

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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HRI Sector Report

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Food Service - Hotel Restaurant Institutional

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Report Highlights:

The Czech Republic welcomes annually over 26 million tourists, out of which 8 million stay in hotels and bed and breakfasts. The biggest attraction is the capital city Prague. Most tourists come from Germany, the U.S., and Slovakia. There are several U.S. hotel chains, restaurants chains and one big catering company. At the moment the biggest issue in the HRI sector is the proposal of legislation for electronic evidence of payments. Right now it is in the Parliament and if passed, many smaller restaurants, especially in the countryside, would go bankrupt and prices in the whole sector would go up.

General Information:

SECTION I. MARKET SUMMARY

- According to the Czech Statistical Office, the Czech Republic had almost 26 million tourists in 2014, out of which 51% came for a one day visit. Over 8 million tourists stayed overnight in hotels or bed and breakfasts.
- Most tourists are from Germany, followed by Americans and Slovaks. Year-to-year increase of tourists from these countries rose by around 15% in 2014. The fastest growing visitor segment is from China (increase of 46% in 2014), while the number of tourists from Russia has declined.
- The most popular destination is Prague. Last year over 6 million tourists visited the capital city.
- There are several U.S. hotel chains: Marriott, Hilton, Clarion, Best Western, Ramada and others. Most of them are located in Prague, others in larger cities. Throughout the country there are U.S. fast food chains such as McDonald’s, KFC, Burger King. In Prague and larger cities there are Starbucks coffee shops.
- Czechs visit restaurants on two occasions. One is at noon for lunch and the second one is to celebrate something or go out with friends. Traditionally Czechs eat the biggest meal of the day at noon and people working in cities go to restaurants for lunches on a daily basis and pay with meal coupons that most companies offer as a fringe benefit. For this purpose almost all restaurants offer daily menus, which cost around 100 CZK (U.S. \$ 4-5). A more detailed description of restaurants is in section III.

Source: Czech Statistical Office, FAS Prague

No. of Foodservice outlets in the Czech Republic based on location in 2010-2014:

	2010	2011	2012	2013	2014
Independent foodservice outlets	25,611	25,055	24,523	24,227	23,922
Foodservice outlets connected to leisure	1,634	1,669	1,688	1,694	1,701
Foodservice outlets in retail	3,170	3,235	3,268	3,312	3,336
Foodservice outlets in hotels, other accommodation	4,983	4,942	4,928	4,924	4,924
Foodservice outlets connected to travel	2,828	2,838	2,795	2,825	2,852

Foodservice – total number of outlets	38,226	37,739	37,202	36,982	36,735
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Source: Euromonitor

The table above lists the number of foodservice outlets based on location. Independent outlets include individual restaurants in cities or villages. Outlets connected to leisure include bars, bistros e.g. in a skiing resort, by swimming pools etc. Outlets in retail are based in retail centers, those connected to lodging include restaurants in hotels and types of accommodation and outlets connected to travel are restaurants, bistros and bars at train stations, bus stations etc.

Proposal of new legislation for the HRI sector

On 4 June 2015 the Czech Government proposed the draft No. 513 legislation on electronic evidence of revenue to the Parliament (the “Bill”). Under the Bill, businesses’ cash revenue shall be registered at the time of payment in the central data storage of the financial office. After registration, a unique code shall be generated and sent back to the entrepreneur to be printed on the receipt. Direct debit payments are excluded from such registration. If the Bill passes in its current form, it will impose a duty on every seller or service provider to buy electronic cash registers, connect to a cash register network and send information about each transaction to the respective local financial office. As compensation, an amount of CZK 5000 (U.S. \$210) would be provided to businesses and the rate of VAT for restaurant food would be reduced from 21% to 15%. The Bill, inspired by the Croatian system, should come into force by July 2016.

The Czech government expects to raise approximately 12 billion CZK (U.S. \$500 million) from the services sector which may enable it to avoid raising tax rates in future. However, the Bill has been criticized by legal experts as ambiguous and lacking even a basic knowledge about business. Moreover, entrepreneurs in the hotel and restaurants sector fear the Bill will liquidate many small entrepreneurs due to the costs of new software and equipment. They propose a reform of the policy of the state financial administration rather than the imposition of such obligations on private companies and individual entrepreneurs.

