

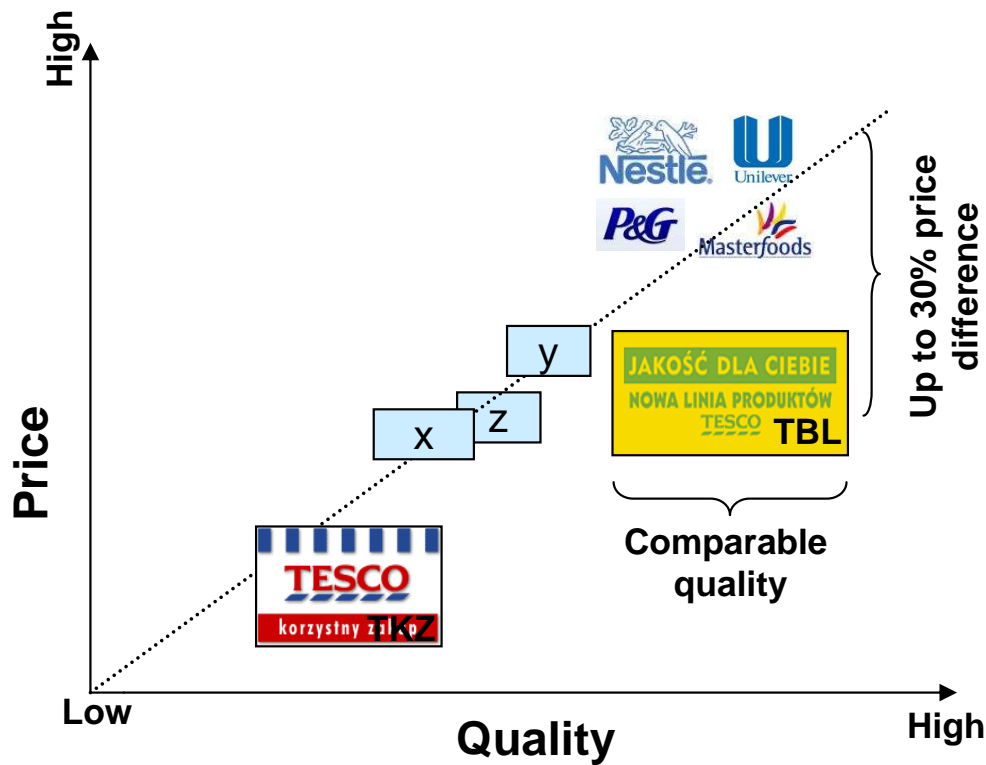
RETAIL MARKET IN POLAND : TESCO – PRIVAT LABEL ARCHITECTURE

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TESCO INTRODUCED A TWO-TIER „STORE BRAND” PRIVATE LABEL SCHEME WITH TKZ LOW-END BRAND AND TBL-QUALITY PRODUCT LINE

