FROM BEIJING TO BUDAPEST:

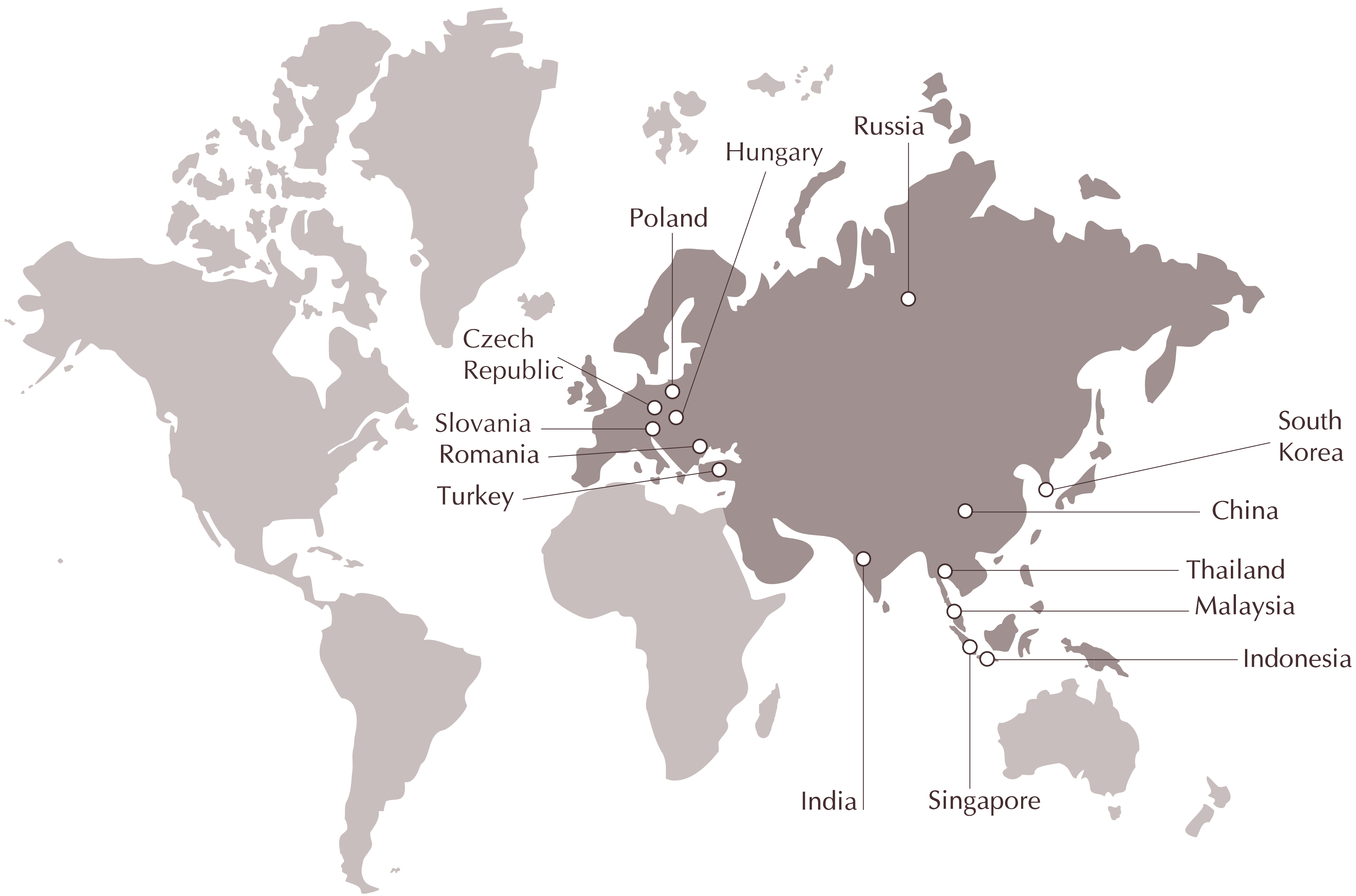
New Retail & Consumer Growth Patterns In Transitional Economies*

2004/2005

3rd Edition

*connectedthinking

PRICEWATERHOUSECOOPERS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Foreword

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The following PricewaterhouseCoopers thought leadership study is the 3rd edition of an important regional research project started in 2002. It is also a challenging regional assignment, which has flourished within the framework of "Brand Growth", one of PricewaterhouseCoopers' three main Retail & Consumer industry priorities.

Objectives

The study seeks to provide a broad picture of the economic, social and cultural background to fourteen different countries from the Asia and Central & Eastern European regions, as well as highlighting the challenges and opportunities for retail and consumer goods companies wishing to - or already investing there.

Scope

The study covers a market of nearly half of the world's population, living in the economies with the highest growth potential, from Beijing to Budapest:

In Asia:
China, India, Indonesia, Korea (South), Malaysia, Singapore and Thailand

In Central & Eastern Europe:
Czech Republic, Hungary, Poland, Romania, Russia, Slovenia and Turkey

Take aways

The expected take aways of the study are to:

- provide a multi-cultural approach, outlining the specificities of each country in both regions;
- provide information and insights on the demographic, economic and industry trends in each country;
- identify investment opportunities, as well as key consumer targets and winning retail formats in both regions;
- share prospective insights on the retail & consumer sector evolution in both regions.

Methodology

The retail & consumer sector as analysed in the study comprises the following information:

- distribution activities (wholesalers, distributors, retailers);
- suppliers of consumer packaged goods (CPG);
- multinational, regional and local players from both activities;
- food and non-food, ie:
  - for retailers: convenience stores, department stores, supermarkets, hypermarkets, supercentres, specialty retailers (apparel, Do It Yourself, drugs, electricals, homegoods, etc), and on-line retailers;
  - for CPG companies: food, beverage, tobacco, consumer products, household and personal products and luxury goods.

Several abbreviations have been used throughout the report, which are listed in the appendices (page **191**).

The survey was conducted in the fourteen selected countries between April and July 2004, using a generic template. The template was structured around three main investigation topics:

1. Economic overview and regulatory environment;
2. Demographics and consumer behavior;
3. Retail & consumer goods sector: performance, challenges, opportunities and emerging trends

The output consists of a series of country reports / case studies which make up a great part of the study. These reports are structured according to the original template. They aim at providing a relatively objective picture of the retail & consumer structure and market potential in each country, from a local perspective, while ensuring consistency of information from one country to another.

Sources

The survey was completed by PricewaterhouseCoopers local offices in each of the fourteen countries. Complementary research was made using international financial or economic institutions (World Bank, OECD, IMF), national statistical offices as well as economic and industry intelligence services (Economist Intelligence Unit, the World Bank Group). Note that slight discordance in figures may be observed sometimes between the country reports and the executive summary. This is due to the use of different sources. An exhaustive list of all sources used is available in the appendices (page **192-194**).

Currencies

Within the country reports, key figures and sales turnover have been provided in local currencies, together with an indicative conversion rate in USD and Euro as at June 30, 2004. A conversion table for all fourteen countries is available in the appendices (page **192**).