

# *From Slump to Surge:* **The Shopping Rebound in Q3/2024**

The State of the Nation Newsletter

**Q3.2024**

Czech Republic

**NielsenIQ**



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# Greetings from NIQ

Dear valued client,

We are excited to share with you our latest State of the Nation Newsletter titled „**From Slump to Surge: The Shopping Rebound in Q3/2024**“.

In Q3 this year, we've continued to observe an evolution of the Czech market dynamics. As inflation continues to decelerate, the FMCG market is showing promising signs of recovery and the amount of goods sold in promotions decline. At the same time, private labels remain just as popular as they were during the peak of inflationary period, demonstrating their enduring appeal among consumers. Join us to explore this phenomena further in this piece of insight.

Apart from it, you're invited also to our [website](#) and [social channels](#), where we reveal The Full View through different global and regional insights.

Thank you for being part of our community. Enjoy the reading!



After four years of turbulence, we are finally seeing *signs of stabilization*. The year 2024 is a year of change that should lead to *faster growth in 2025*.

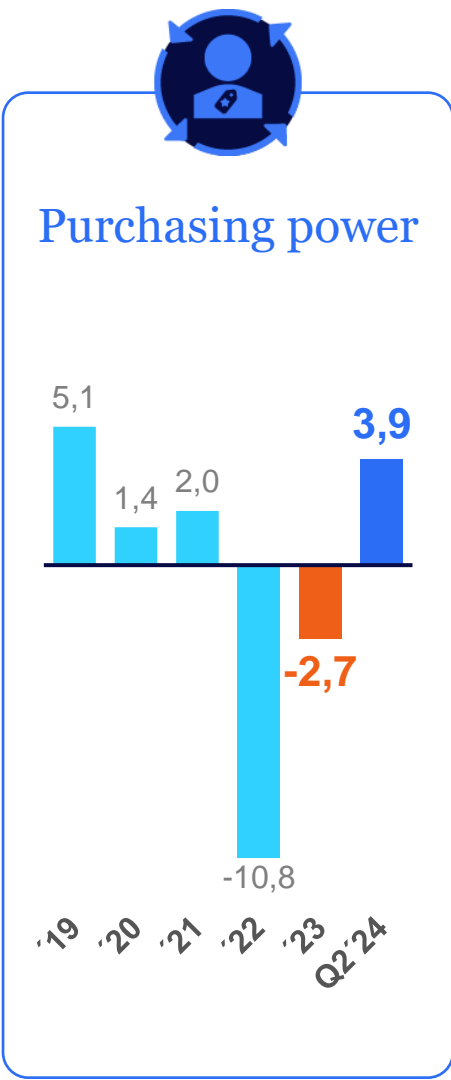
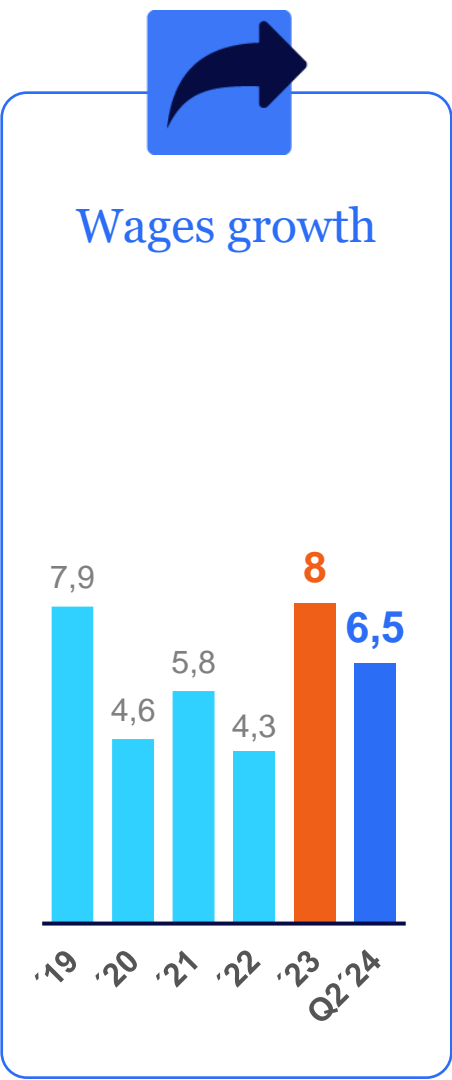
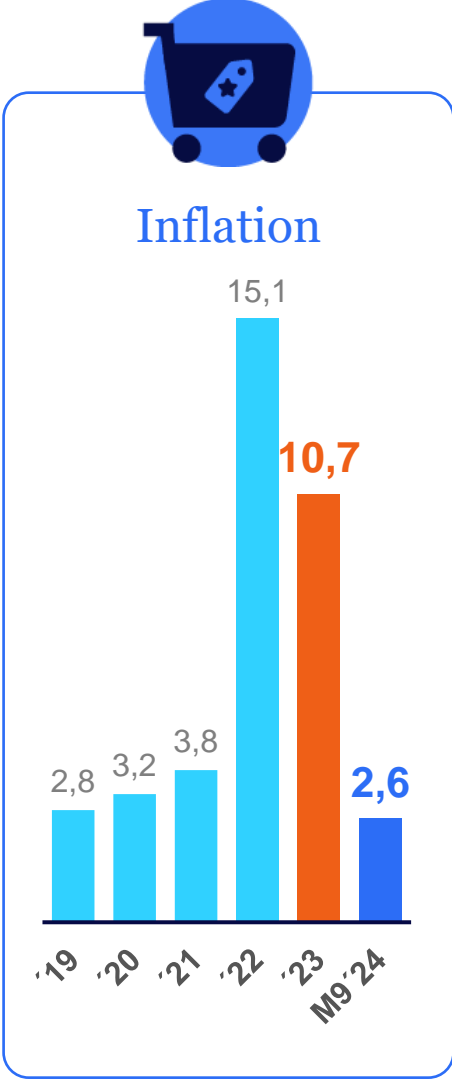
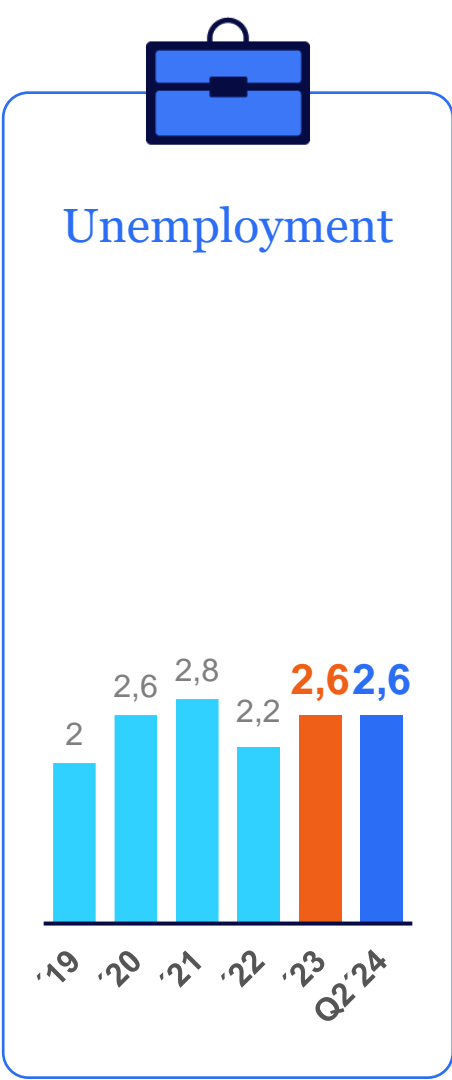
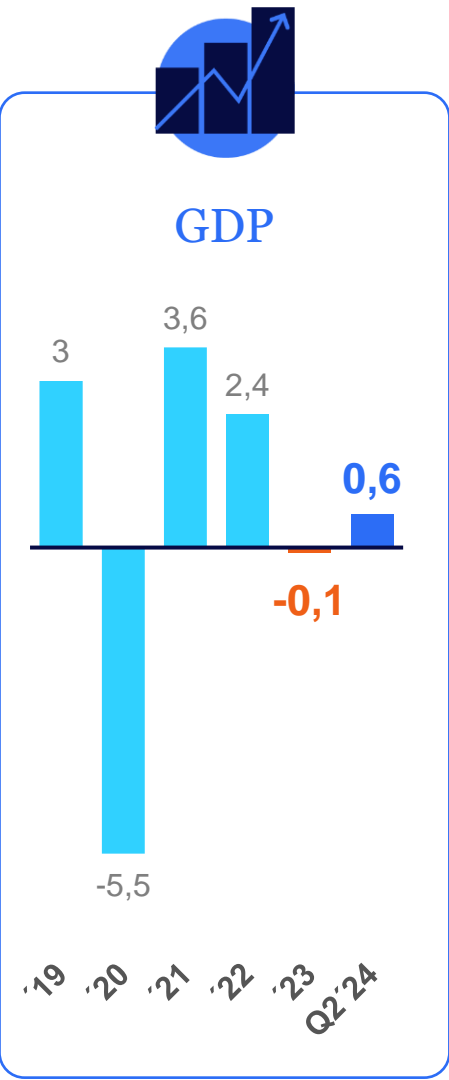


