



**COMPETITION AND
INNOVATION ON ROMANIAN
RETAIL MARKET
COMPETIȚIE ȘI INOVARE PE
PIAȚA RETAIL DIN
ROMÂNIA**

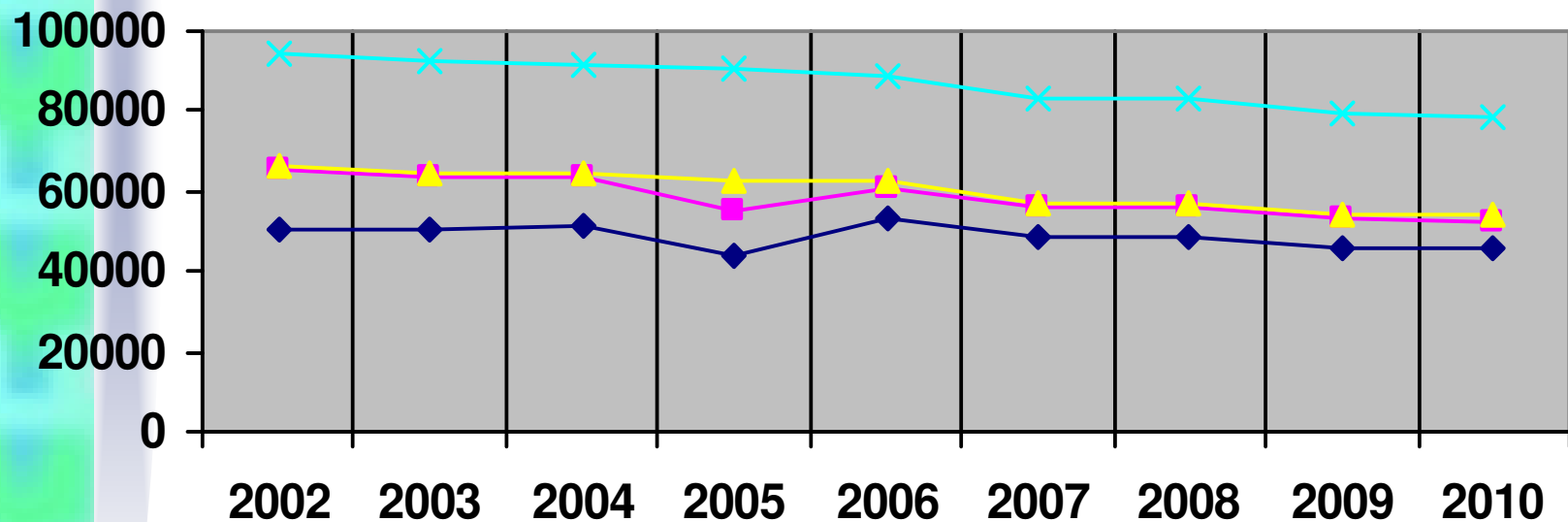
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Evolution of Romanian retail market

- **In 1996 started the restructure process of retail market in Romania in modern and traditional**
- **2006 the highest rate of growth (23%), still remain in the top of the countries**
- **Two strategies applied by the companies from modern retail:**
 - **In big cities a transformation of supermarket in hypermarket**
 - **Developing of discount stores in small cities**

- Decrease tendency of traditional retail
- The hypermarket come in the top of the Romanian consumer's attitude (93% from the total spending budget for FMCG)
- Retail market is about 90.5 billions RON
- 109 – hypermarkets, 161 – supermarkets, 304 – discount stores



◆ magazine alimentare ■ magazine de proximitate
 ▲ magazine specializate × HORECA

