



Food and beverage to the Czech Republic.

Trends and opportunities

The market

The Czech Republic has a population of just over 10 million and around 103 million tourists each year. High levels of tourism, foreign investment and the restructuring of the food retail sector have meant that the variety, quality and display of foods in shops and restaurants are similar to that in Western Europe. Lifestyle and eating habits have changed significantly in the last decade or so.

Meat

The traditional Czech diet is very meat orientated, with an average per capita consumption of around 85kg. About half of all meat consumed is pork, with beef and poultry sharing the remainder. Trends towards healthy eating and the increased consumption of fruit and vegetables mean that meat volumes are not likely to increase dramatically.

Dairy

Dairy products are covered under a reduced-rate quota system, and can be expensive to import. Again, this sector has been affected by changes in consumption patterns, with butter, full fat milk and cheese being replaced by margarine and lower fat alternatives by most Czechs. There are Australian exports of cheddar and mozzarella cheese for further processing.

Seafood

Being a land-locked nation, the Czechs are not major fish consumers. However, freshwater fish such as carp and trout are popular traditional dishes. Increases in spending power, improved distribution and high-spending tourists have pushed demand for seafood. Although cheaper fish is imported in bulk, there is significant demand for salmon, lobster and other high-value products.

Supermarkets and hypermarkets offer a good variety of fresh or chilled fish; there are also special deli shops with higher end prices.

Most of the seafood is imported from Norway and it is difficult for Australian companies to be price competitive.

Fruits, vegetables and nuts

From having a mainly meat-based diet, the current preference is for lighter and healthier meals. This means that consumption of fruits and vegetables has increased and is likely to continue to grow. However, potatoes continue to be the most important vegetable.

Australia's shipments of fresh produce are a very small part of the imports. The Czech Republic has good growing conditions and is able to supply a wide range of produce. Counter-seasonal supply and tropical varieties are not yet established sectors, but these areas are expected to grow slowly and could be an opportunity for Australian suppliers in the future.

Nuts are not grown in quantity and price competition from European suppliers is likely to be an issue.

Processed foods

As in other European countries, increasing numbers of single households, childless couples, more women in the workplace, and more leisure activities are driving demand for new foods. This typical 'cash-rich-time-poor' scenario increases demand for convenience foods, healthy eating and gourmet foods.

The range of ready-made meals, cooking sauces, snacks and ethnic foods available in the Czech Republic is similar to that of many other European countries. Both Czech and international brands are available in the main supermarkets, which are mostly owned by European retailers. The retailers have brought with them category management techniques and the stores are similar in look and offering to their counterparts outside of the Czech Republic.

Price is still the most important purchasing factor. Private label (own brand) products are available, mainly at the 'economy' end of the product offering.

Wine

The Czechs have been wine producers for centuries. The country produces around 50 million litres, and production is increasing annually. Per capita consumption levels are also increasing, and are now around 16 litres per annum. White wines are marginally more popular than red.

Several Australian wine companies are already active in the Czech Republic, including some well-known brands. The cheapest of these wines are sold in supermarkets and hypermarkets for prices ranging from A\$16 to A\$26. The top end is distributed through specialised wine shops, boutiques, top restaurants and hotels.

Consumption of Australian wine has been growing significantly not only in Prague, but also in other Czech cities outside the main tourist regions.

(Source: World Trade Atlas, Czech Ministry of Agriculture)

Opportunities

In the Czech Republic, the following products are opportunities in the food and beverage sector:

- ✍ Meat – beef, beef tripe, veal, lamb, kangaroo and poultry
- ✍ Dairy products and cheese (cheese for further processing)
- ✍ Seafood – opportunities exist for added value frozen seafood and specialities for gastronomy
- ✍ Counter-seasonal and exotic fruits
- ✍ Vegetables and nuts – for retail sale and further processing.
- ✍ Health foods, especially health snacks
- ✍ Organic food
- ✍ Convenience foods
- ✍ Luxury goods
- ✍ Wines – lower to middle end wine both in bottles and casks

Competitive environment

The **food retail sector** in the Czech Republic has changed from having a large number of small and specialist suppliers, to over 70 per cent of sales being **controlled by (mainly foreign-owned) supermarkets and hypermarkets**.

The Czech Republic is the **major recipient of foreign direct investment** (FDI) in Central and Eastern Europe. Food processing companies are an important part of the Czech economy, accounting for around one-fifth of industrial output.

Many foreign companies have bought into or built in the Czech Republic including Nestle, Danone, Unilever, Tesco and Ahold, with many recognisable international brands on high streets and in the stores.

Around 50 per cent of wines consumed are imported, and imports from the New World are growing faster than traditional suppliers such as Slovakia, Hungary, Italy and France. Chile and South Africa are the main suppliers, with Australia and USA both shipping around A\$150,000, although Australia's growth is faster. Rapid and steady growth was due to the imports of red bulk wine.

More information

For further information please contact Austrade on 13 28 78 or email info@austrade.gov.au

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