According to an HRI source, if the Bill is passed, many restaurants will bankrupt (up to one third of the restaurants throughout the country), because at the moment they operate partly in the shadow economy (e.g. they pay low official wages to their staff and then pay them extra off back, which is not taxed). Prices in restaurants will increase to western european levels and beer will no longer be “cheaper than water” anymore. Lunch menus for 70-100 CZK (U.S. \$3.50-4.50) will increase to 150-200 CZK (U.S. \$ 6.50 – 8.50) and less people will be willing to pay the increased prices.

SECTION II. ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

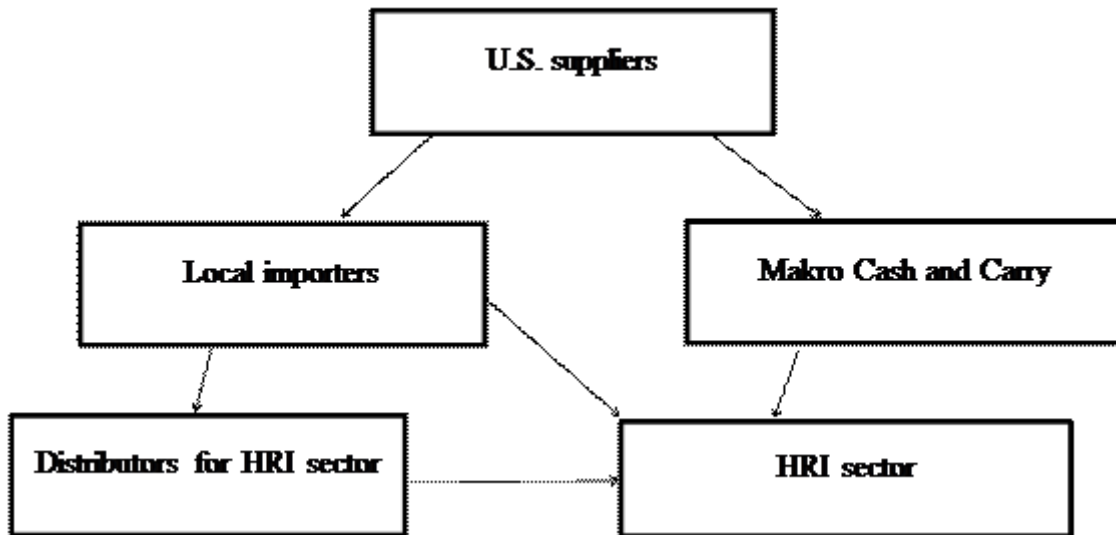
- Hotels and restaurants purchase food from large importers or wholesalers. The smaller operators buy food products at Makro Cash & Carry.

- U.S. companies should search for a local partner when attempting to penetrate the Czech market. A local partner is crucial to manage the complex legal framework and navigate local business practices (especially pricing and competition).
- U.S. companies must comply with EU regulations for distribution of products on the EU market. Much information is available at the FAS office in Brussels: <http://www.usda-eu.org/>.
- U.S. companies seeking to export to the Czech Republic should read FAS reports on the market (<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>) and contact the FAS Prague office for assistance, e.g. lists of importers and processors.
- There is an annual trade show on tourism taking place each February in Prague www.holidayworld.cz/en.html

A. *MARKET STRUCTURE*

- The majority of U.S. food ingredients are imported through European importers/distributors. Very few products are imported directly due to low volumes with high transportation costs.
- Importers, especially the large ones, are also distributors and sell directly to the HRI sector. Smaller importers sell U.S. products to wholesalers and distributors that supply restaurants and hotels.
- There is Makro Cash and Carry in the Czech Republic that is the largest supplier to the HRI sector, especially the smaller independently operated outlets.
- Besides Makro, specialized wholesalers distribute products to the hotel and restaurant sector, e.g. Bidvest (frozen products), CIPA (frozen products), Fany Gastro, Ceroz (fresh produce),

Hortim (fresh produce), etc. Importers are highly specialized and focus on particular product groups.