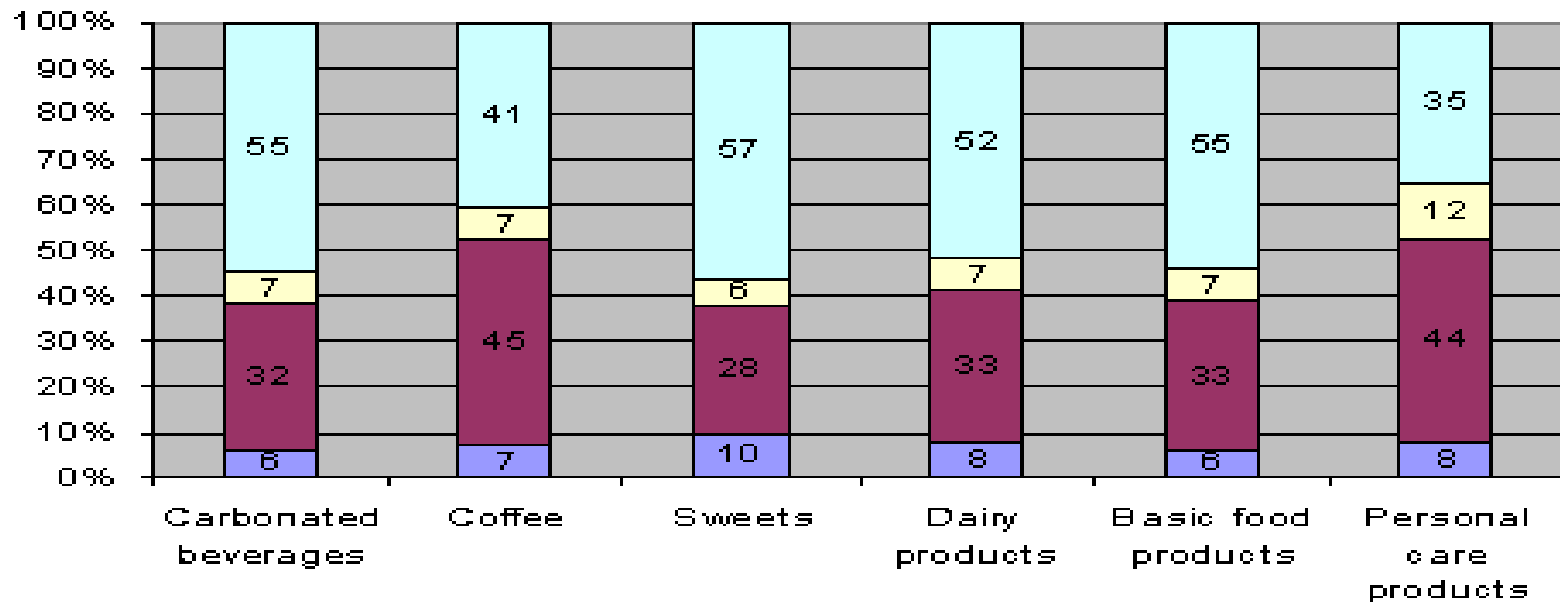
<i>Anul</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
Comert traditional	88%	87%	78,9%	75%	71%	61%	59%	57%
Supermarket	3%	4%	7%	7%	8%	12%	14%	13%
Hypermarket	4%	5%	9%	10%	11%	15%	18%	19%
Discounter	0%	0%	1%	2%	4%	5%	6%	9%