## % GDP growth

	2023	2024	2025
Ireland	-3.3	1.0	2.9
Hungary	-0.9	2.1	2.8
Poland	0.1	2.9	3.4
Estonia	-3.1	-0.4	2.6
Luxembourg	-1.1	1.4	2.6
Latvia	-0.3	1.9	2.9
Lithuania	-0.3	1.7	3.1
Czechia	-0.2	1.1	2.4
Austria	-0.7	0.2	1.5
Romania	2.0	2.8	3.1
Bulgaria	1.9	2.5	2.9
Slovenia	1.6	2.3	2.7
Finland	-1.0	-0.4	1.9
Sweden	0.0	0.6	2.6
Netherlands	0.2	0.7	1.3
Slovak Republic	1.6	2.1	2.7
Denmark	1.9	2.3	1.5
Croatia	2.8	3.3	2.8
United Kingdom	0.1	0.4	1.0
Germany	-0.1	0.2	1.1
Switzerland	0.8	1.1	1.4
Norway	0.5	0.8	1.8
Greece	2.0	2.0	2.5
France	0.9	0.7	1.3
Belgium	1.5	1.3	1.4
Italy	1.0	0.7	1.2
Portugal	2.3	1.7	2.0
Spain	2.5	1.8	2.0
Russia	3.7	2.6	1.0
Iceland	4.1	1.9	2.8



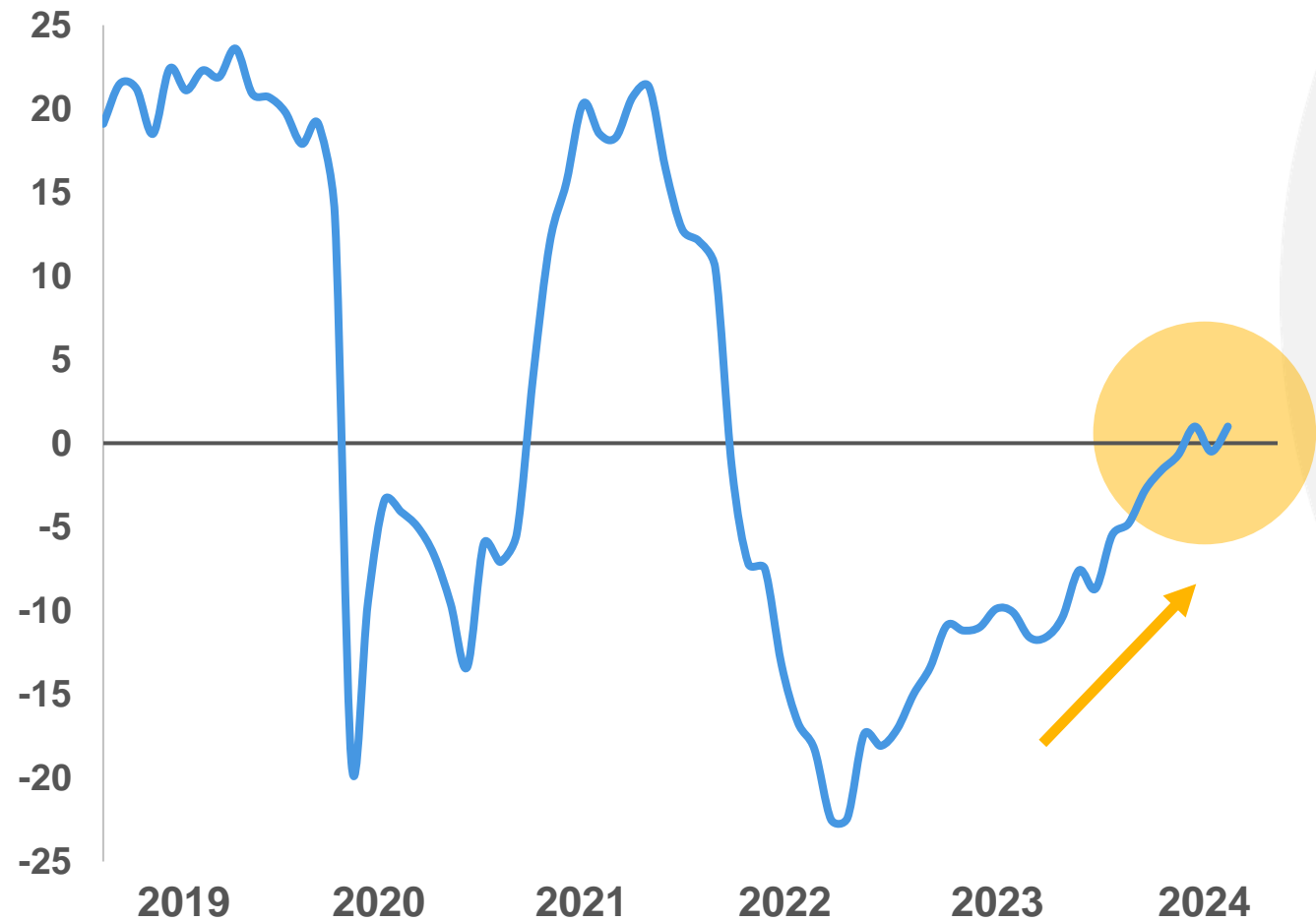
# Inflation is back under control, the *purchasing power* of Czechs is starting to strengthen



Source: Český statistický úřad ([www.czso.cz](http://www.czso.cz))

# Consumer confidence hits black numbers again for the first time since Russian invasion

Consumer confidence - EU 27 – September 2024



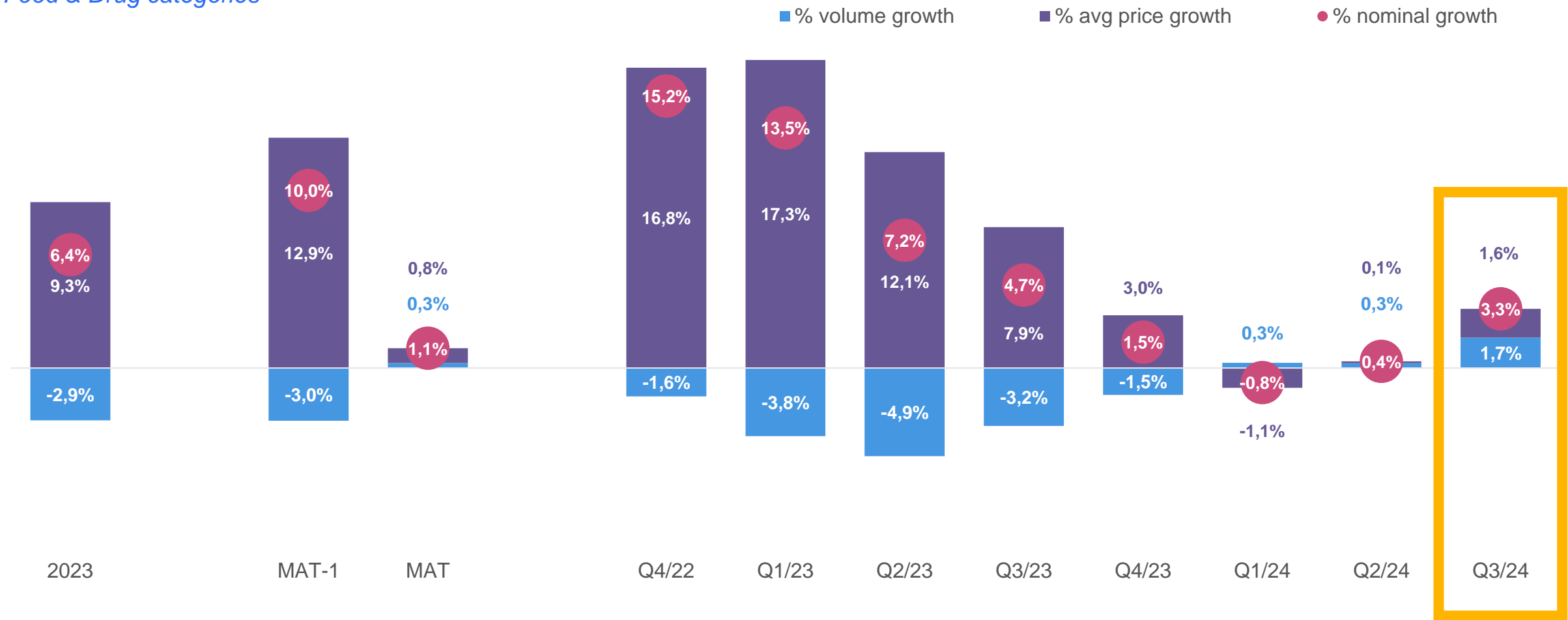
Source: NIQ / GfK Euro Climate powered by NIM, co-funded by EU Commission | September 2024

# All this leads to *resurgence* in FMCG shopping behaviour

Volumes increase as inflation has been on the decline and consumer confidence on growth trajectory already for quite a while.

