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Greeks turn to private label commodities

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Report Highlights:

Greek consumer loyalty to well-known brands has weakened, owing mostly to the economic downturn and partly to the increased availability of private label products. The market share of private label products in Greek supermarkets has doubled within the last five years, according to a Europe-wide survey by SymphonyIRI, which measured their quota at 16 percent in 2012.

Greeks turn to private label commodities

Consumer loyalty to well-known brands has weakened, owing mostly to the economic downturn and partly to the increased availability of private label products. The introduction of private label products is a relatively recent development in Greece and during the last few years has become a key element of the retail market. The market share of private label products in Greek supermarkets has doubled within five years, according to a Europe-wide survey by SymphonyIRI, which measured their quota at 16 percent in 2012. Although this is among the lowest levels seen in Europe, the protracted recession and increased retailer investment in building their own brands support the belief that this sector has considerable scope for growth in the local market. The biggest market share increase in Greece was recorded in pet food (up by 4.3 percentage points), frozen foods (3.9 points), non-alcoholic beverages (3.2 points), and processed foods (2.5 points). Another survey conducted by the Research Institute of Retail Consumer Goods (IELKA) found that last year, 63 percent of Greeks bought more private label products than in previous years in their efforts to save money. Even the consumers who are not in a dire financial situation are now paying more attention to value for money. Two out of every three consumers have dropped their brand loyalty in favor of cost savings, frequently in the form of private label products.

A new retail grocery environment

The Greek crisis has created a completely new retail grocery environment, with conditions in which many Greek reailers and suppliers have never operated. Also, Greece's high unemployment rate (27.4 percent) is having a negative impact on retail sales, as the austerity measures mean less disposable income at the family level. Supermarkets and cash and carry stores account for 90 percent of the total turnover of the foodstuffs sector in Greece, while grocery shops, mini markets, and small self-service stores take the remaining 10 percent.

The market share and turnover of the smaller shops have been constantly declining in recent years, because of the rapid expansion and increase in the number of outlets of the s/m chains. The Greek food retail market is indeed showing signs of increasing saturation and consolidation. Larger multinational players are gradually squeezing small domestic producers out, although the country's geography ─with its numerous populated islands─ is beneficial to small local shops and businesses. It is important to note that, with the exception of cities of over 100,000 inhabitants, Greek law imposes a maximum size on retail developments, according to local municipal population figures.

The Greek retail food industry is focused on major retail chains in urban areas, with the Attica region dominating with around 55 percent of national sales. However, hypermarket development in Greece remains restricted to specific areas, limited by the vast rural, island areas, and the lack of large cities in the country.

Supermarkets must continually develop new strategies in order to cope with increasing competition. Several operators have opened special departments selling mobile phones and electrical equipment. (i.e., Carrefour Marinopoulos has entered the travel and leisure market with the opening of in-store travel agency, Carrefour Travel).

Services that supermarkets provide include:

- Home Delivery: Orders are now received through telephone, fax, and Internet.

- Establishment of Cash and Carries: More than half of cash and carries established in the last two years belong to supermarket chains.

- Sale of 'new' products: Big supermarkets have opened special departments with "shop-in-shop" arrangements selling mobile phones, electronic, and electrical equipment.

- Development of ready-meals department: These departments have been expanded in many supermarkets with a variety of meals offered.

- Entrance into the travel and leisure market: Carrefour Marinopoulos has entered the travel and leisure market with the opening of in-store travel agency, Carrefour Travel.

