THE MODERN COMMERCE IN ROMANIA

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Abstract: The big stores' networks preferred so far to independently develop, and this thing will change at the same time with the development of the big dimension commercial centers that started appearing in Romania too, with serious extension perspectives. Another aspect that contributes to this tendency is also the fact that the plots of land are more and more hard to find and at huge prices when compared to those on the more developed markets in the west too, so that the renting of the locations will be a strategy more and more adopted in the extension of the retail networks on the local market.

Keywords: The modern commerce, retail market, hypermarket, supermarket, discount and cash and carry

The modern commerce comes off through the agency of the stores with considerable commercial surfaces and more and more bigger as in the case of the stores of the type hypermarket, supermarket, discount and cash and carry that are the places where the population prefer to do the shopping at the present time.

The hypermarket is a type of store invented in France, in 1963, by the firm Carrefour, being a of sale point that individualizes itself, essentially, through :

- the surface for sale is of over 2.500 mp;
- the size of the assortment of merchandise : between 25 and 50 thousands references, of which 4000 from the food sector;
- the public food sector present with three rooms of consumption : restaurant, home town buffet (cafeteria), snack bar;
- the presence of all departments, even of those that practice the sale through the agency of salesmen (meat, salami and sausages, cheese, vegetables-fruit), in the help-yourselves flux;
- a cash register (at the exit from the help-yourselves flux) for every 200 mp of sale surface;
- the construction on a single level;
- the settlement, usually, at the periphery of the town;
- the availability of a large parking area (1200 parking places on an average).

In the last few years, the hypermarkets consolidated their " locomotive " role in the commercial centers where there are specialized dealers and service bidders. Thus, for example, in a period of 30 years, in France the hypermarket became the most dynamic form of commerce, getting to represent almost 21% of the total sales through en detail commerce. This spectacular dynamic of the hypermarkets was also sustained through the opening, outside France, of numerous of sale unities of French origin. Other European countries know, sometimes under other forms, the " hypermarket " phenomenon, starting from 1000 mp, like for example, “Verbraucher Market “ in Germany.

The increase of the market rate of the hypermarkets is accompanied by a mutation of the concept, characterized through two evolutions :

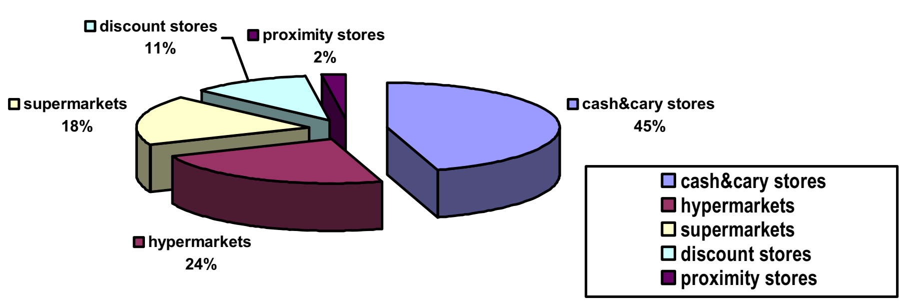
- a pronounced bipolarization of the typo dimensions of the store : big hypermarkets of over 8000 mp (Carrefour, Auchan), considered the most profitable, but with a less rapid evolution because of the lack of the settlement availabilities; small hypermarkets, of up to 5000 mp (Leclerc, Intermarche); the last ones are often obtained through the transformation of the supermarkets and have a weight of the nonfood sector sufficiently reduced;
- a qualitative amelioration of the offer : in order to satisfy the consumers’ needs, that are more and more hard to please, the hypermarkets have the tendency to extend their offers with new products, with services set in the very vicinity, multiplying its efforts in order to make the purchase cadre agreeable. Anyway, the discount prices remain the major axis of the commercial politic of the hypermarket.