## CZ Growth Report

Food & Drug categories

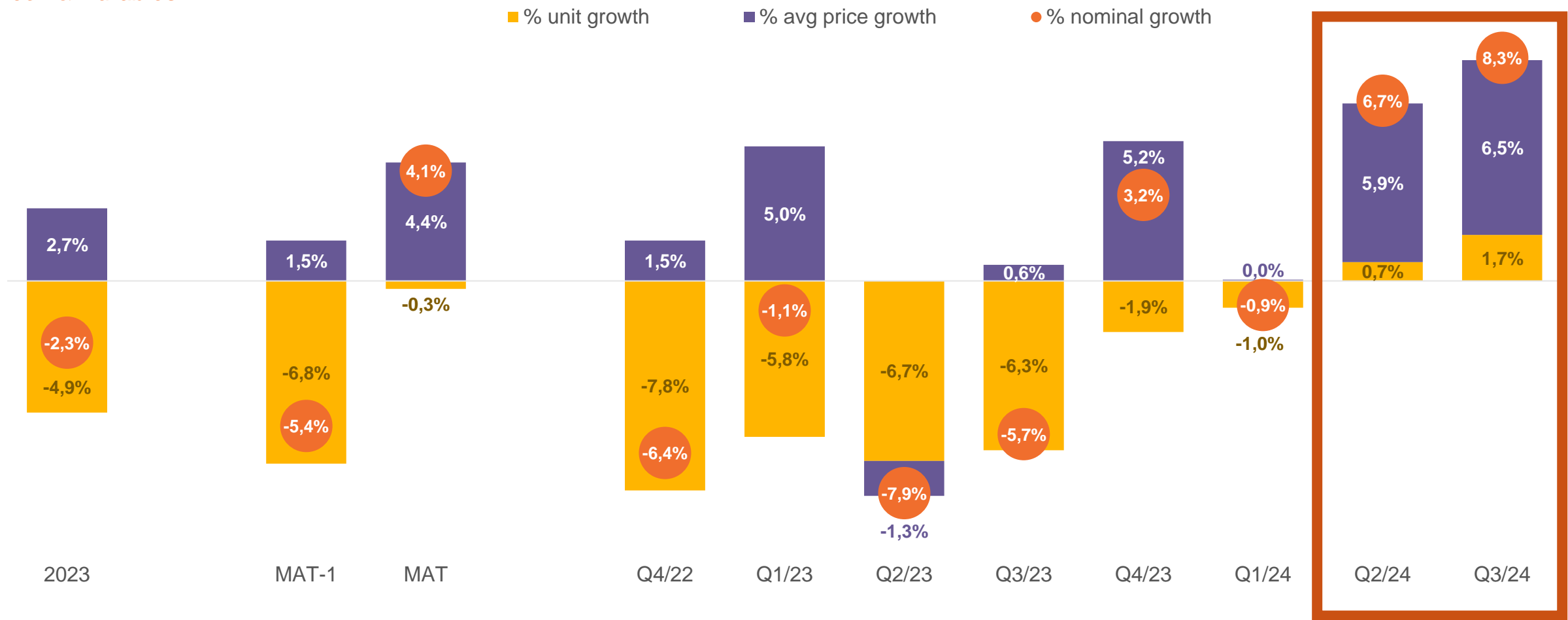


Source: NIQ RMS, FMCG development, Quarterly change comparison = quarter vs. same quarter of previous year.

# Growing consumer confidence is reflected also on front of Tech & Durables

After months of postponing purchases, consumers have been returning to buy electronics they had previously put off. Despite that, most of the growth in past half year is driven by increasing prices.

## CZ Growth Report Tech & Durables



Source: NIQ MI, Tech&Durables, Quarterly change comparison = quarter vs. same quarter of previous year.



**As the economy is recovering and consumer confidence gaining the momentum again, consumers should be moving away from inflation-driven saving strategies like *promo* hunting and/or switching to *private labels*.**

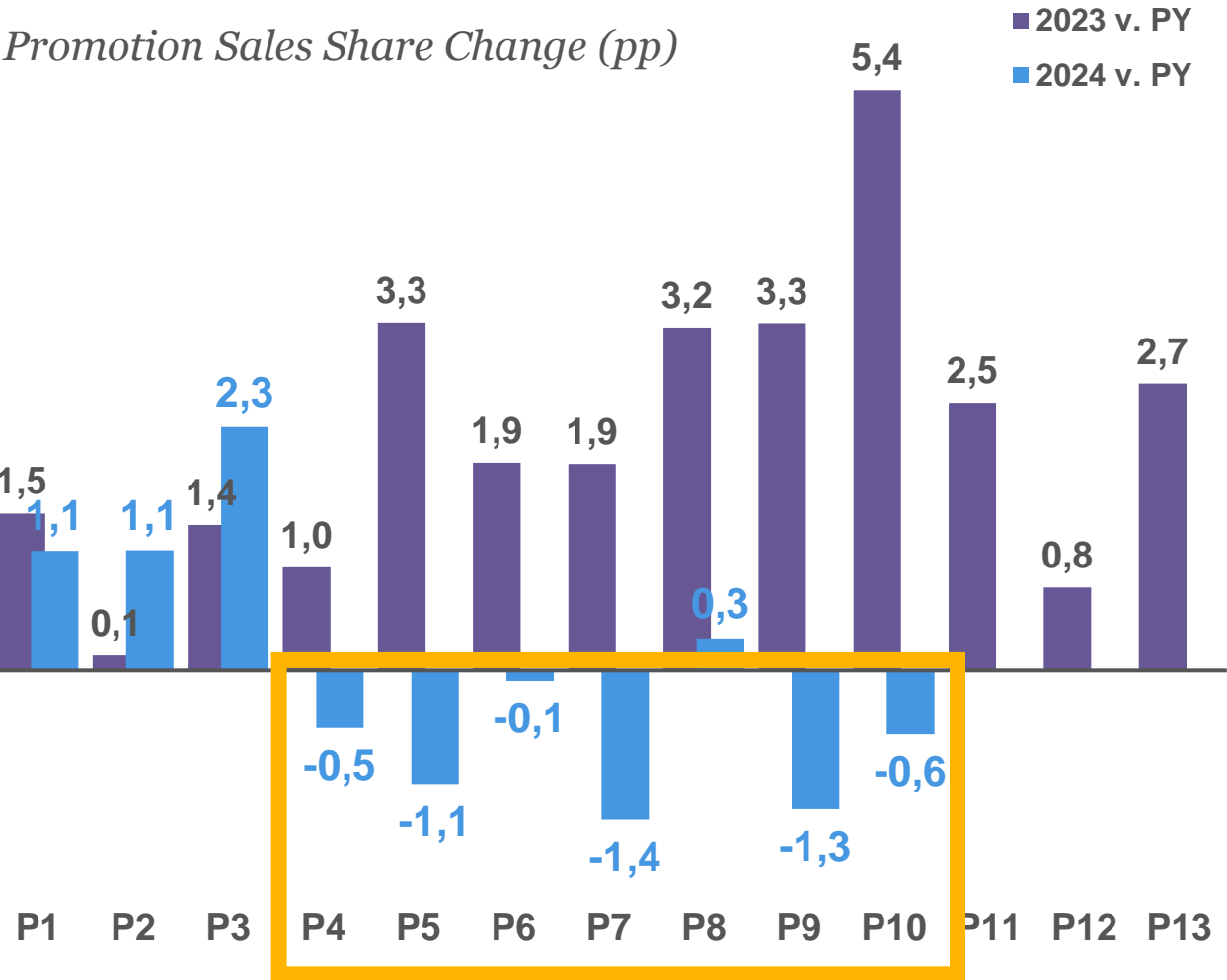
But is it really the case? Let's explore!

**Trends in promotional shopping:**

*Are Czechs still clinging to their passion for promotions?*



After years of gradual increase, proportion of sales through promotions has been recently *declining* for several months in a row!

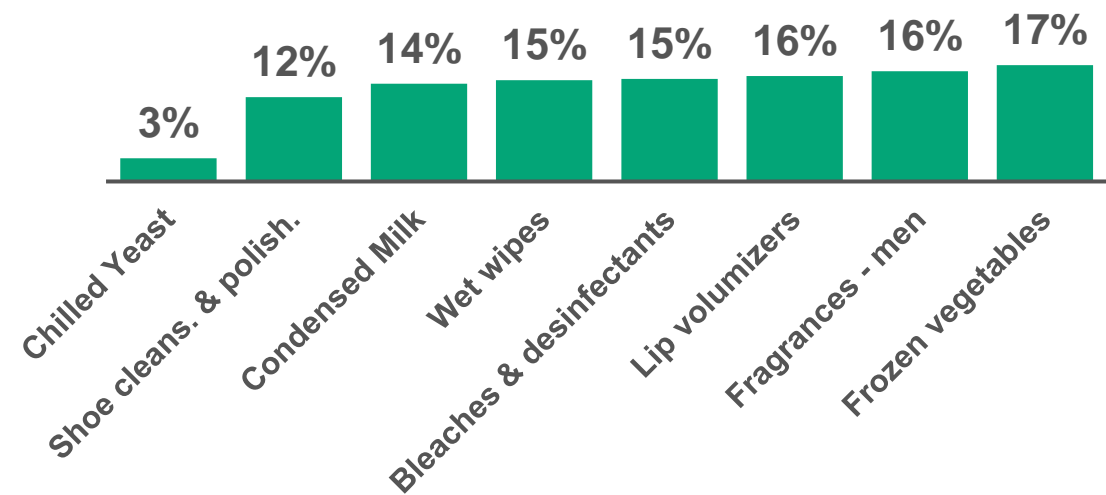


Source: NIQ ScanTrack, Value % share of promotions - change of share (in pp) compared to the same period year ago. CZ KAI HM/SM/Drug