Table 1: Sales in Grocery Retailing by Category (EUR mln)

Grocery Retailing	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Modern Grocery Retailers	12,050	12,599	12,908	12,585	11,313	10,522
- Convenience Stores	148	177	211	212	201	190
- Discounters	1,426	1,518	1,524	1,545	967	1,028
- Forecourt Retailers	125	134	137	136	128	78
- Hypermarkets	820	855	873	849	820	772
- Supermarkets	9,531	9,914	10,164	9,843	9,197	8,452
Traditional Grocery Retailers	12,920	13,621	13,855	14,012	12,571	10,689
- Food/Drink/Tobacco Specialists	4,352	4,516	4,567	4,637	4,209	3,591
- Independent Small Grocers	2,427	2,4056	2,299	2,286	2,017	1,708
- Other Grocery Retailers	6,141	6,700	6,990	7,088	6,345	5,390

Grocery Retailing	2006	2007	2008	2009	2010	2011
Grocery Retailers	24,970	26,220	26,763	26,596	23,884	21,210

Source: Euromonitor International

Table 2: Sales in Grocery Retailing by Category (% Value Growth)

Grocery Retailing	2010/11	2006-11 CAGR	2006/11 Total
Modern Grocery Retailers	-7.0	-2.7	-12.7
- Convenience Stores	-5.4	5.1	28.0
- Discounters	6.3	-6.3	-27.9
- Forecourt Retailers	-38.7	-8.9	-37.2
- Hypermarkets	-5.8	-1.2	-5.8
- Supermarkets	-8.1	-2.4	-11.3
Traditional Grocery Retailers	-15.0	-3.7	-17.3
- Food/Drink/Tobacco Specialists	-14.7	-3.8	-17.5
- Independent Small Grocers	-15.3	-6.8	-29.7
- Other Grocery Retailers	-15.0	-2.6	-12.2
Grocery Retailers	-11.2	-3.2	-15.1

Source: Euromonitor International

Table 3: Grocery Retailers Company Shares (% Value 2007-2011)

Grocery Retailers	2007	2008	2009	2010	2011
Carrefour-Marinopoulos SA	7.5	7.7	7.7	8.6	8.8
Alfa-Beta Vassilopoulos SA	4.0	4.6	5.2	6.0	6.8
Sklavenitis, J & S, SA	3.5	4.1	4.3	5.0	5.5
Lidl Hellas & Co EE	4.0	4.0	3.9	4.1	4.8
Veropoulos Bros SA	2.7	2.7	2.8	3.2	3.4
Diamantis Masoutis SA	1.9	2.0	2.1	2.4	2.8
Metro SA	1.0	1.1	1.1	1.2	1.3
Chalkiadakis SA	0.4	0.4	0.4	0.5	0.6
Bazaar SA	0.3	0.3	0.4	0.4	0.4
OK Anytime Market SA	0.1	0.2	0.2	0.3	0.4
Atlantic SA	1.4	1.3	1.3	0.7	0.3
EKO SA	0.1	0.1	0.2	0.2	0.1
Motor Oil Hellas SA	-	-	0.2	0.2	0.1
Coffee Connection SA	0.1	0.0	0.0	0.0	0.0
Dia Hellas SA	1.6	1.6	1.5	-	-
Aldi Hellas EE	-	0.1	0.4	-	-

Grocery Retailers	2007	2008	2009	2010	2011
Ola Stores SA	0.1	0.1	0.1	-	-
Shell Co (Hellas) Ltd	0.2	0.2	-	-	-
BP Hellas SA	0.1	0.1	-	-	-
Plus Hellas EPE & Sia EE	0.2	-	-	-	-
Others	70.8	69.2	68.2	67.2	64.5
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International

Terms used in this report:

Hypermarket: is a very large establishment engaged in retailing various types of food and non-food necessities within a structure of 2,500 to 10,000 square meters of space.

Supermarket: is a medium to large establishment engaged in retailing mainly food items within a structure of 400 to 2,500 square meters of space. A supermarket can also offer some added-value services, such as dry cleaning or in-store ATMs, etc.

Discount store: is an establishment mainly engaged in retailing private and unbranded labels at a discount price, within a structure that can range from 300 to 1,000 square meters of space.

Convenience store: is a small retail store that is open long hours and that typically sells a limited variety of food and pharmaceutical items.

Traditional Mom + Pop: are privately owned small establishments engaged in retailing food and some non-food necessities within a structure of less than 100 square meters of space.