Crisis intensify the competition

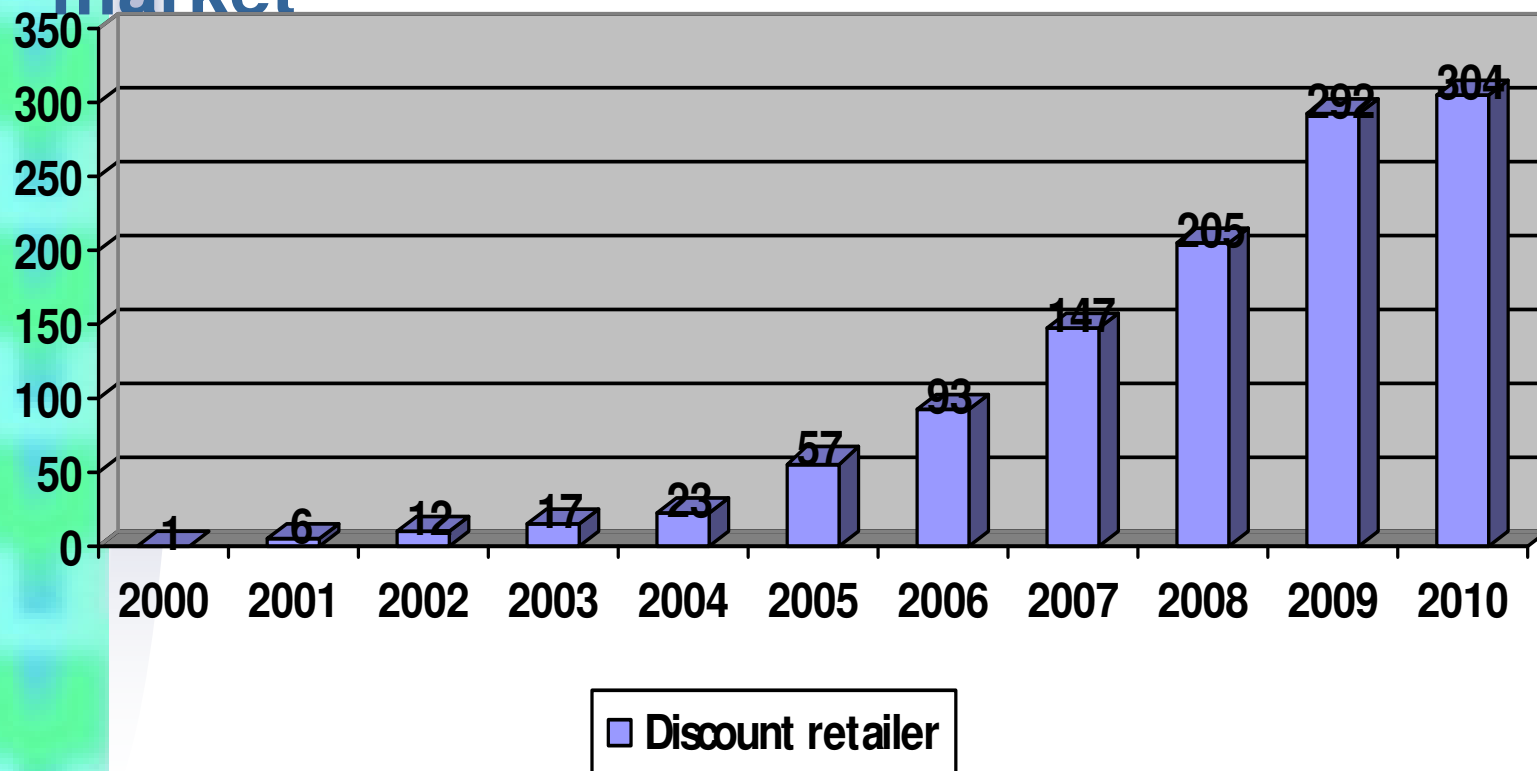
- The competition increased in the last 4 years due to market rate of growth and crisis**
- Negative influence to consumer behavior**
- 84% from the consumer declare that they changed their behavior, in the top of slaughtered products are: clothing , holidays and travels, savings and going out**
- The most influenced are lower class income of consumers**
- Average monthly budget for FMCG slightly decrease in 2009 from 738 to 719**

- Visit frequency decreasing for supermarket and hypermarket and slightly increase for discount store
- Despite of price growth consumers are loyal to brand products