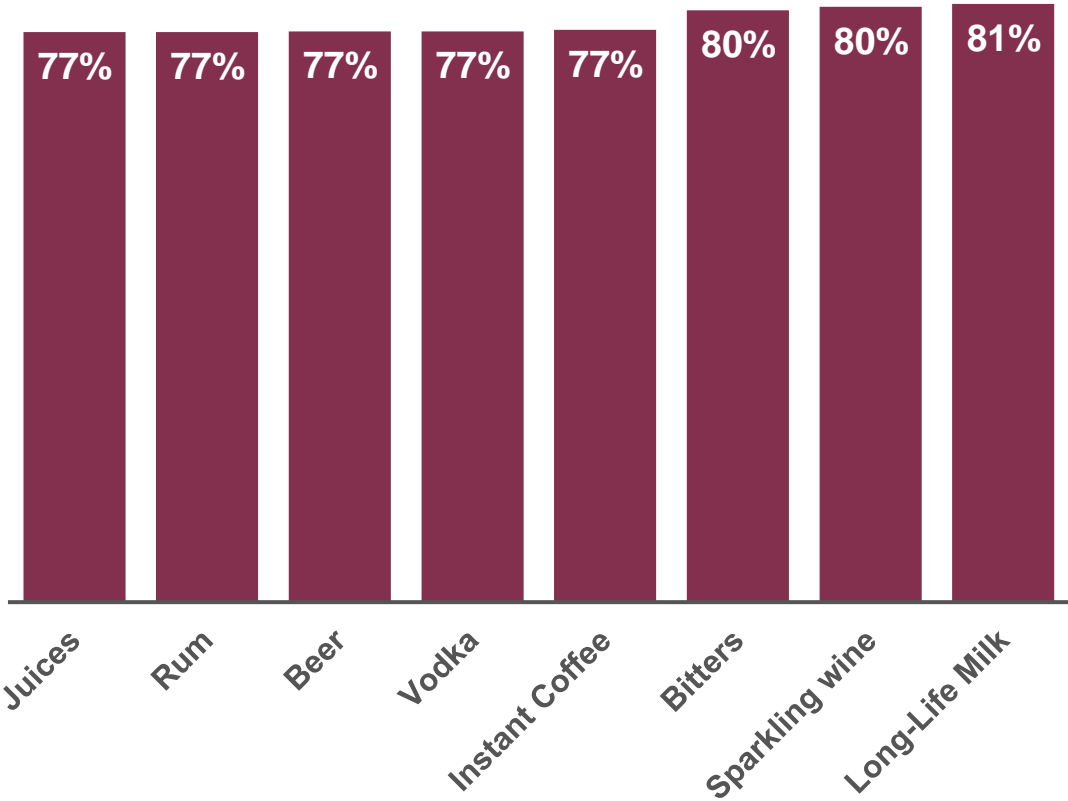


While in some categories the promotional prices still could be percieved rather as the usual ones, other categories don't depend on the promotions that heavily

Categories with Low Promotional Dependence



Highly Promoted Categories



Source: NIQ ScanTrack, Share of sales through promotions in value. 52 weeks Q3/2024; CZ KAI HM/SM/Drug