A. *SUB-SECTOR PROFILES*

1. **Hotels and Resorts**

- According to Arthur Andersen, the international hotel chains operate around 40% of 4 star and 5 star hotels in Prague, which represents about 2/3 of the total number of rooms and hotels those

categories. These chains are Bass H&R, Vienna Int., Marriott Int., Best Western, Austria Hotels and Accor. Some of the chains operate hotels by franchising.

U.S. Hotels in the CR	Location	U.S. Owner
Prague Marriott Hotel	Prague	Marriott International, Inc.,
Clarion Congress Hotel Prague	Prague	Choice Hotels International known as the Clarion brand, represented by a hotel group CPI Hotels
Clarion Hotel Prague Old Town	Prague	Choice Hotels International known as the Clarion brand, represented by a hotel group CPI Hotels
Clarion Hotel Prague City	Prague	Choice Hotels International known as the Clarion brand, represented by a hotel group CPI Hotels
Clarion Congress Hotel České Budějovice	Ceske Budejovice	Choice Hotels International known as the Clarion brand, represented by a hotel group CPI Hotels
Clarion Grandhotel Zlatý Lev Liberec	Liberec	Choice Hotels International known as the Clarion brand, represented by a hotel group CPI Hotels
Clarion Congress Hotel Olomouc	Olomouc	Choice Hotels International known as the Clarion brand, represented by a hotel group CPI Hotels
Clarion Congress Hotel Ostrava	Ostrava	Choice Hotels International known as the Clarion brand, represented by a hotel group CPI Hotels
Clarion Hotel Špindlerův Mlýn	Spindleruv Mlyn	Choice Hotels International known as the Clarion brand, represented by a hotel group CPI Hotels
Clarion Congress Hotel Ústí nad Labem	Usti nad Labem	Choice Hotels International known as the Clarion brand, represented by a hotel group CPI Hotels
BEST WESTERN PREMIER Hotel International	Brno	Best Western International
BEST WESTERN Hotel Vista	Ostrava	Best Western International
BEST WESTERN PLUS Hotel Meteor Plaza	Prague	Best Western International
BEST WESTERN City Hotel Moran	Prague	Best Western International
BEST WESTERN Hotel Kinsky Garden	Prague	Best Western International
BEST WESTERN Hotel Pav	Prague	Best Western International
BEST WESTERN Amedia Praha	Prague	Best Western International
Hilton Prague	Prague	Hilton Worldwide Holdings
Hilton Prague Old Town	Prague	Hilton Worldwide Holdings
Park Inn Prague	Prague	Carlson Rezidor Hotel Group
Park Inn by Radisson Hotel Ostrava	Ostrava	Carlson Rezidor Hotel Group
Radisson Blu Alcron Hotel	Prague	Carlson Rezidor Hotel Group
Sheraton Prague Charles	Prague	Starwood Hotels & Resorts Worldwide

Square Hotel		
Augustine, a Luxury Collection Hotel	Prague	Starwood Hotels & Resorts Worldwide
Ramada Prague City Centre	Prague	Wyndham Worldwide Corporation (Ramada brand)
Ramada Airport Hotel Prague	Prague	Wyndham Worldwide Corporation (Ramada brand)

Source: FCS

Top hotels in the Czech Republic	Location	Turnover in 2014 in U.S. \$ million
Hilton Prague	Prague	\$52.6
Prague Marriott Hotel	Prague	\$23.8
Top Hotel Prague	Prague	\$18.7
Grand Hotel Pupp	Karlovy Vary	\$10.3

Source: FAS Prague

1. Restaurants

Full-Service Restaurants

Full-service restaurants experienced recovery in 2014, with an increase of 1% in sales. This is a result of the improved economic situation, consumers' increased preference for eating out, and from innovations and investments in foodservice. In response to growing consumer demand for higher quality services, Czech full-service restaurants invested in the improvement of their interiors and services.

