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Modern trade patterns in Romania - a post-crisis tale

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Retail evolution in Romania

1977
first department store: "Unirea"

1991
LaFourmi → the supermarket

1995
Mega Image

1996
Metro cash & carry

2001
Carrefour → first hypermarket

2003
Cora

2005
Kaufland

2006
Auchan & Real

First targeted cities = the large ones (>250,000 inhabitants):
Bucharest, Brașov, Cluj-Napoca, Craiova, Constanța, Iași, Timișoara.

METRO GROUP

SELGROS cash & carry

- for many years, **Metro cash&carry** = a true “alternative” to proximity stores;
- April 2010 = a new retail format – **Metro Punct**, a smaller version of the store, targeting resellers & HoReCa clients;
- a franchise for proximity stores – **LaDoiPași**;
- currently = 30 stores, of which 5 Metro Punct.

- on the Romanian market since 2001;
- January 2011, Coop Genossenschaft = main shareholder of transGourmet (Selgros);
- currently = 22 stores.

- focused initially on Bucharest;
- currently =
  - 32 Carrefour hypermarkets

  (+online: carrefour-online.ro)
  - 12 Cora hypermarkets

  (+online: cora.ro)
  - 33 Auchan hypermarkets

  across the country.
- **Cora** = first large retail chain with drive-thru delivery in Romania (coraDrive, only in Bucharest);
- **Auchan** expanded rapidly through the acquisition of 20 Real hypermarkets [November 2012, 20 (out of 24) stores were sold to Auchan group]

- **Kaufland** = a more aggressive expansion, reaching in 2014 a network of 100 hypermarkets;
- 2016, in partnership with Renovatio → 1st public network of charging stations for electric cars in Romania;
- 1 year later → remodeling process of its stores;
- currently = 119 hypermarkets & is the **market leader** (in terms of sales);
- this summer → 1st summer shop, in a tent at the seaside (in Mamaia Nord).

- **Mega Image = largest supermarket chain in Romania** (500+ stores);

+ online: mega-image.ro & partnership with emag for selling and delivering food in Bucharest & surrounding areas.

- **Billa**'s first store in Romania in 1999 → 86 stores;
- 2015 = sold to Carrefour group;
- currently, Carrefour group = 221 supermarkets, of which:
  - 205 Carrefour Market,
  - 16 Carrefour Express.

- Penny Market's first store in Romania = 2005;
- Lidl = in Romania since 2011, expanded through an acquisition: 100+ stores from Plus network;
- currently:
  - Lidl = 226 stores,
  - Penny Market = 224 stores.

- started as a discount store, but in 2012 repositioned as a proximity store;
- the retail network with the **largest geographic expansion in the country;**
- March 2018 = 741 proximity stores in 397 cities & villages;
- 3 types of stores:
  - Standard
  - City (the smaller version of the standard stores)
  - Loco (for rural areas)
- December 2013 = a world premiere – **an ice store**.

DIY products

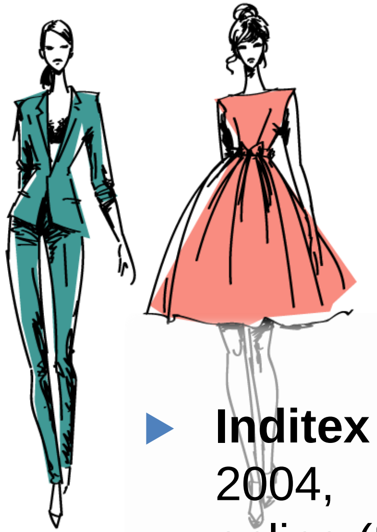
- **bauMax** (Austria) entered in 2010 → 2014 = sold its 15 stores to Leroy Merlin;
- **Leroy Merlin** (France) first store = in 2011, currently = 16 stores & plans to expand up to 30 stores in the next 5-10 years;
- **Bricostore** (France) first store = in 2001 → 2013 = Kingfisher has bought all 15 stores (now Brico Depot);
- **Brico Depot** (France) = 42 stores (15 ex. Bricostore + 27 ex. Praktiker, bought in 2017);
- **Hornbach** (Germany) = 6 stores;
- **Mr. Bricolage** (France) first store = in 2006; currently rebranded in **MatHaus** + intention to open 5 more stores;
- **OBI** (Germany) entered in 2008 → 2014 = decided to leave Romania (5 stores = Jumbo).

furniture & home products

- **IKEA** (Sweden) entered in 2007 (1 store in Bucharest), 2018 = 2nd store (also in Bucharest);
- **Kika** (Austria) since 2008, currently = 2 stores (in Bucharest);
- **JYSK** (Denmark) = franchise, since 2007, currently = 59 stores;
- **Zara Home** (Inditex group, Spain) = 6 stores (5 in Bucharest & 1 in Constanța).