**And what about the  
*private labels*?**

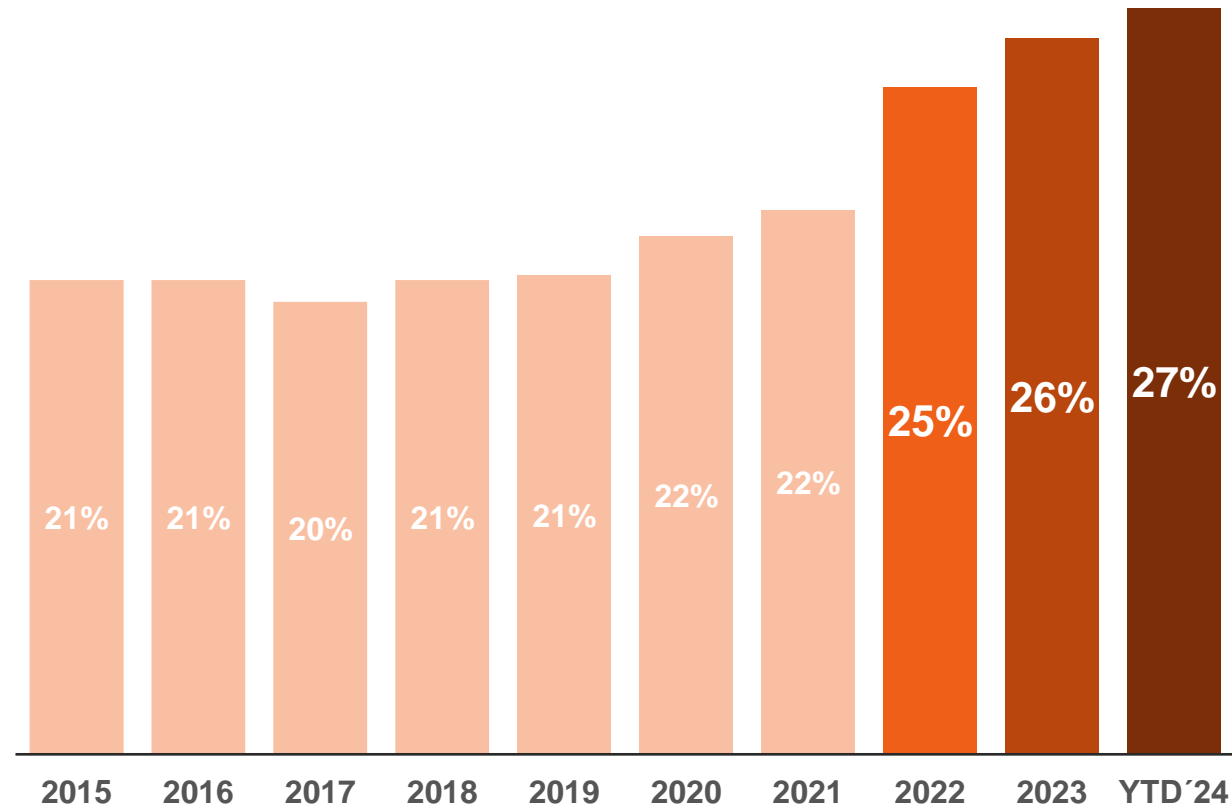




# Share of private labels continues to grow

Interest of Czechs in PLs doesn't fade out even with decelerating inflation

% share of sales (value) of Private Labels



37%  
of sold  
units

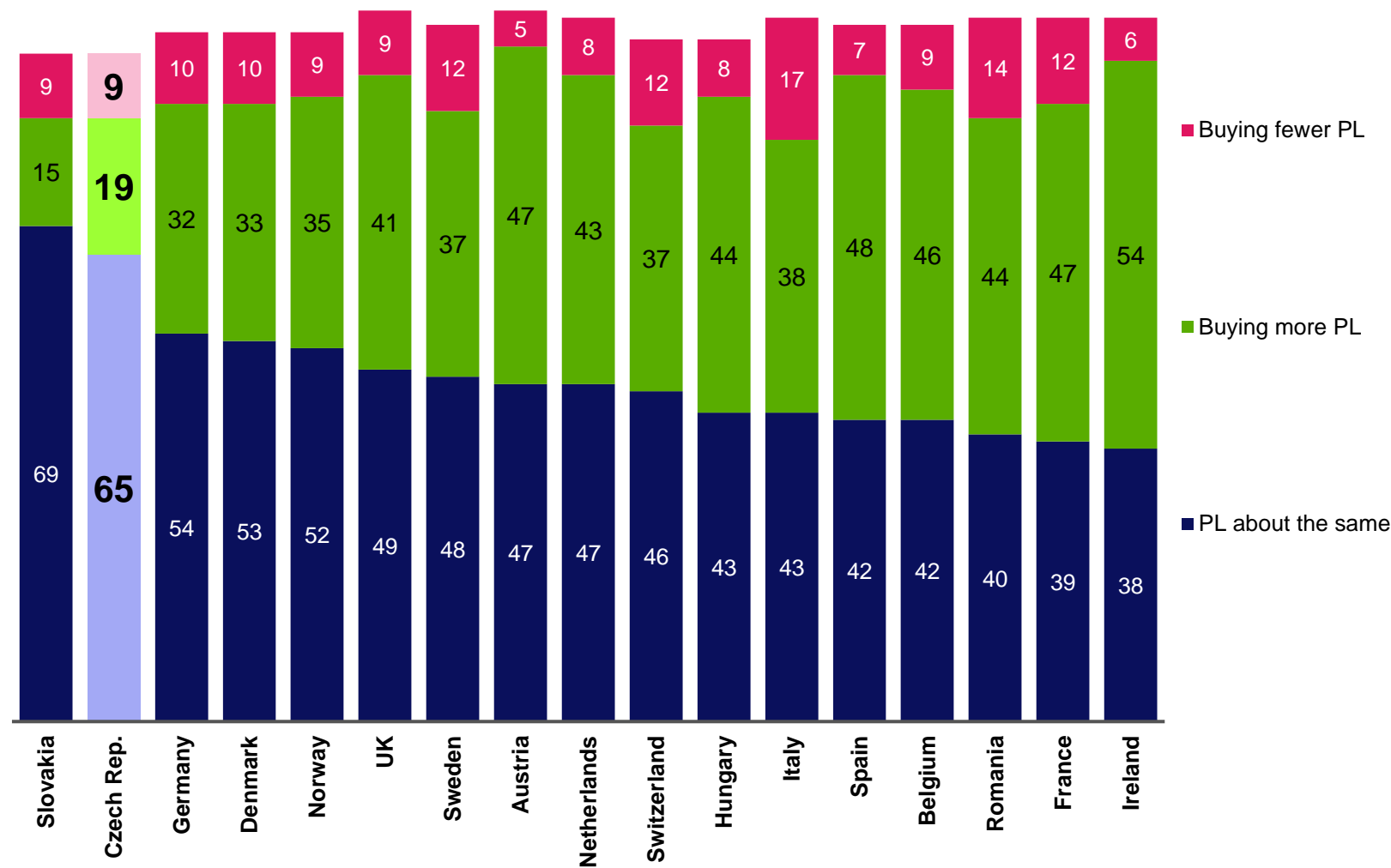


Source: NIQ Retail Measurement Service; Value % share of Private Labels – Food and Drug categories, YTD 36 weeks ending 08/09/24, Units % share, YTD 2024

Despite that, Czechs declare to turn to Private labels much less than other Europeans

- 1. About the same
- 2. Buying more private labels
- 3. Buying fewer private labels

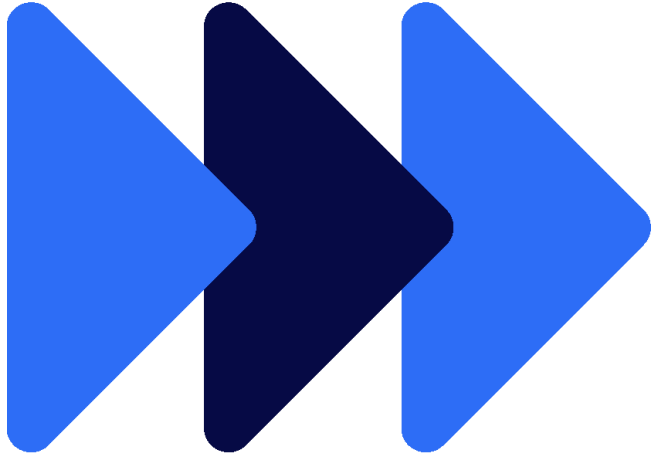
Willingness to buy Private Labels



Q114. Overall, compared with 12 months ago, would you say you are buying more store brand products, fewer store brand products, or about the same?  
Source: European NIQ Shopper Trends data, 2024/2023

# What are the potential reasons for difference between declared and real shopping behaviour?

Let's observe 3 potential hypotheses:



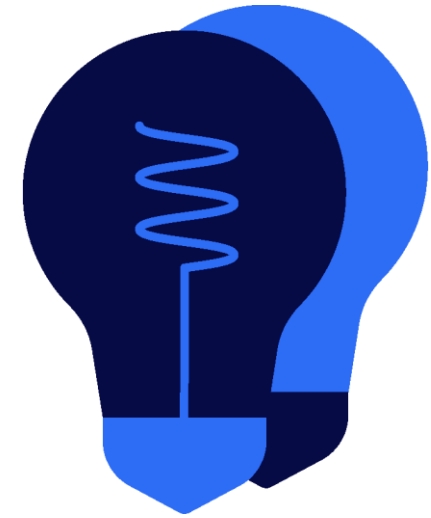
## Market Inertia

- The FMCG sector follows economic trends with a delayed response due to inherent ***inertia***



## The Devil is in the Details

- Not every category follows the ***average*** - some see declining Private Label shares or diverging trends



## The Brand or not the Brand?

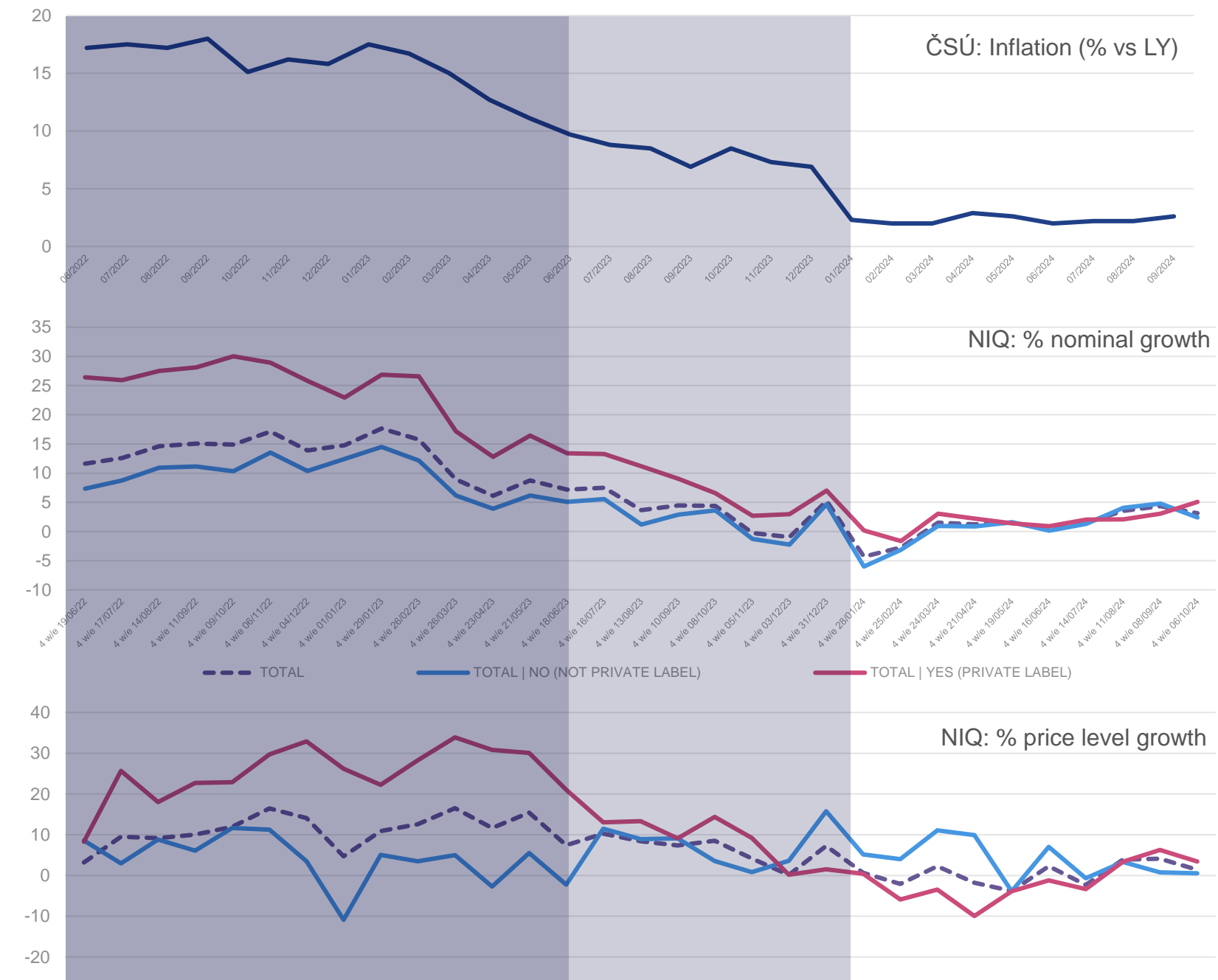
- Consumers may be unwilling to admit that they buy the Private Labels
- Often, they might not even ***realize*** it

# #1: Inertia



Private labels grew fastest during the period of highest inflation. However, they don't continue to strengthen in the last couple of weeks.

Paradoxically, private labels grew faster when their relative price advantage was declining.