Positioning of private label brands



Description

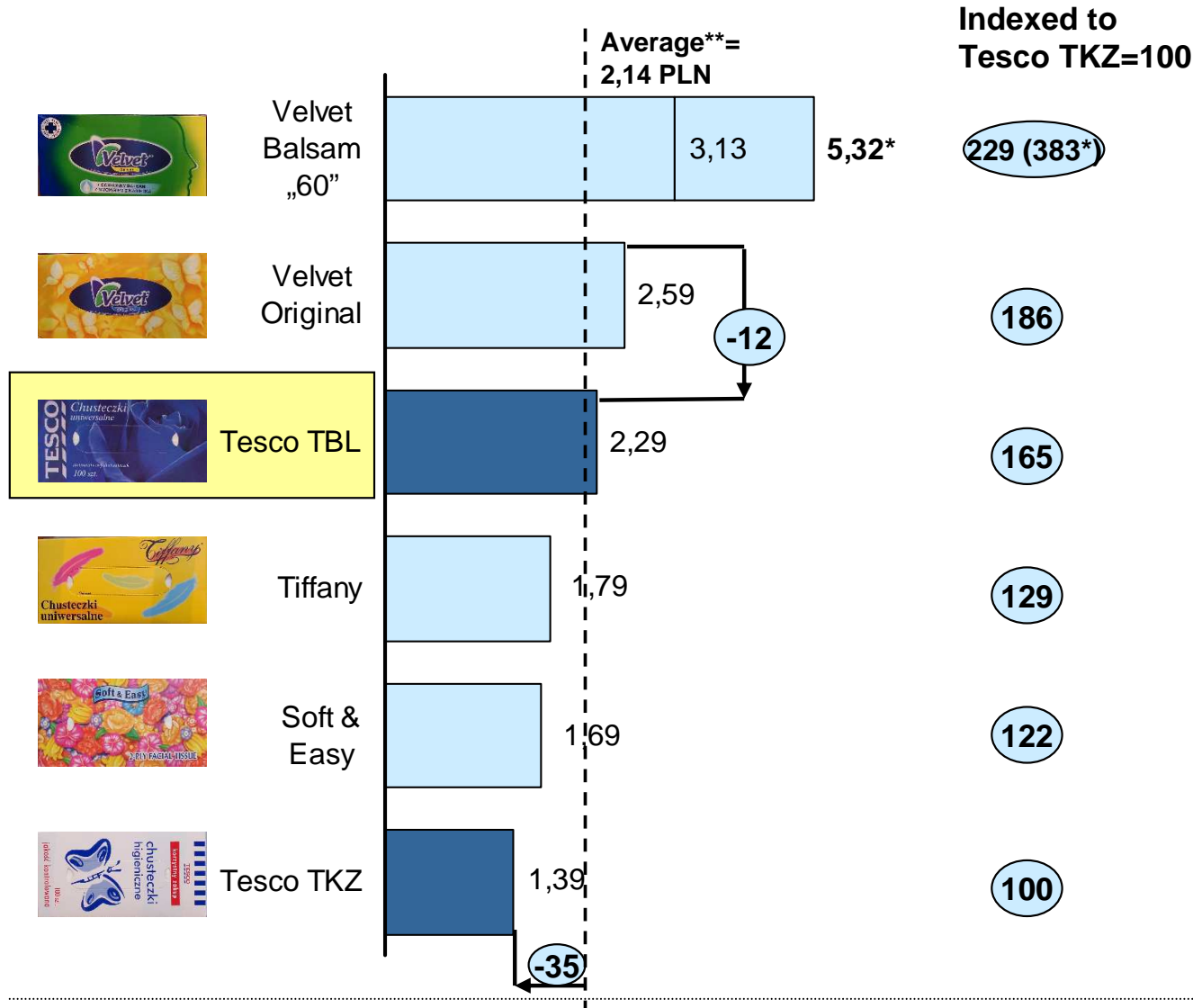
Type	# SKUs	Key elements
TBL	• 2000	<ul style="list-style-type: none"> • High quality comparable with branded goods • Price below quality branded goods (up to 30% discount depending on category)
TKZ	• 900	<ul style="list-style-type: none"> • Lowest price in category • Simple design

Private label brands make sill only ~7% of the assortment assuming the total 45,000 SKUs at Tesco

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WHILE THE KEY BUYING FACTOR OF TKZ IS PRICE, TBL'S BENEFITS ARE NOT THAT OBVIOUS AS...

Prices of two-ply facial tissue in a pop-up box



- TKZ product cheapest in its category and priced far below the average
- TBL product competing directly with category leaders
- Relatively big competition of 2nd league brands
- Price benefit of TBL vs. leading brand - only 12%