In 2014 U.S. full-service restaurants were the best-performing category within full-service restaurants, due to growing interest in U.S. cuisine. In order to satisfy consumers' desires and to attract more customers, restaurants have adjusted their menus and services. For example, the chain of restaurants Butchers Grill & Pasta, run by Hacienda Mexicana, decided to reconstruct their restaurants in favor of consumers' preferences due to decreasing demand. Overall increasing consumer interest in U.S. cuisine was recorded in 2014 and Hooters followed this trend by opening its second outlet in Prague in spring 2014. In 2014 there were 65 U.S. full-service restaurants in the Czech Republic and the category registered sales growth of 8%.

Latin American restaurants were the second fastest growing category with an increase of 4% in 2014. As a result of the improving dining-out culture, pizza full-service restaurants recorded a recovery in terms of sales in 2014 as well.

Within Asian full-service restaurants, Thai and Indian cuisine continued to generate more interest in 2014 when compared to the demand for Chinese cuisine. Japanese restaurants remain popular among Czech consumers with higher incomes. In contrast, due to continuing market consolidation from previous years, the number of restaurants offering traditional Czech cuisine continued to decline. Czech consumers continued to prefer a proper, i.e. hot, sit-down experiences food, lunch during 2014. The majority of full-service restaurants offer special lunch menus and accept meal vouchers. Meal vouchers continue to be popular job benefits and Czechs continue spending them mainly at foodservice outlets.

The Czech consumer preference for non-smoking restaurants with a garden, as well as healthier and gluten-free menus, is growing. Restaurants with a garden attracted more mothers with children during

the warmer months in 2014. Czechs also enjoy Western traditions and holidays, therefore full-service restaurants started to include Valentine’s Day, Halloween, St. Patrick’s Day, Oktoberfest and Beaujolais Nouveau celebrations in their offerings and put on menu special events in order to meet increasing Czech interest in these Western customs.

In terms of both outlet numbers and value sales, 99% of full-service restaurants are operated by small local entrepreneurs while, 1% is operated on a chain basis. There were seven main chains in the Czech Republic as of 2014: Svejck Restaurant, Hard Rock Café, Ambiente, Pizza Coloseum, Hooters, TGI Friday’s and Butchers Grill and Pasta (formerly Hacienda Mexicana).

Independent full-service restaurants introduced a new emerging concept of raw food outlets. This new concept found a customer base and its popularity is increasing. For example, a raw food restaurant in Prague called Secret of Raw attracts customers with dishes such as Sunburger (banana, spinach, lemon, cashew nuts and basil) with fries from radish and cashew sauce, or mushroom pancakes with spinach and garlic, as well as pumpkin spaghetti.

The concept of casual dining expanded in 2014 when the operator of the U.S. chain Hooters opened its second outlet in Prague. Currently, there are three major players in casual dining, namely Hooters, Hard Rock Café, and TGI Friday’s. Czech consumers in general continued visiting local non-casual full-service restaurants, where they pay less for a meal. With the exception of lunches, the majority of Czechs still dine at full-service restaurants only on special occasions.

Full-Service Restaurants – Number of Units

Outlets	2011	2012	2013	2014
Asian Full-Service Restaurants	833	831	832	835
European Full-Service Restaurants	5,255	5,183	5,178	5,164
Latin American Full-Service Restaurants	86	87	92	96
U.S. Full-Service Restaurants	55	58	62	65
Pizza Full-Service Restaurants	1,094	1,090	1,091	1,090
Other Full-Service Restaurants	263	250	245	241
Full-Service Restaurants	7,587	7,500	7,500	7,491

Source: Euromonitor

Sales in Full-Service Restaurants

U.S. \$ million	2011	2012	2013	2014
Asian Full-Service Restaurants	119.29	113.79	112.39	112.01
European Full-Service Restaurants	1,460.50	1,362.07	1,365.84	1,380.41
Latin American Full-Service Restaurants	12.54	12.43	12.42	12.92
U.S. Full-Service Restaurants	8.63	14.99	15.18	16.44
Pizza Full-Service Restaurants	263.94	254.19	248.37	251.76
Other Full-Service Restaurants	41.82	40.30	40.12	41.16
Full-Service Restaurants	1,907.53	1,798.17	1,794.32	1,814.69

Source: Euromonitor

Brand Shares in Chained Full-Service Restaurants

% Value of Sales	Global Brand Owner	2011	2012	2013	2014
Svejck Restaurant	Daos Plus sro	57.1	45.2	46.0	35.1
Hard Rock Café	Hard Rock Café International Inc	-	21.8	22.5	25.8