perfumes & cosmetics

- **Douglas** entered in 2007, currently = 19 stores;
- **Sephora** (Moet Hennessy Louis Vuitton group) since 2007, currently = 28 stores;
- **Marionnaud** since 2009, currently = 29 stores.



fashion retailers

- **Inditex group** (Spain) = since 2004, currently = 117 stores + online (for each brand):
  - **Uterque,**
  - **Massimo Dutti** (11 stores),
  - **Zara** (25 stores),
  - **Bershka** (24 stores),
  - **Pull & Bear** (24 stores),
  - **Stradivarius** (24 stores),
  - **Oysho** (9 stores);
- **Stefanel** (Italy) entered in 1991, currently = 13 stores (50% of them in Bucharest);
- **H&M** (Sweden) entered in 2011, currently = 53 stores & is **the biggest fashion retailer in the country** (in terms of turnover);
- **C&A** (the Netherlands; Cofra Holding group from Sweden) = 38 stores;
- **Orsay** (Germany) since 2007, currently = 37 stores;
- **New Yorker** (Germany) first store in 2007, currently = 27 stores;
- **Takko** (Germany) entered in 2007, currently = 67 stores.

local chains

DIY products:

- **Arabesque:** since 1994, 19 stores, owned by a Romanian businessman;
- **Dedeman:** since 1992, 48 stores, owned by 2 Romanian entrepreneurs;

furniture & interior decoration:

- **Mobexpert:** since 1993, 26 stores (13 own & 13 partners) + 8 factories & 4 production centers;

bookstores:

- **Cărturești:** since 2000, 22 bookstores (8 in Bucharest) + online;
- **Diverta:** 25 bookstores (8 in Bucharest) + online;
- **Humanitas:** since 1993, 15 bookstores + publishing house.

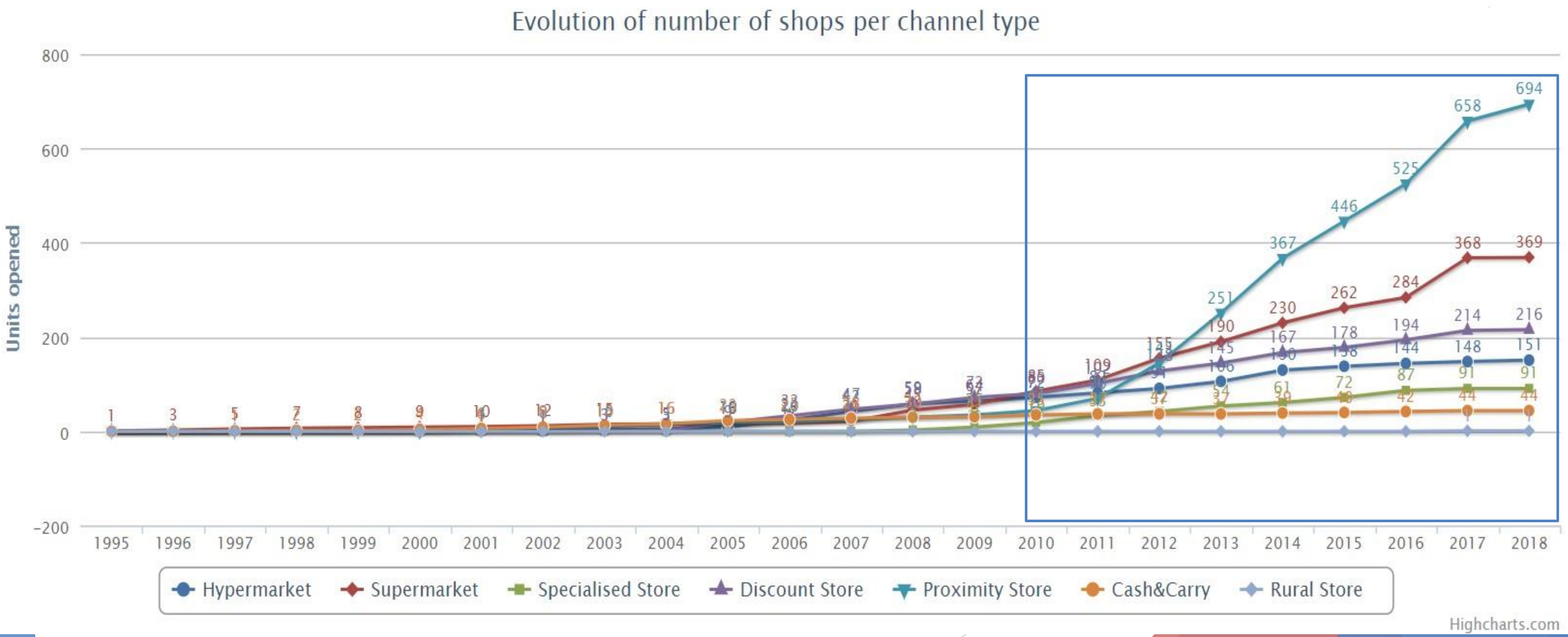
electronics, IT&C and multimedia:

