ANALYSIS OF FOOD RETAIL IN ROMANIA

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Abstract
Food retail in Romania was very dynamic, in the last years. The objective of this research is to identify the main trends of trade with food products. Pursuing this, a documentary study was carried out, analyzing statistical data about values of retail with food and non-food products, the number of stores, the main retailers who operate in Romania etc. Also, the results of a marketing research about consumers' buying behavior have been discussed. Research findings showed that the value of products sold in retails system increased, as well as the number of stores. Buying frequency, number of stores visited weekly and the budget spent increased in 2014 compared to 2013. This situation creates favorable conditions for developing private brands in food retail.
Keywords
food retail, private brands, buying behaviour

Introduction
This study tries to answer the question: What are the main trends of food retail in Romania? In pursuing this question, statistical data have been gathered and analysed.
Previous studies (Boboc, 2015) show that food retail developed in the last years, creating premises for launching private labels.
Retail is one of the most important stage of agro-food chains. Retailers are playing their role between producers and consumers or between wholesalers and consumers. They are buying products to resell them to their customers in small quantities, to be directly consumed in the shape and characteristics that were produced. Due to the size of their business, purchasing power and strategic position that they have inside the value chain, retailers are considered "filiere's captains", where 'filiere' is the name assigned to full value chain process and its related traceability (Kohls, 1998).
Thus, we come to the conclusion that they are deciding on important aspects: quantity, quality and services of full 'filiere' process.
Being directly and permanently in contact with end consumers, this strategic position offers retailers needed control over one of most important marketing tool: shelf allocation, layout and shelf space dedicated to goods in their shelves, vital characteristics for business success to agrarian producers, processors or wholesalers.
Specifically due to this strategic position as 'filiere' coordinator, owned in the past by processors (Manole, 2003), but earned in the last years by retailers, was possible the launch and development of own brands. This strategic position of retailers was enforced over the years, due to their business development or structural and logistical changes within store chains, super and hypermarkets.
Main functions of food retail commerce are: *assortment building*, to offer to consumer a deep range of products answering to different specific needs and *product sizing*, to calibrate the selling unit in adequate quantities and packaging types, balanced with the demand and price level that consumer is ready to pay for it.

1. Materials and method

Evolution and dynamics of food products value sold in retail is illustrated in Table1. It is obvious an increasing trend of retail food sales over the last 5-10 years, coming mainly from business development of retail chains, from increased consumption within food categories considering, while other factors remained marginal ones, like low inflation environment which did not influence significantly the CPI and sales value dynamics.

Table 1. Value of retail trade, on product groups, 2008-2012
(Million LEI, current prices)

Product type / Year	2008	2009	2010	2011	2012	2012/2008
Total	**158191,5**	**140627,8**	**151515,6**	**169333,2**	**184880,7**	**116,9**
Food products	55479,9	51806,5	52398,5	56633,8	61691,0	111,2
Non-food products	71386,0	63987,4	65594,0	67097,8	72374,1	101,4
Fuels value only retail	31325,6	24833,9	33523,1	45601,6	50815,6	162,2

Source: Statistical Yearbook of Romania 2014, p.589.

It is obvious an increase of products value sold through retail commerce from 158.191,5 mill LEI in 2008, to 184.880,7 mill LEI in 2012, with the deviation of 116.9%. Food retail commerce increased more than non-food one, which is confirming that household spending first goes to food products, even during economic crisis covered by the research period, with direct effect in available disposable income and its reduction. Beside the part allocated to utilities cost, eventually loans payment, food allocated part within household disposable income increased over the last years, balanced by reduction of non-food products spending.
Other published articles INS (Press release, 2015) are showing that in January 2015, turnover value generated by retail trade(except auto & moto retail) decreased from the previous month as absolute deviation by 24.4%, but adjusted deviation is 1.6%, positive versus previous month, considering the seasonality effect and number of working days. Versus same month previous year, turnover value of retail trade (except auto & moto retail) increased by 6.3%- absolute deviation and by 6.8% adjusted deviation by seasonality effect and number of working days. January 2015 retail turnover nominal decrease of 24.4% versus December 2015 was reflected in all products categories: non-food products sales decline (-26.1%); food products, drinks and tobacco turnover decline (-24.8%) and also retail turnover value of fuels shrink by 20.2% versus previous month.
In Table 2 are reflected key indicators of retail commerce by product groups during period of 2009-2012. It is easy to notice a decline of all trade value 2009 versus previous year, due to reduced disposable incomes of consumers generated by economic crisis started in 2009 and reflected partially in 2010 too. From 2011, total retail commerce value increased versus previous year, showing in general, good economical background and, particular, improved household incomes for consumers.

Table 2 Key indicators for retail commerce, by product group
(% versus previous year)

Product type/Year	2009	2010	2011	2012
Total	**85,9**	**99,6**	**104,4**	**105,2**
Food products	88,5	94,4	102,4	106,0
Non-food products	86.3	98,8	99,6	106,3
Fuels value only retail	80,4	112,5	116,8	102,6

Source: Statistical Yearbook of Romania 2014, p.589.

In Table 3 is reflected number of stores in retail trade, segmented by store selling area. Overall, there is a reduction of number of stores, from 134.878 in 2008 year, to 129.875 in 2012 year. Number of small size stores with surface up to 120sqm was reduced, while big size stores number increased, even doubled for the 10000sqm+ ones.