Ambiente Restaurants	AMBI CZ sro	12.5	9.9	10.4	12.6
Pizza Colosseum	Bakare Gastroservis sro	13.6	10.6	10.8	12.0
Hooters	Hooters of America Inc	5.0	4.0	4.4	7.8
TGI Friday's	Carlson Cos Inc	4.1	3.3	3.4	3.8
Butchers Grill & Pasta	Hacienda Mexicana Group as	-	-	2.6	2.9
Hacienda Mexicana	Hacienda Mexicana Group as	4.4	3.7	-	-
Sphinx Restaurants	Sfinks Polska SA	3.3	1.4	-	-
Ambiente	Ambiente Restaurants Group	-	-	-	-
Total	Total	100.0	100.0	100.0	100.0

Source: Euromonitor

Quick Service Restaurants

In 2014 there were 2,500 quick service outlets in the Czech Republic. All the main chained quick service outlets continued to innovate in terms of seasonal offerings and menus in general. Breakfast menus were introduced a few years ago and are usually served up to 10:30-11.00hrs.

McDonald's continued to lead in fast food segment in 2014, followed by KFC. Burger outlets faced competition from chicken and bakery products outlets.

Nordsee registered the strongest growth in sales of 13% due to opening a new fourth outlet in Prague in spring 2014 as the interest of Czech consumers in fish products is growing. Since the Czech Republic is a landlocked country, Czech consumers are not used to eating seafood in large quantities and remain hesitant about seafood consumption. However, recent increasing demand for healthier lifestyles and the frequency of TV cooking shows, which became very popular and spread awareness of seafood, its preparation and consumption, helped to increase interest in seafood among Czech consumers.

All quick service chains in the Czech Republic, domestic and international players, expand through both company-owned stores and franchising. Franchising represents a growing means of Czech market penetration and/or chain expansion.

In 2013 McDonald's launched its project "Na rovinu" ("frankly") and this development continued in 2014. The main goal of the project is to improve the perception about McDonald's in terms of its brand, prices, ingredients and its offerings among Czech consumers. Advertisements could be seen in Prague and other major cities within the country, and the company also launched a webpage "narovinu.mcdonalds.cz", where customers can post questions and a special McDonald's team, consisting of seven specialists, will answer them.

Quick service chains continued establishing smaller outlets with reduced or no area for sitting not only in Prague but also in other regional or district cities within the Czech Republic. As quick service becomes saturated, operators look for new profitable locations. Smaller outlets are more appropriate to transport stations, shopping centers and smaller cities.

The majority of chained quick service operators are multinational companies that are already established in the Czech Republic and represent strong competition to domestic outlets in terms of resources for advertising and innovation.

Sales in Quick Service

U.S. \$ million	2011	2012	2013	2014
Asian Quick Service	11.52	11.16	10.86	10.64
Bakery Products Quick Service	81.45	92.04	94.30	87.09
Burger Quick Service	206.20	211.69	207.84	211.71
Chicken Quick Service	116.73	116.84	118.99	121.79

Convenience Stores Quick Service	41.77	40.65	39.95	40.61
Fish Quick Service	1.43	1.23	1.24	1.41
Ice Cream Quick Service	17.39	16.94	16.82	17.02
Pizza Quick Service	26.09	26.24	26.08	25.78
Other Quick Service	28.38	28.84	29.72	30.00
Quick Service	530.96	545.62	545.80	546.05

