



THE SITUATION OF THE PRIVATE LABEL PRODUCTS IN HUNGARY

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ABSTRACT: The last years was appeared many several store chain with private label on the food market. These private labels are the “imitation” of brand labels. Their demand increases on and on, because they represents the low price, just then it does not mean the low quality. In my work I examined the situation of the private labels. After the analysis, I managed to get on to the statement that the demand of private label is growing and the chains stores turn more attention to the quality of these product.

KEYWORDS Private label, store-chain, consumer’s habit, quality

1. INTRODUCTION

For long years in Hungary the small trade meant some big state-owned enterprises, for example “Közért”. After the political transformation (1989.) the firms have changed, and multi-national trade chains have appeared.

Nowadays the agribusiness grapples with serious problems. The food- and the energy-prices have grown the salaries worth less. Owing to these changing, the consumers have changed their habits, they have done their shopping in the hyper- and supermarkets. These kinds of commercial units enticed purchasers with new group of the products: the private-label products.

The private labels products mean the products, which the manufacturer makes only for the trade-chain [1].

Their main attributes are:

- ✚ These are mainly food, chemical and household goods,
- ✚ The accruing marketing-mix is low,
- ✚ The buyers are price-sensitive,
- ✚ On the packing not compulsory to display the maker [2.]

2. METHODOLOGY

To know the situation of the private labels in Hungary, I made a secondary research. I used food-scientific reviews, statistical databases and the results of research institutes.

3. RESULTS

The leading food factories make more and more private labels, so this kind of products are findable in all parts of the globe, primarily in Europe. [3]

The ACNielsen made an international fact-finding. They analysed 19 countries, on the Table 1 we can see the results of tens. We know, that though in Hungary the ratio of the privat

labels has grown (with 3 percent points), this value is bigger in the other European countries. The difference between the 1st place (Switzerland) and the 10th place (Poland) is huge – 32, 33 percent, our country is on the 7th place.

The number of product – category shows us the use of the private labels. This value is 595 FMCG¹ – segment in Great Britain, 136 in Hungary. [4].

Table 1 The market share of the private labels in some European countries (%)

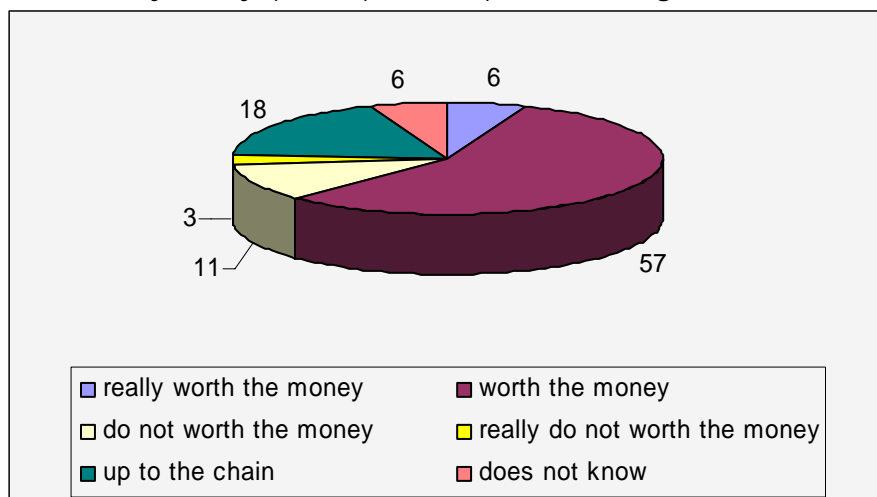
Country	2005	2006
Switzerland	45	46
Great Britain	38	40
Germany	32	30
Belgium	30	30
Slovakia	12	20
Bohemia	11	16
Hungary	13	16
Austria	14	15
Italy	14	15
Poland	13	13

Source: AC Nielsen, 2007

The GfK Hungary asked 1000 housekeepers about the private labels in 2007. [5]. The main results of the market research organization are:

- the name "private label" was known by 57 percents of the women,
- the 2/3 of the asked usually buy this products,
- they purchase them for only own using (not for gift),
- mainly the families with low income buy these goods.

The housekeepers expounded their opinion about the connection between the price and the quality (Figure 1). Most of them (57%) said, the private labels are worth the money. About 20 percents thought, that the quality depends on the store chain. It is not important for customers to know exactly detailed technological process, but want to justify products and be informed parameters and values of them. People decide about buy by their impression. It is very important, when you buy special premium products like game or seafood. [6.]



Source: GfK Hungary

Figure 1. Breakdown by the opinion about the price-quality connection

In a Hungarian survey the AC Nielsen examined the market share of some product groups. (Table 2.). The facts include 86 food and 61 chemical products. The value of pet foods is the higher (41%), the frozen products are on the 2nd place (29%) [7.]

¹ fast moving consumer goods

Table 2 . The change of the market share of some private labels groups

Private labels groups	2006. first half	2007. second half
Pet food	41	43
Frozen products	29	32
Milk- and meat-products	19	21
Hot drinks	7	8
Household paper	38	40
Hair-care	5	5
Detergents	6	7
All, average	17	18

Source: AC Nielsen

The GfK analysed the increasing of private labels. They found it in the following goods: margarine, cooking oil, desiccated soup, stock-cube, spice, ketchup, corn-flakes and muesli. The researcher discerned decreasing in: chocolate, mineral water and hygienic products. There are also a few product-categories without private label: e.g.: beer [8.].

The GfK two annually makes a survey about the culinary customs (Table3.), recently in 2007. We know from the study, that the most important expectation opposite the foods is the quality and the price-value proportion [9.].

Table 3. The average points of the difficult factors (1: really not important, 5: really important)

Factors	All	Men	Women
Quality	4,6	4,6	4,6
Price-value proportion	4,4	4,3	4,4
Hungarian product	3,8	3,8	3,8
Product without admixture	3,6	3,4	3,8
Cheapness	3,5	3,5	3,7
Brand	3,4	3,4	3,4
Environmentally packaging	3,1	2,9	3,3
Low fat-contain	2,7	2,4	3,1
Low carbohydrate-contain	2,6	2,2	2,8
Low calorie -contain	2,5	2,2	2,7
Design	2,5	2,5	2,7
Bio-product	2,3	2,1	2,4
Foreigner product	1,8	1,8	1,9

Source: GfK Hungary, 2007

4. CONCLUSIONS

After the analysis of the data obtained from the secondary research we can deduct the undermentioned inferences:

- ✚ The private label products are on a sign everywhere, particularly in Europe.
- ✚ In Hungary these products show growing tendency.
- ✚ The most favourite product-groups are: pet food, frozen products.
- ✚ The customers know what they may count on in connection with private labels.

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