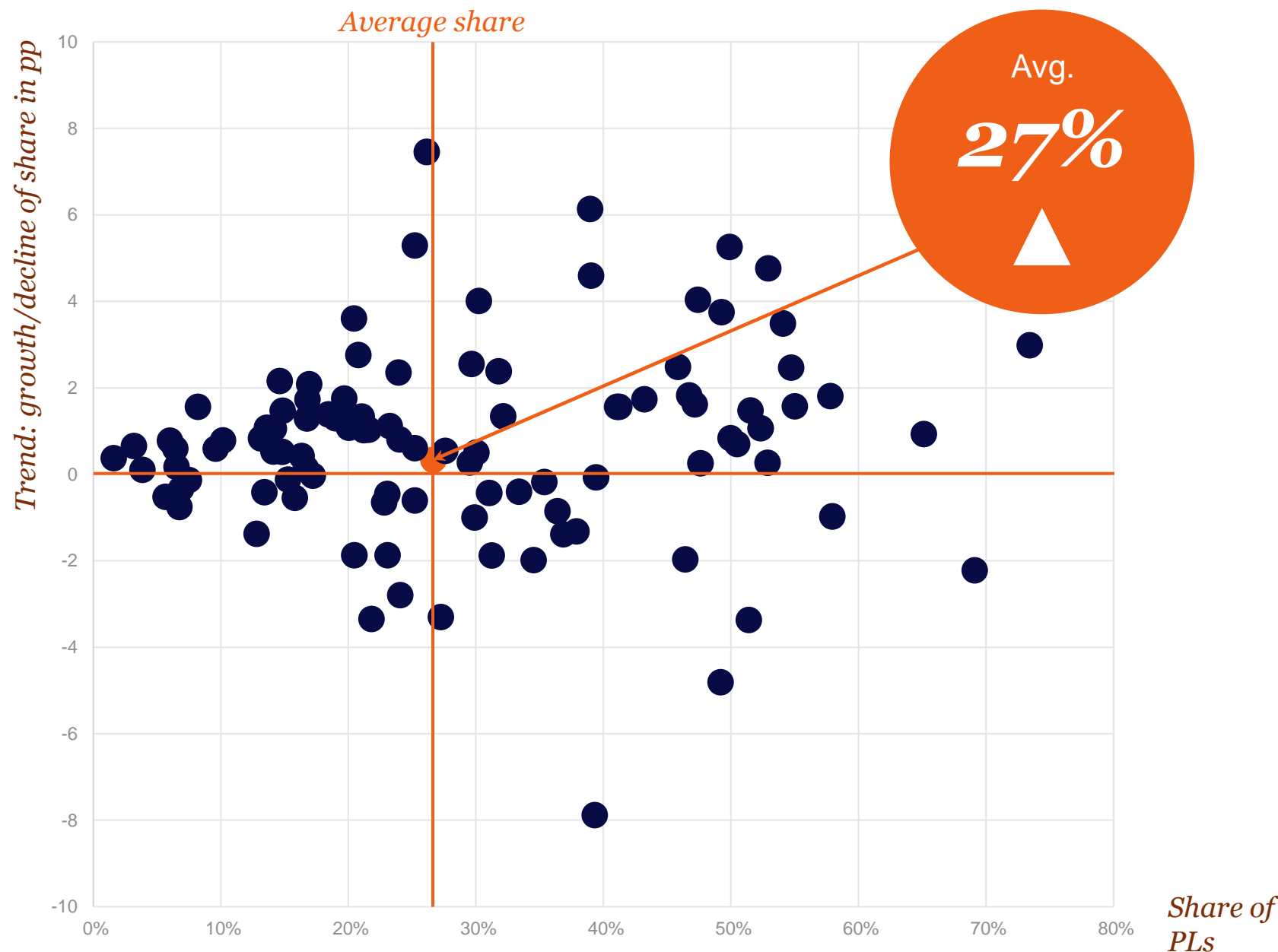
## #2: Average vs. detail



# Share of private labels and the trend of their development is *not the same*

There are remarkable differences among categories, while there are almost no Private labels in some, in others they account for even more than 70% of category sales.

Similarly, while Private labels continue to strengthen in some categories, they lose share to branded products in the others.



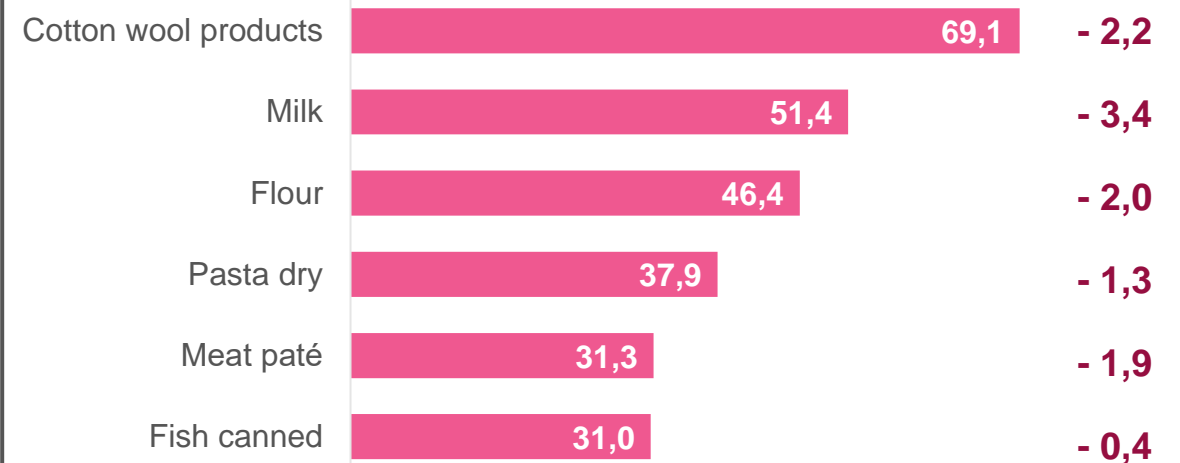
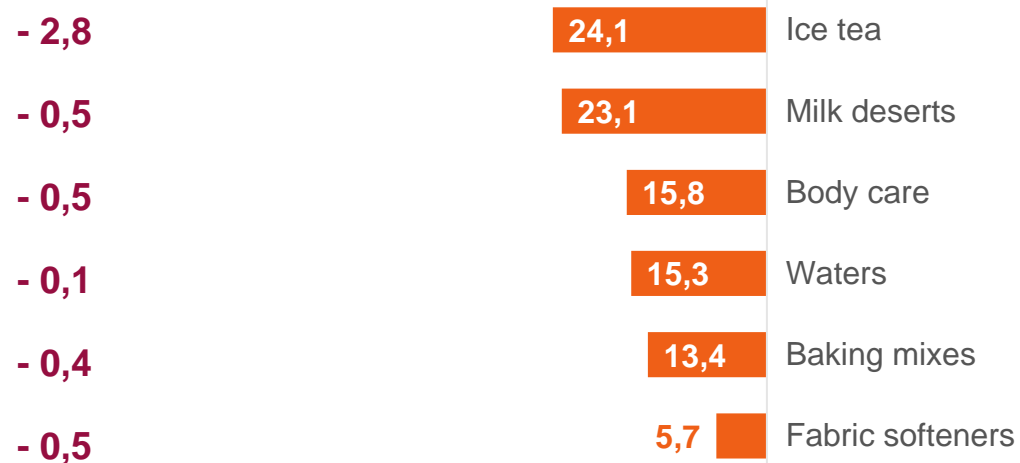
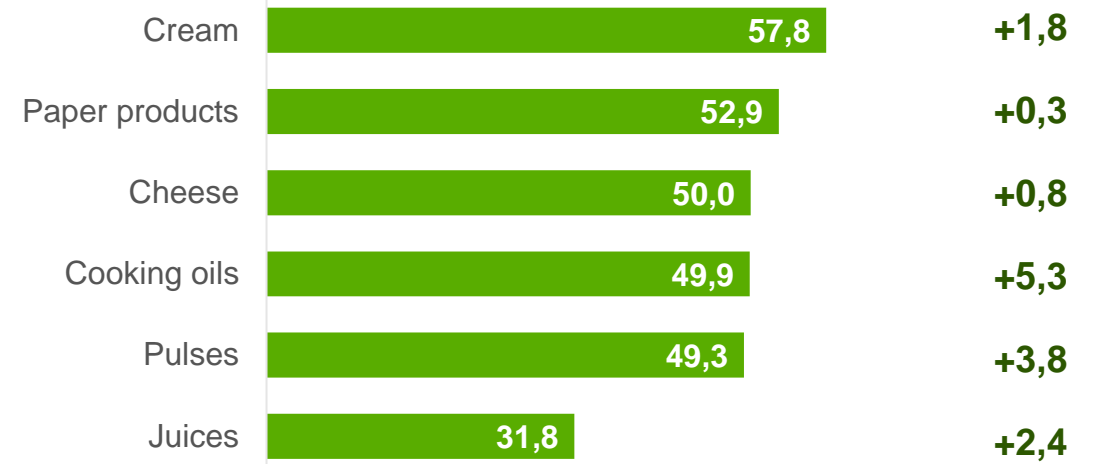
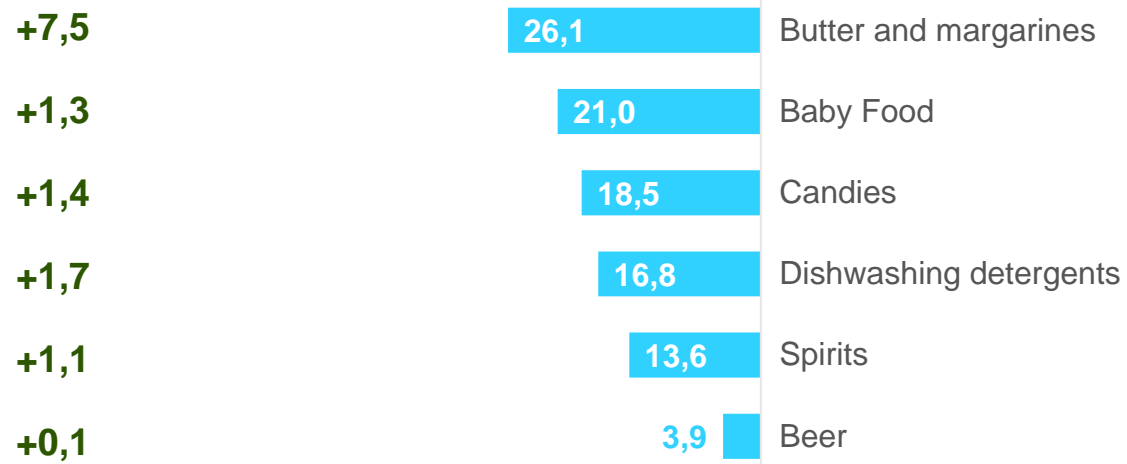
Source: NIQ RMS, Value share of private labels in different category groups, +/-pp change v LY, CZ Total Czech FOOD/DRUG, Latest 52 weeks ending 15/09/24