Source: Euromonitor

Brand Shares in Chained Quick Service

% Value of Sales	Global Brand Owner	2011	2012	2013	2014
McDonald's	McDonald's Corp	53.4	52.6	51.5	52.6
KFC	Yum! Brands Inc	23.6	22.7	23.3	24.3
Viva	OMV Tankstellen AG	4.2	3.8	3.7	3.7
Agip Piazza	ENI SpA	3.9	3.5	3.4	3.4
Paul	Holder, Groupe	1.4	2.1	2.4	2.7
Shell Select	Koninklijke Shell Groep/Royal Dutch Shell Group	3.0	2.7	2.6	2.6
Subway	Doctor's Associates Inc	1.8	1.8	1.8	1.9
Burger King	Restaurant Brands International Inc	-	-	-	1.9
Paneria	European United Bakeries of Luxembourg SA	2.4	4.4	4.6	1.8
Fornetti Cafe	Fornetti Kft	1.5	1.5	1.5	1.6
Bageterie Boulevard	Crocodile CR spol sro	0.8	1.1	1.2	1.3
Sbarro	Sbarro Inc	0.6	0.6	0.6	0.5
Nordsee	Nordsee GmbH	0.5	0.4	0.4	0.4
Wok Food	Wok Food sro	0.3	0.3	0.4	0.4
Fruitissimo Ice Cream	Advanced Retail New Benefit sro	0.3	0.3	0.3	0.4
Express Sandwich	Sandwich CR sro	0.3	0.3	0.3	0.4
Bageterie Pappata	JVL as	0.1	0.1	0.1	0.1
Pizza Mizza Express	Gastronet as	0.0	0.1	0.0	0.0
Burger King	Burger King Worldwide Inc	1.9	1.9	1.9	-
Total	Total	100.0	100.0	100.0	100.0

Source: Euromonitor

Coffee Shops/Bars

Juice/smoothie bars recorded the highest current value increase of 28% in 2014. The main reason behind this sharp increase was the merger of two segment competitors UGO Trade and Mangaloo (under the ownership of Kofola Ceskoslovensko). Chained specialist coffee shops registered the second highest current value increase of 7% in 2014. These outlets continued to benefit from higher coffee consumption, Czech consumers' interest in good quality coffee, promotional and innovative offers, intensified marketing campaigns, increasing importance of franchising and the quality of franchisees.

Specialist coffee shops are establishing themselves in the capital and regional cities across the entire country and target mainly students, business professionals and tourists with seasonal flavors and menus.

In general, even though the majority of Czechs still prefer to consume coffee at home, interest in coffee shops and cafés in the Czech Republic is growing.

The American coffee shop chain Starbucks has expanded into regional cities within the Czech Republic. After its success in opening two outlets in Ostrava, in 2014 Starbucks decided to expand further and open another outlet in Brno. Even though, most operators of chained specialist coffee shops focus their attention mainly on Prague, it is becoming saturated and operators have started penetrating other major cities in the country.

The specialist coffee shops chain with the highest number outlets within the country in 2014 was McCafé, with 50, followed by Costa Coffee with 28 and Cross Cafe with 20. On the other hand, the bars/pubs chain with the most outlets within the Czech Republic is Potrefena Husa with 29 bars, followed by Pilsner Urquell Original Restaurant and the chain Satlava, each with 22 pubs.

Sales in Coffee Shops/Bars by Category

U.S. \$ million	2011	2012	2013	2014
Bars/Pubs	1,789.24	1,668.32	1,722.32	1,675.88
Coffee shops	688.23	666.21	678.63	696.57
Juice/Smoothie Bars	7.82	7.78	7.80	10.01
Specialist Coffee Shops	49.04	53.35	55.61	59.25
Chained Coffee shops/Bars	76.24	82.15	85.16	93.79
Independent Coffee shops/Bars	2,458.09	2,313.50	2,379.20	2,347.92
Coffee shops/Bars	2,534.33	2,395.65	2,464.37	2,441.71