Even though, in the last few years, in Romania too, we assist to a real avalanche of supermarkets and hypermarkets, the traditional commerce continues to hold the majoritar weight, of 71%, as compared to the 29% registered, at the present time, by the retail segment. This fact is also due to the fact that Romanians, like the British people, still like to chaffer and is very attentive that the product they are buying deserves the money it consumes in order to be purchased.

The specialists in this domain appreciate that until 2010, the weight of the modern commerce will increase up to 50%, its value reaching the threshold of 100 milliards euros. To the national level, the modern commerce represented 29% from the total, in 2006, percent really inferior to Poland where a 57% weight of the modern commerce overall was registered. At the same time is also remarked that at the level of the Romanian capital, in 2006, was concentrated over 60% of the modern commerce developed at the level of the whole country.

Staying at last year’s level, a structure of the Romanian retail market can be realized and was presented as in the figure below :

Figure no.1 The structure of the Romanian retail market in 2006



As can be observed in the figure above, the structure of the Romanian retail market was last year made up of cash & carry stores (with a 45,2% rate), hypermarkets (23,5%), supermarkets (18,1%), discount stores (11%) and proximity stores (2,2%).

The market of the hypermarket type stores experienced a spectacular evolution in the province towns, fact materialized in 2006 in a percent of 50% from the total number of the hypermarkets, as compared to 20%, the rest being found in Bucharest.

The big stores' networks preferred so far to independently develop, and this thing will change at the same time with the development of the big dimension commercial centers that started appearing in Romania too, with serious extension perspectives. Another aspect that contributes to this tendency is also the fact that the plots of land are more and more hard to find and at huge prices when compared to those on the more developed markets in the west too, so that the renting of the locations will be a strategy more and more adopted in the extension of the retail networks on the local market.

Is well known that in Romania finding plots of land becomes a big problem because of the juridical complications and of the claims. At the same time, their prices considerably increased, reality followed by the construction costs' increase too. Another obstacle in the way of modern commerce's development materialized in the huge commercial surfaces, is also the precarious state of agriculture that needs a rapid development. This aspect has negative repercussions in the supply with fresh aliments, the Romanian producers being in the impossibility of offering on time and in the required quantities such products.

From the analyses realized in Romania, specialists got to the conclusion that the Romanian market can absorb all types of commerce, but the retail campaigns must adapt their strategies to the local level, because there are big differences between the consumption from Bucharest and the one in the province. The consumers that allot the biggest amount of money to the purchases from big surface stores are the inhabitants of Bucharest, followed by the ones from the west zone of the country and from Transylvania, on the last places being situated the inhabitants of the south and south-west zones.

The retail is less than 50% from the savings' grade. We shouldn't associate the development of this sector only with the increase of the consumption, it will develop and maturate in the context of a market that develops and maturates. The increase of the medium salary is also estimated and this will significantly contribute to the development of this type of commerce.(500 euros in Romania, at the horizon of 2015)

The modern commerce development will be based on the extension of the hypermarkets in the following years , and of the discount stores also, that practice a reduced prices' politic. The networks of discount stores will totalize a number of 200 stores at the end of next year and will get to a rate of 10% of the large consumption goods retail, as the specialized studies realized by authorized in this respect organizations show.

Instead, the cash & carry stores, another form of the modern commerce, will register a downturn of the market rate to almost 10% next year, mainly because of the stagnation of the number of stores.

The modern commerce centers swallow, on an average, 570 Ron from the citizen's salaries every month. The towns with over 200.000 inhabitants represent a real Mecca for the modern commerce centers.

The stores of the type hypermarket, supermarket, discount and cash & carry are the places where the Romanians spend a big part of their salaries.

According to Shopper's Trend rapport, realized by ACNielsen Romania, in the urban medium are spent, on an average, 571 Ron monthly for the purchases from these centers. The inhabitants of the capital are even more inclined to this type of purchases. They leave at the cash registers over 600 lei monthly. From these amounts of money, a minimum salary is allotted only to the fresh products segment that swallows 320 lei monthly.