Table 3 Commercial network of retail trade

Segmentation	Number of stores – total				
	2008	2009	2010	2011	2012
Total	**134878**	**132856**	**133521**	**124407**	**129875**
Up to 120 m^2	128290	125128	125471	116526	121355
121 - 399 m^2	5020	5868	6070	5778	6162
400 - 999 m^2	976	1189	1203	1277	1301
1000 - 2499 m^2	373	406	453	501	689
2500 - 4999 m^2	94	110	158	142	179
5000 - 9999 m^2	92	114	120	129	129
10000 m^2 and over	33	41	46	54	60

Source: Statistical Yearbook of Romania 2014, p.590.

2. Results and discussions

Practically, retailers are classified by the following categories: hypermarket, cash & carry, supermarket, discount type stores. Main retail stores which are operating in retail trade business in Romania, by their selling area, are (Nielsen, 2015, p.17):

- hypermarket: Kaufland (102 stores), Auchan (32 stores), Carrefour (27 stores), Cora (12 stores), Real (4 stores);
- cash and carry: Metro (31 stores) and Selgros (19 stores)
- supermarket: MegaImage, including Shop and Go (409 stores), Profi (279 stores), Carrefour Market and Carrefour Express (147 stores), Billa (85 stores);
- stores discounter type: Lidl (183 stores) and Penny (171 stores).

To analyze the development of modern retail commerce and own brands in Romania, a deep understanding of consumer shopping behaviour is key element: purchasing frequency, resilience to innovation and new products, consumer profile, each family member role in shopping process, consumer perception of pricing and promo policies.

In regards to purchasing frequency, results of a recent market study (Nielsen, 2014, p.20) are showing that 42% of interviewed consumers are shopping once per week, 37% every 2 weeks, 21 % once per month and 1% even more rare. Specifically to food products, shopping frequency vary from daily (20%), 2-3 times per week (42%), once per week (27%), once every 2 weeks (8%), once per month (2%) or even less (1%).

In 2014, consumer shopping behaviour analyze showed that number of visited stores remains similar with number from 2013: 3 stores in average, with deviations by store format – 5 visits to hypermarket, 4 visits to supermarket, 2 visits to cash & carry stores, 3 visits to discount stores, 10 visits to proximity small stores, 11 visits to traditional trade stores, 5 visits to open markets, 2 visit to pharmacies, 3 visits to gas station retail, 1 visit to online shops. The number of people who wants to visit more than 4 different stores within their shopping pattern is increasing in 2014 versus 2013.

Average bill value per shopping visit is 196 lei (VAT included) in 2014 year, versus 190 lei in 2013. The amount is different by store format and store chain, like hypermarket: 232 lei in Auchan, 235 lei in Carrefour, 292 lei in Cora, 184 lei in Kaufland; or in supermarkets: 150

lei in Billa, 197 lei in Mega Image, 131 lei in Profi; or in discounter type: 157 lei in Penny and 131 lei in Lidl.

In regards to the amount spent on food and non-food products, there are no major changes in 2014 behaviour versus previous year. The biggest spending part from a household disposable income goes to basic needs including food products: 60%. Average monthly household spending on basic products in Romania remains low under neighbour countries from European Union: average Europe 325 euro, Bulgaria 261 euro, Poland 200 euro, Hungary 142 euro and Romania 179 euro.

As per store format, consumers are continuing to choose hypermarkets as first option: 63% in 2014 vs 64% in 2013, followed by supermarket with 18%. Discount type stores are visited by 13% of consumers, while cash & carry stores by only 3% of consumers, significant lower number than in hyper and supermarkets. In regards to the amount spent by consumers in these store formats, this varies by store type: hypermarkets are showing a slight decline trend versus the year before, while supermarkets are benefiting by consumers spending in this format. In the same type, number of loyal shoppers remains the same per store format as in 2012 and 2013, which leads to the necessity of extra-investments from retailers to maximize the number of loyal shoppers.

Also if we consider the expansion of modern retail chains during 2014, supermarkets are continuing to show a positive trend, while small format stores, proximity based, remain at the same number as in 2012 and 2013, stopping the decline from previous years. There is also a change in the governance of the proximity stores, number of chained stores (including franchise concepts) increased over the last years versus unchained ones. In the same time, we can notice an increased interest of consumers to visit cash& carry stores, attracted by their recently promotional campaigns.

The stores are selected mainly by sold product ranges, their price policies and proximity towards consumer catchment area. Thus, consumers are considering that highest proximity they can find in: Kaufland (21%), Lidl (12%), Auchan (11%), Carrefour (11%), Penny Market (10%), etc. this indicator is reflecting consumer perception on national coverage, but locally in major cities the report is different- eg. Bucharest - Auchan (19%), Mega Image (16%) and Cora (13%).

Conclusions

To conclude, in Romania modern retail chains penetrated national coverage area and number of retail stores and related turnover value are increasing every year. As per store typology, modern commercial network is very diverse, from big store formats: hypermarkets and supermarkets, to cash & carry store format and discount type format; ensuring a very competitive environment in front of consumers. Small formats are also getting an improved market share, by using proximity factor as their main attribute within the expansion policy in big urban areas. Lifecycle of each retailer and their business success is driven by their customer orientation level, by entrepreneurial spirit of bringing always innovation within the market and by the differentiation strategy. Purchasing frequency, number of visited stores and amount spent per visit of the shopper increased in 2014 versus 2013. This favourable context of retail commerce gives the premise and background for launching and developing own brands policies. More retailers will take the benefit of this updated, modern customer behaviour by building their long term own brands strategy and position themselves in the mind of consumers as the best place for smart shopping.

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