



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/8/2001

GAIN Report #EZ1012

## **Czech Republic**

### **Promotion Opportunities**

### **Report on Promotional Activity**

## **2001**

Approved by:

**Robert Curtis**

**U.S. Embassy**

Prepared by:

Petra Choteborska / Ryan Scott

---

#### **Report Highlights:**

**A recent in-store promotion resulted in quadrupling U.S. product sales.**

---

Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Vienna [AU1], EZ

## REPORT ON PROMOTIONAL ACTIVITY

**Activity:** In-store promotion in Tesco Stores (6 supermarkets and 6 hypermarkets in large and medium sized cities throughout the Czech Republic: Praha, Brno, Ostrava, Plzen, Hradec Kralove, Pardubice and Liberec).

**Date:** June 13 - 26, 2001

**Contract:** Contract was signed in February 2001 between Tesco Stores (Tesco) and Food Export Council USA - Northeast (FEC)

### Summary of the contract:

- FEC will pay Tesco one tenth of total documented purchases of U.S. products made by Tesco between February 1, 2001 and September 30, 2001 (CIF) against invoices for promotional costs according to contract, max. up to \$20,000.
- Costs may include advertising flyer, in-store tastings, samples etc.
- FEC will pay for a week's trip of one Tesco buyer to the U.S. to meet with suppliers in Philadelphia and Boston before the promotion.

### FAS Prague involvement:

- Assisted as an intermediary between Tesco and FEC with the contract negotiation, trip, promotional materials etc.
- Lent U.S. flags to Tesco for the promotion.

### Promotion:

- U.S. products featured in the promotion were contained the middle two pages (out of 16 pages) of a Tesco flyer, which was distributed to 1.5 million households.
- Promotion products were displayed on special promotional shelves (located by the store entrance so that each visitor passed by them).
- Tesco organized tasting of products in all stores.

**Costs:** Tesco's **estimated** costs were **700,000 CZK (=US \$18,919)**

#### Real costs:

- Flyer: 414,960 CZK (whole flyer 3,331,705 CZK for 16 pages),
- Tastings of products: 191,241.60 CZK
- Samples for tastings: 23,980 CZK
- **Total costs: 630,181.60 CZK (= \$17,032)**

**Purchases:** Tesco purchased U.S. products between February 1 and September 30, 2001 for:

- Value of products \$125,082
- Transportation costs \$990
- **CIF value of purchases: \$126,072**

**Reimbursement:** Tesco will ask for **reimbursement of \$12,607** from FEC

**Results of the promotion:** The table below compares sales in 2 week period before the promotion and in a 2 week period during the promotion. Longer term assessment will be provided by Tesco at a future date.

Products with the largest increases in sales:

- pancake syrup
- peanut butter
- popcorn
- nacho chips

Products with the marginal increase in sales:

- baking mix
- bourbon
- tortilla
- jalapeno peppers

	Two Week Sales During the Promotion in US\$	Two Week Sales Before the Promotion in US\$	Sales of Products featured in The Flyer
<b>Total Sales</b>	<b>\$ 974,200</b>	<b>\$ 194,171</b>	<b>\$ 45,052</b>
Jim Bean Bourbon Whiskey 0.75L	345 014	56 042	896
Jack Daniels 0.75L	208 823	84 816	367
Peanut Butter Fine 510g	119 027	11 429	1 354
Peanut Butter w/ Pieces 510g	90 099	4 000	1 025
Cheese Nacho Chips Chilli 125g	99 014	7 133	3 821
Ocean Spray Cranberry Juice 0.946L	79 214	6 450	748
Tortilla 396g	62 809	22 825	925
Grill Sauce Original 510g	52 342	4 071	904
Spicy Sauce-Medium 320g	50 306	4 630	745
Large Corn Chips Tortilla 125g	50 101	7 540	1 934
Macaroni/Cheese 210g	43 084	6 657	2 166
Grill Sauce w/ White Nuts 510g	40 645	3 714	702
Spicy Sauce Hot 326g	40 130	9 107	594
Pancake Mix 910g	33 716	8 763	338
Taco Shells 273g	32 415	4 830	373
Popcorn Butter 298g	30 374	1 151	564
Microwave Popcorn 298g	26 734	1 279	4998
Mexican Beans 425g	26 348	2 647	528
Jalapeno Peppers 224g	25 036	3 715	482
Starkist Tuna Fish 170g	24 642	6 755	729
Pancake Syrup 710ml	21 358	520	389
Cranberry Sauce 454g	21 203	2 727	327

Mexican Chilli Spices 35g	20 607	1843	941
Pam Oil Spray	16 632	2 464	88
Whole Jalapeno Peppers 333g	16 533	5 943	276
Garbanzos In Brime 420g	15 011	5 530	502
Pre Cooked Beans 450g	14 542	4 480	442
Baking Mix Blueberry 370g	9 831	5 777	133

(Exchange rate: October 2001: \$1 = 37 CZK)