- Altex = **the market leader for more than 20 years**; 78 Altex stores & 15 Media Galaxy ones + online;
- **Flanco:** 122 stores + online;

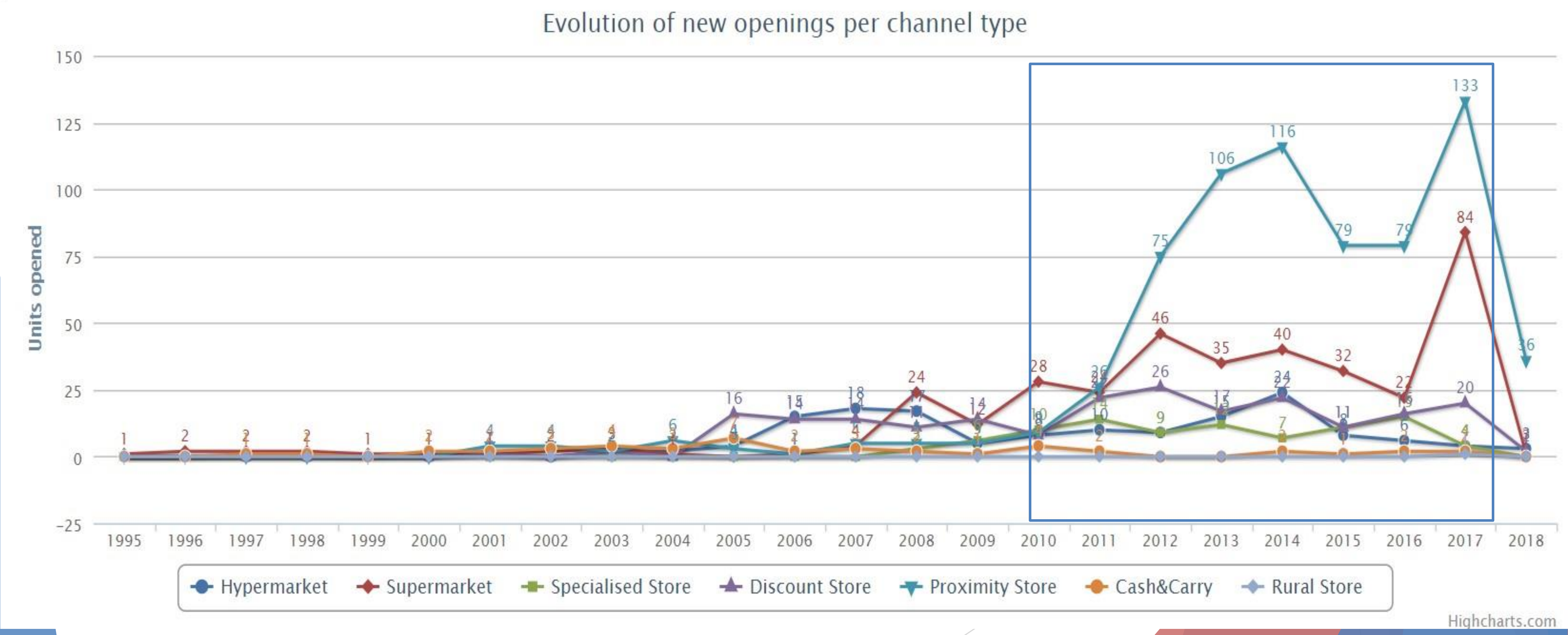
online retailers:

- **emag.ro** (founded in 2001);
- **cel.ro** (founded in 2004).

Evolution of the number of stores per retail format



Evolution of new openings per retail format



Conclusions

- currently, modern trade formats = 60% of the market, traditional ones = 40%;
- **most retailers** have **expanded** their networks, **opened smaller** retail **formats** and **consolidated their position** (through mergers and acquisitions);
- with ~10,000 villages & 9.11 million inhabitants, **rural areas = a fertile ground for expansion** → currently, traditional formats = the only channel available in most rural areas + Metro group's franchise LaDoiPași & Profi Loco;
- **offline (brick-and-mortar) retailers** must ensure that their stores remain relevant:
  - **focus on the shopping experience** → sensory marketing / branding;
  - **information provided** (more and more shoppers = concerned about environmental issues & the origin of products);
  - **making time spent shopping more efficient** (either by shopping local or online, by using click-and-collect, self-checkout or buying suggestions linked to previous online searches).

Thank you!