomenon has started to emerge in the neighbouring Czech Republic: people tend to visit several stores during the month, where they carry out smaller purchases more often in order to look for the best deal. However, the Slovak market is different from that in the Czech Republic as Slovak consumers do not have as good a choice of retail chains so are less able to adopt this policy to the same extent as their Czech counterparts.

Above and beyond the impact of the crisis, in recent months Slovak retailers have also had to face a drain of shoppers abroad due to the strength of the euro. They have therefore intensified their marketing communication and re-considered their loyalty schemes. In general, they have attempted to hold onto their customers and to maintain their purchasing habits. For example, COOP Jednota has been running its own loyalty program for a considerable time, whilst Billa is currently re-evaluating its scheme and Tesco has just launched a trial version of its program in selected towns across eastern Slovakia.

In contrast, in a year-on-year comparison, in Q1 2009 the neighbouring Czech Republic saw a one-off decrease in loyalty to all major retail chains. Even the most successful players in the Czech market gained less than one fifth of the total volume of the relevant expenditure by their customers. The Czech retailers are, therefore, trying to attract shoppers to make larger purchases in their chains. Nevertheless, loyalty to Czech and Slovak retail chains fails to reach the levels found in more developed European countries.

Loyalty is the most important factor influencing retail success as it is a significant driver of retailer market share. The analysis also showed that Slovak and Czech retailers still have opportunities for the further development of their knowledge and tools in the field of CRM and loyalty management.



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