Share of PLs is *lower*,  
but *growing*

Share of PLs is *higher*,  
& continues to *grow*

Share of PLs is *lower*,  
*declining*

Share of PLs is *higher*,  
but *declines*



Source: NIQ RMS, Value share of private labels, +/-pp change v LY, CZ Total Czech FOOD/DRUG, Latest 52 weeks ending 15/09/24

## #3: Conscious choice

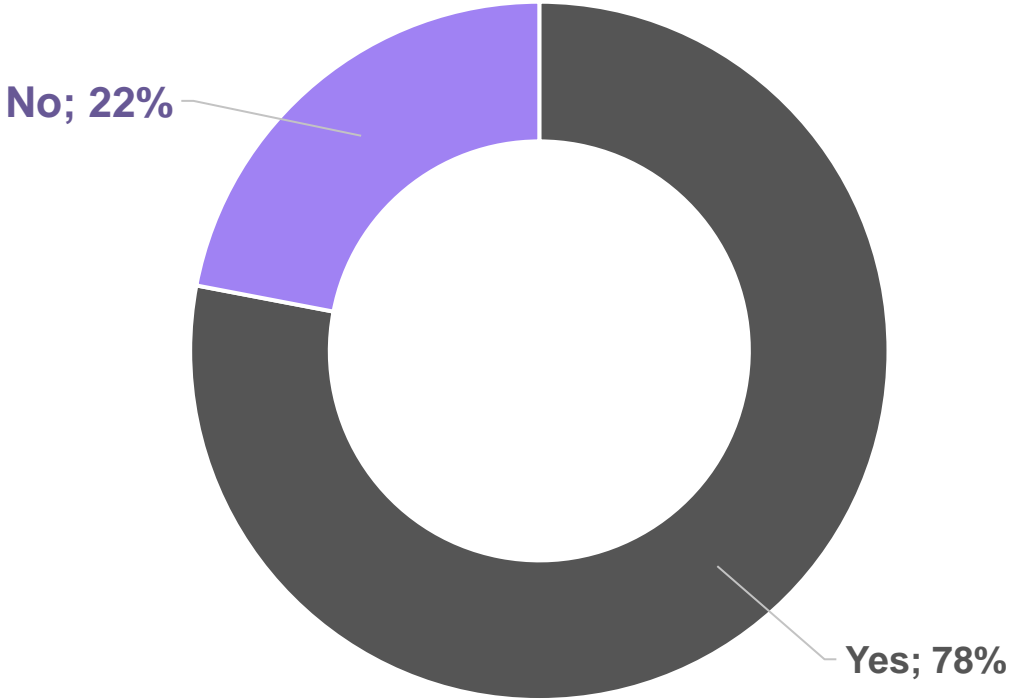




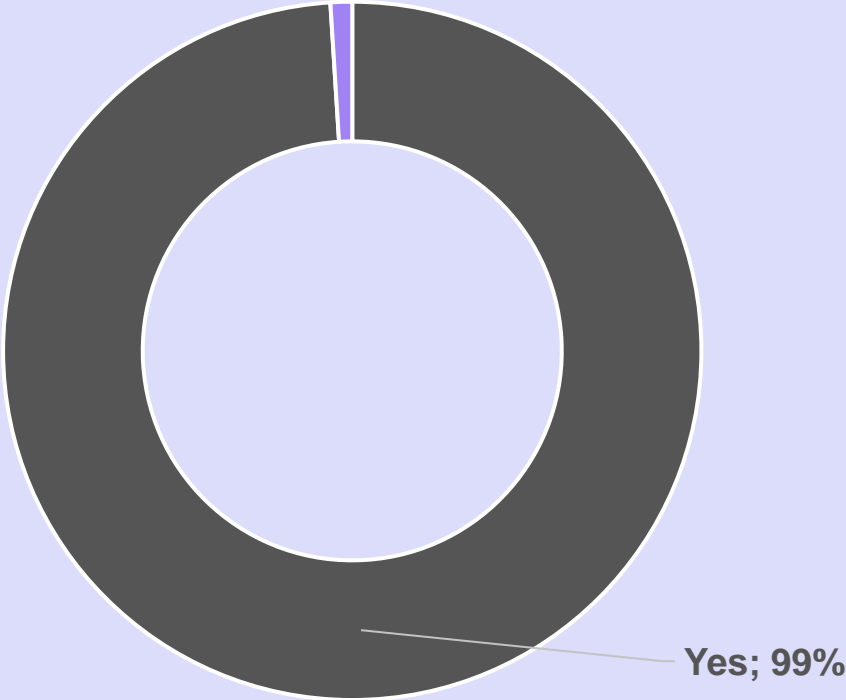
# We don't always purchase private labels with the awareness that they are private brands!

While 78% of Czechs admit they buy Private labels at least from time to time, in reality all do.

*Do you buy private labels products at least occasionally?*



*Do you buy the following brands... ?*



Source: NIQ Private labels report 2023

# Private labels are increasingly acting like „traditional“ brands

We can observe somewhat similar trends as with the brands



## Price, premium private labels

- Private labels are not any more always the cheapest
- They are offered in promotions more frequently than in the past, just like traditional brands



## Health & wellness, sustainability

- Free from...
- Vegan
- Bio
- Ecology & Sustainability



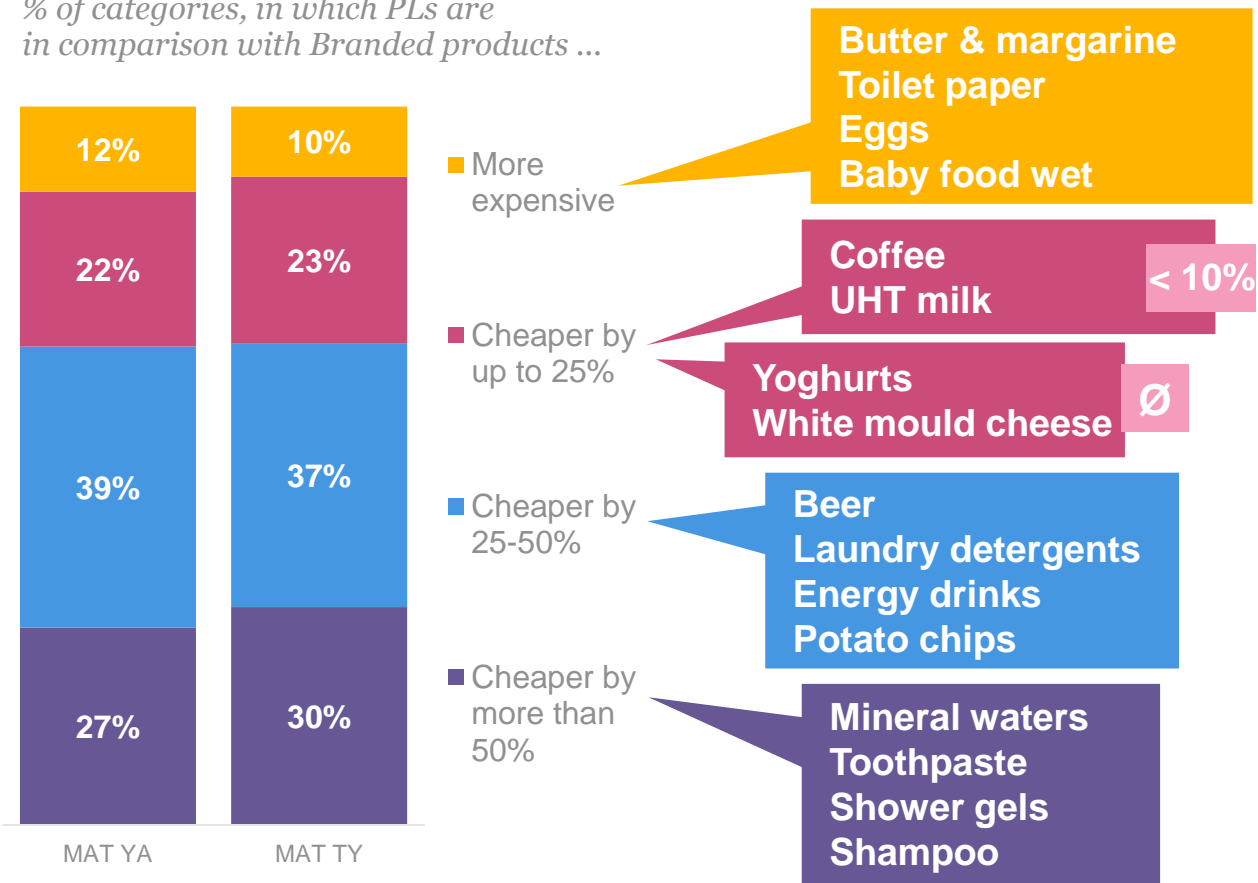
## Online & cooperation

- E-tailers offer their own labels as well, spanning across various price segments
- Online provides a space for cooperation instead of the fight:
  - Rohlík & Rossmann, M&S, Manufaktura, Benu
  - Košík & Makro, Delmart, Dr.Max

# Private labels are not always the cheapest

While the average price advantage is 23%, in more than two-thirds of the categories, it is more than 25%. There are also 10% categories, where private labels are pricier than branded products.