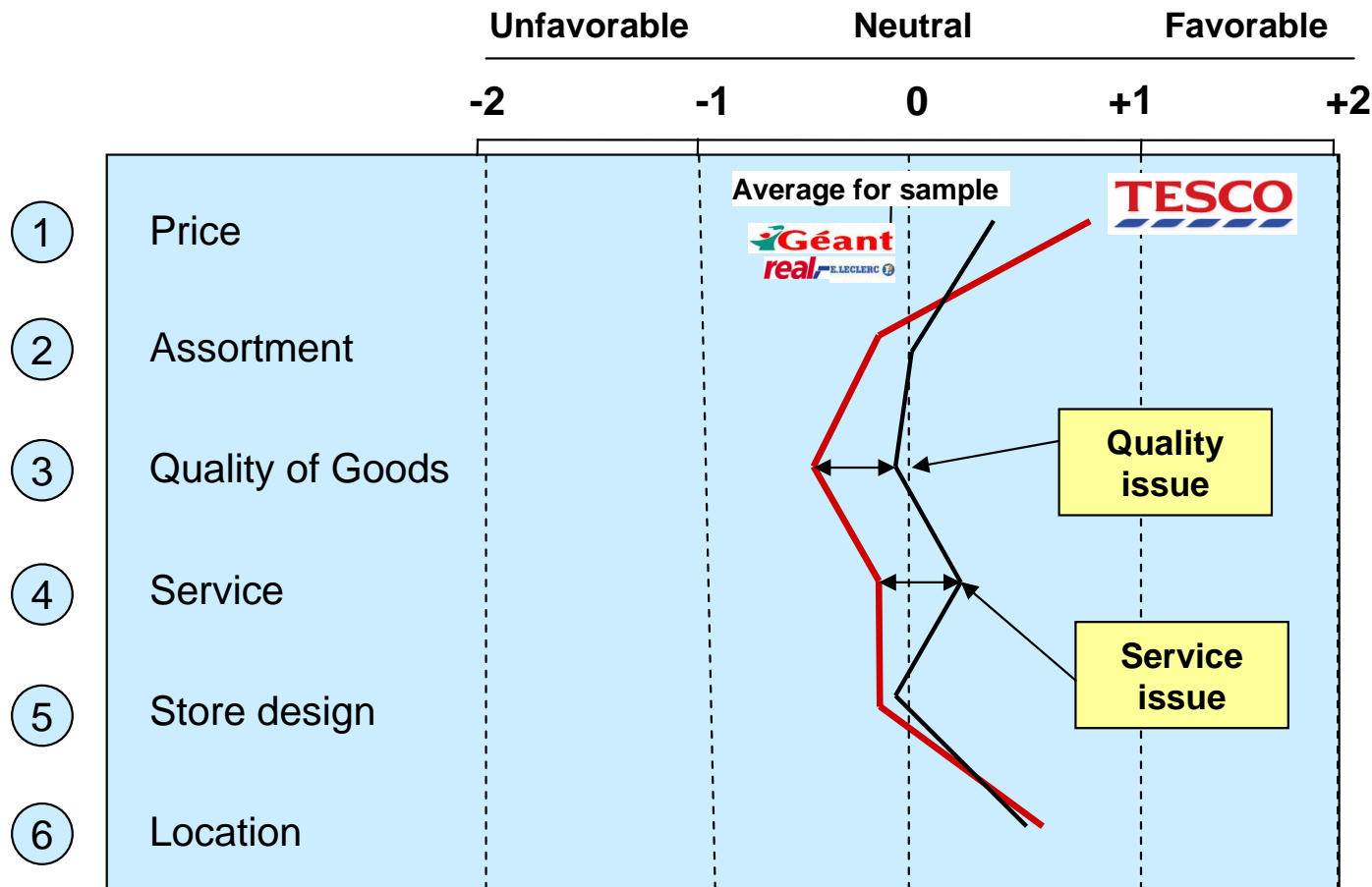
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** average for 6 major types in the category
 * Product sold in a 60' package – recalculated to 100 pcs.
 Source: Intelace Research

...CLIENTS ASSOCIATE TESCO WITH LOW PRICES BUT NOT NECESSARILY WITH THE HIGHEST QUALITY AND SERVICE

Sample from Warsaw

Shoppers perception*, October 2005



- „Low price” perception is a clear competitive advantage of Tesco
- Perception of low quality and unsatisfactory service level are still areas with most improvement potential

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* Question asked: How do you perceive: price level in the store, assortment breadth etc

AND WHAT DO CLIENTS SAY ON TESCO ?

THEY APPRECIATE....

„Prices here are quite low”

„The choice in the hardware section is good”

„This store is not far away from the center like other hypermarkets”

„They sell cheap stuff”



THEY ARE ANGRY WITH....

„They do not care much about clients – often unfriendly personnel and queues”

„To little products of good quality”

„The choice here is not great”

„Often it's quite dirty here, they do not care about hygiene much and this nasty smell at some stands is annoying”

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THE END

On this report

This report has been prepared using publicly available sources including: press publications, industry magazines, directories, financial databases, expert opinions and a part of „2005 shopper research” performed by Intelace Research.

It has been made independently of any company mentioned in it or of any other third party. Views presented in this report reflect solely independent and unbiased opinion of Intelace Research and the author.

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Our company is specializing in value-added research services and tailored business intelligence solutions.

Through our customized research services we help our clients to better understand their consumers, competitors and overall market dynamics.

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