In a survey realized in what concerns the locations from which the Romanians get their supplies, they got to the following conclusion presented in the figure below :

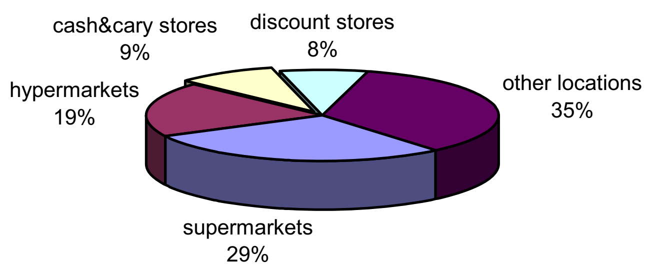


Figure no.2 The weight of the locations where the Romanians make their shopping

According to ACNielsen company, only a quarter of the inhabitants of Bucharest appeal to the traditional centers of commerce, like the markets. The weight is somehow higher at the level of the big Romanian cities, getting to 37%. The competition between the modern and the traditional commerce is still ardent enough, especially in the alimentary sector.

The only domain where the hypermarkets and supermarkets are considerably left behind is the one of the vegetables and fresh fruit sale. More than a half of the consumers buy these products from the markets, as compared with 20% of the buyers that prefer to get them directly from the hypermarket or supermarket.

In the top of the choice of either one or the other brand, the buyers often get their bearings depending on three basic criteria, mainly the Romanians chose to go to a store :

- if this one has all the products they need;
- if it is always well provided;
- if it offers a good quality-price rapport and attractive promotions.

At the other end, contrary to what was said above, the prolonged program, the facility of finding a parking place are among the less relevant aspects approached by the Romanians.

In what concerns the top of the most powerful players of the Romanian modern commerce can be said that on the first place in 2006 was situated the group Metro –

with 1,8 milliards euros and a market rate of 35%, followed by the group Rewe – with 1,2 milliards euros and a rate of 24% and by Carrefour – with 607 millions euros and a rate of 12%. Taking into account the optimistic previsions that consider the modern commerce in 2010 as holding 50% of the commerce's total, the big players on the market will continue to aggressively develop to the neighborhood stores and small boutiques' detriment, carrying an acerb struggle to gain their customers. At the same time, the modern stores will continue their acquisitions and fusions.

The modern forms of commerce have way bigger weights in the other European countries, as compared to Romania, thing that leaves a big swap margin to the autochthon market players. For example, in France, the modern commerce weight was of 96% in 2006, in Poland – 57%, in Greece – of 50% and in Turkey – of 51%. In Bucharest, the modern commerce's weight got to 60% in 2006, as compared to 49% in 2005, but the capital is still an attractive market, not at all saturated.

If in France there is a supermarket, a hypermarket or discounter to circa 5.638 inhabitants, in Romania we have such a store to 52.100 inhabitants – also explained the representative of Carrefour.

The big retailers took into consideration more strong points of the autochthon market when they invested in Romania or when they planned their extension. Thus, the Romanians are fascinated by shopping in the modern stores, which they consider the most attractive forms of commerce. The clients of the big networks are receptive to the new and the benefits that shopping in supermarkets and hypermarkets bring.

The main opportunities of the retail market are – in Carrefour's vision – the existence of some regions still uncovered by the modern commerce, the continuous increase of the Romanians' incomes (translated in the increase of the power of purchase) and the impositions of some quality standards in commerce by the European Union.

Romania is situated on the eighth position in the expansion preference of the retailers, while Russia holds the first place, followed by Czech Republic, as a research rapport of the Cushman & Wakefield real company shows. The main international retail groups present in Romania are Metro, Rewe, Carrefour, Auchan, Lidl&Schwarz, Louise Delhaize, Spar and Tengelmann.

Considering the things told above, we can conclude that Romania is a market still unsaturated in what concerns the big commercial surfaces that know a veritable success in the buyers' preferences. The big investments in this domain come to sustain this opinion too.

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