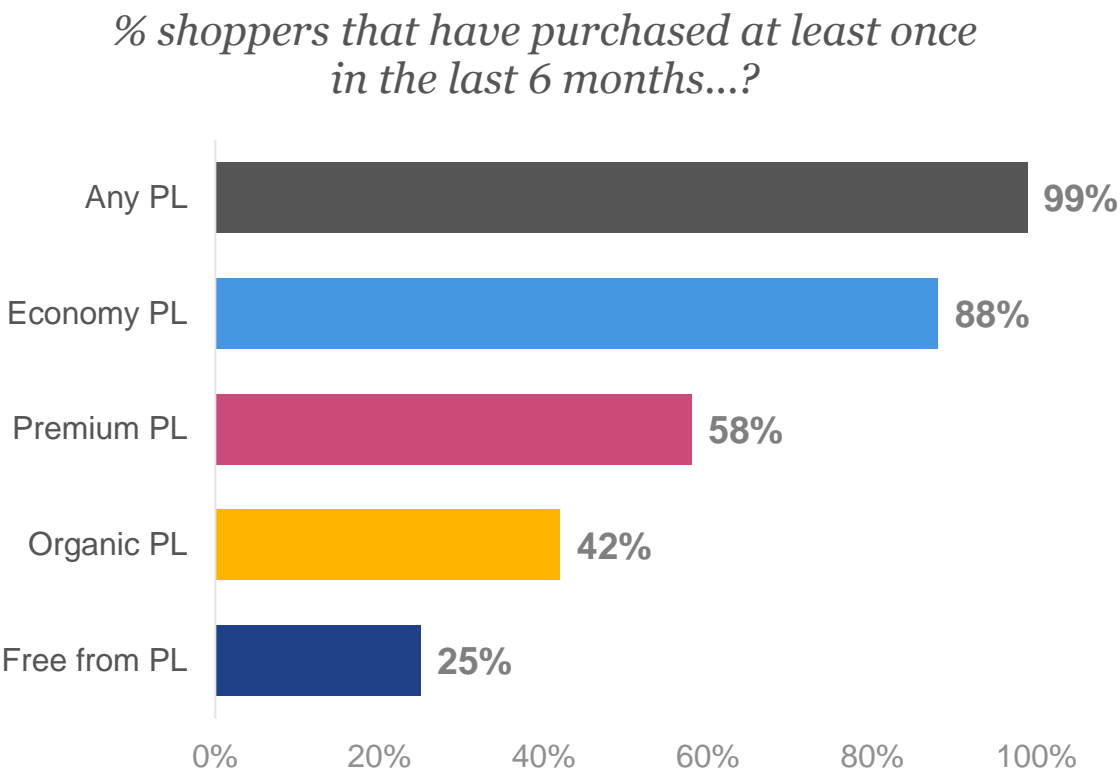
% of categories, in which PLs are in comparison with Branded products ...



Source: NielsenIQ RMS, % categories (unweighted), in which private labels are on average..., CZ Total Czech Food/Drug, MAT ending W15/09/24, examples of categories in each segment

# Private labels are not just about the price benefit anymore

Shoppers choose them also for other reasons and it's been already a considerable share of shoppers that buy premium, organic and/or free-from private labels



Zdroj: NIQ Private labels report 2023



# What will the future bring?



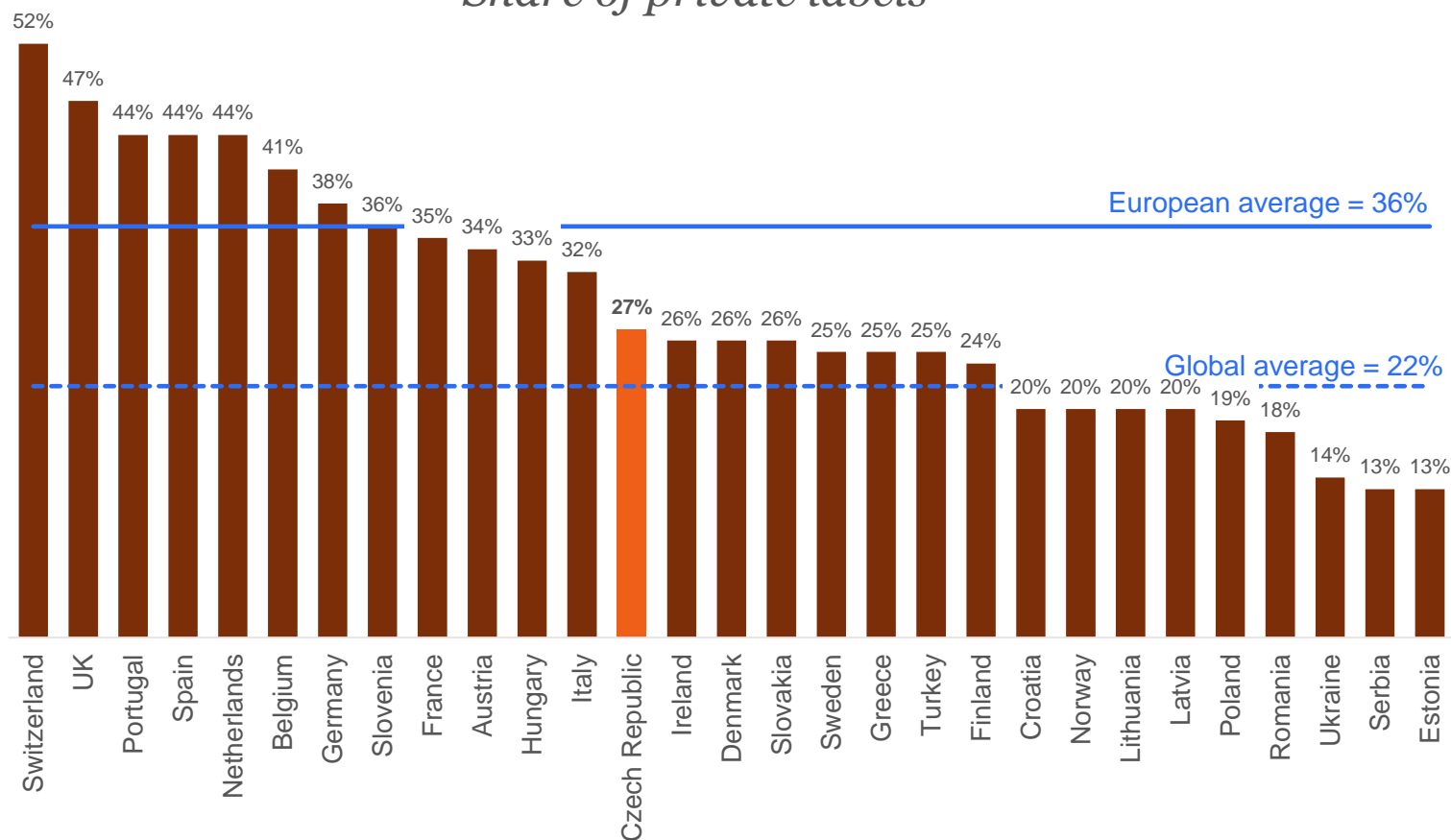
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# Share of Private labels in CZ is already above the global average

However, compared to Western Europe, there is still a significant *potential* for further growth here.

Share of private labels



Source: NielsenIQ RMS data, value % share, MAT ending Q2/2024



### Consumers' attitudes are positive!

- Czechs do not have a negative attitude towards private labels; on the contrary, their attitude towards them has improved over time
- They appreciate the price aspects the most, but not only that



### There is potential to grow further!

- The share of private labels has increased in recent years, but it is still quite far behind Western Europe
- Inflation has definitely contributed to PL growth
- Private labels also often represent the current trends, not everything is just about the price



### Threat or opportunity?

- Depends on you!
- Knowledge of the shopper, the consumer and especially the details of the given category are the keys to success!
- Each category has ***its own story!***

“

As the economy continues to develop positively and consumer confidence grows, we are seeing a shift in shopping behavior. Consumer demand is on an upswing, with increased volume across FMCG products as well as tech & durables.

This trend reflects the recovery, but it also signals a slowdown in two key inflation-coping mechanisms. First, the share of promotions has been steadily declining in recent months. Second, while private labels are still growing year on year, their growth rate has slowed as shoppers regain confidence. However, private labels still hold significant potential for further growth. They keep acting more like traditional brands, keeping up with trends, and offering solutions ready to meet consumers' evolving needs, rather than focusing purely on low price.

**Karel Týra**

*Managing Director  
NIQ Czech Republic, Slovakia and Hungary*





# Thank you

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# The Full View™