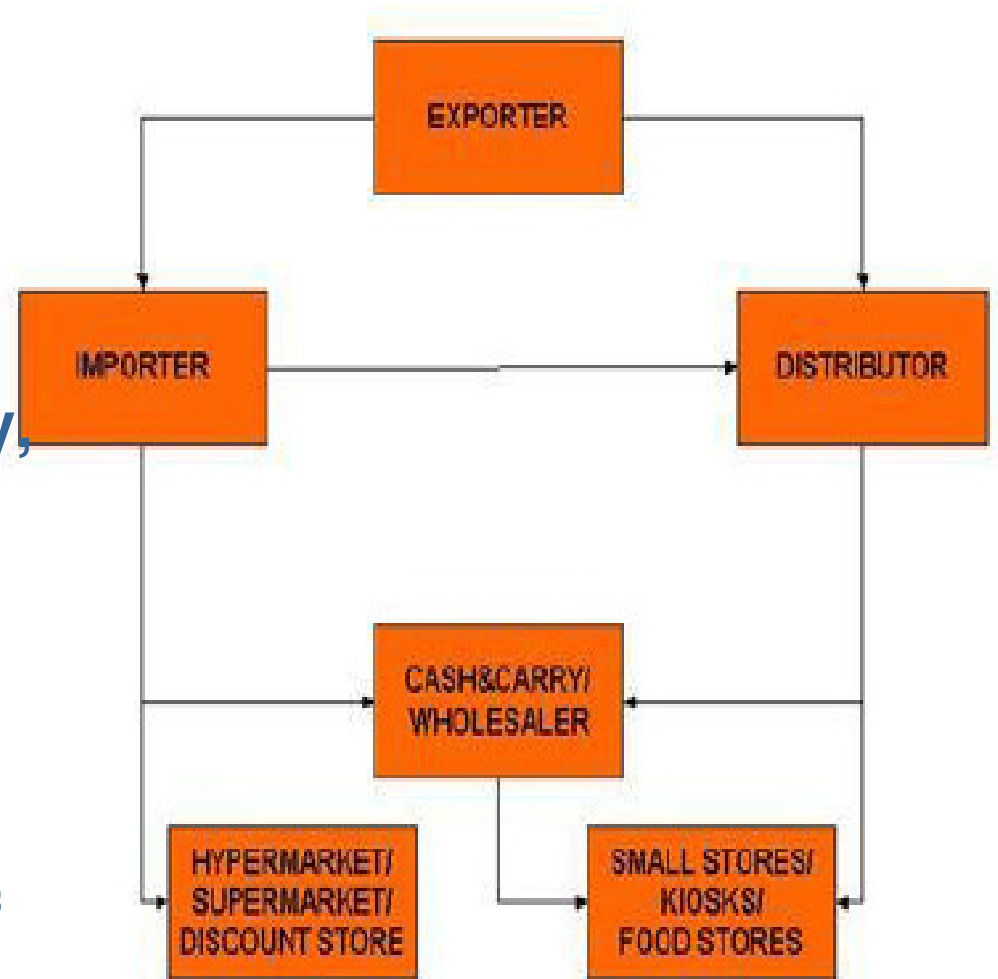
- Bought other brand
- Waited until the same brand was again available
- Bought the same brand from a different store
- Searched for the same brand, but chose something a little different than usual

- Discount retailer the new store preferred by consumer
- Key element for maintaining market share is a secure level of liquidity
- Analyze the rotation speed of stock and develop the assortments for entry level market



Innovation strategies

1. Centralization of logistic activities
 - 3 elements balanced weighted: availability, stock and cost
 - Regional logistic centre
 - Different strategies applied: before or after development of retailer network





2. Additional services – value added

- Convenience characteristics assured the loyalty of consumers**
- Reduction of time spending by consumer in the buying process – qualitative improvements**
- home delivery system, online products leafs, online planning buying, online buying system, new organization of the store**



3. Private brands

- **Strong advantages in the competition fight**
- **Objectives – growth rate to 15% market share**
- **For products at entry level price: Carrefour (Marca 1), Metro (Aro și Metro Quality), BILLA (Clever) , Cora (Winny), Mega Image (365) și Kaufland (K-Classic)**
- **Maturation of consumer determine improvement of private brands image**
- **the actual opportunity to launch private brands on premium segment – bio products**

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Conclusions

- **Future actions for retailers:**
 - **Attraction of new clients**
 - **Value added services**
 - **Development of private brands**
 - **Consolidation of customers loyalty**
 - **Approach of market niche**
 - **Retail system efficiency**



Thank you very much for
your attention