Source: Euromonitor

Brand Shares in Chained Coffee shops/Bars

% Value of Sales	Global Brand Owner	2011	2012	2013	2014
Potrefena Husa	Molson Coors Brewing Co	-	12.7	13.7	13.0
Starbucks	Starbucks Corp	13.1	13.2	13.3	12.8
Costa Coffee	Whitbread Plc	6.6	9.4	10.8	10.7
Tchibo	Tchibo GmbH	8.8	8.8	8.7	9.8
McCafé	McDonald's Corp	5.3	6.5	6.9	6.6
Pilsner Urquell Original Restaurant	SABMiller Plc	6.9	6.2	6.0	5.4
Cross Cafe	Cross Cafe Original sro	3.7	4.4	4.7	5.2
Fruitissimo Fresh Bar	Advanced Retail New Benefit sro	3.9	3.8	3.8	5.1
Ugo Juice Bar	Kofola CeskoSlovensko as	-	1.4	1.2	4.7
Cafe Coffee Day Emporio	Amalgamated Bean Coffee Trading Co Ltd	5.3	4.5	4.2	3.9
Coffeeshop Company	Schärf Coffeeshop GmbH	3.3	3.3	3.3	3.8
The Pub	The Pub Franchising sro	3.9	3.6	3.6	3.3
Coffee & Co	Restaurant System & Management sro	4.1	3.6	3.4	3.1
Satlava	3E Projekt as	3.0	3.6	3.0	2.9
Original Pivnice Budvarka	Budejovicky Budvar np	2.7	2.4	2.3	2.1

Cafe Infinity	Illycaffè SpA	-	2.4	2.2	2.0
Segafredo	Massimo Zanetti Beverage Group SpA	3.5	2.2	1.5	1.4
Nase Hospoda	Molson Coors Brewing Co	-	-	-	1.0
Salanda	Heineken NV	1.1	1.1	1.0	0.9
Freshland	Freshland sro	0.7	0.6	0.6	0.8
Dobra Cajovna	Spolek Milcu Cajе sro	0.7	0.6	0.6	0.6
Starobrno	Heineken NV	0.4	0.4	0.4	0.3
Gambrinus Sedmy Nebe	SABMiller Plc	0.2	0.3	0.3	0.2
Gambrinus Image Restaurant	SABMiller Plc	0.3	0.3	0.3	0.2
Mangaloo Fresh Bar	Mangaloo Fresh Bar sro	3.1	3.0	3.6	-
Gloria Jean's	Jireh International Pty Ltd	0.9	0.5	-	-
Potrefena Husa	Anheuser-Busch InBev NV	12.6	-	-	-
Illy	Illycaffè SpA	2.7	-	-	-
Ugo Juice Bar	UGO Trade sro	1.7	-	-	-
B Juicy	UGO Trade sro	0.8	-	-	-
Total	Total	100.0	100.0	100.0	100.0

Source: Euromonitor

100% Home delivery/Takeaway

The popularity of 100% home delivery/takeaway is increasing among consumers as Czechs start to enjoy the comforts of their own homes and saving time. Furthermore, with the improved purchasing power of Czech households in 2014, 100% delivery/takeaway became more affordable. In 2014 there were registered above 160 100% home delivery/takeout outlets.

In response to the increasing popularity of 100% home delivery/takeaway, operators attracted consumers with special offers in 2014. They continued to introduce special 1+1 free offers, daily discounts on certain meals, quantity discounts, happy hours and free delivery.

The majority of outlets in the Czech Republic continue to be pizza outlets. Other outlets offer Chinese, Japanese, Thai or Mediterranean and Middle Eastern food. These national cuisine chain operators target a similar customer base depending on location.

100% home delivery/takeaway is a very fragmented category with just a few companies operating chained outlets. For example, the biggest chain operator is Forty's Pizza with its six pizza stores concentrated in the eastern part of the Czech Republic. Independent operators of 100% home delivery/takeaway are well established in the market and chained operators might find category penetration uneasy due to high competition and overall barriers to entry.

Sales in 100% Home Delivery/Takeaway

U.S. \$ million	2011	2012	2013	2014
Pizza 100% Home Delivery/Takeaway	13.07	13.08	13.51	14.11
Other 100% Home Delivery/Takeaway	5.98	5.67	5.60	5.53
Chained 100% Home Delivery/Takeaway	0.92	1.01	1.31	1.39
Independent 100% Home Delivery/Takeaway	18.13	17.74	17.80	18.26
100% Home Delivery/Takeaway	19.05	18.75	19.12	19.65

Source: Euromonitor

1. Institutional

- The leading company on the market is Eurest, a member of Compass Group. Among its customers are business centers, manufacturing companies, school, healthcare facilities. On their webpage, they proudly state “we source local ingredients for our cooking” and “more than 80% of our products are sourced locally”. The remaining imported ingredients Eurest buys from local importers and distributors.
- Sodexo is another major catering company in the Czech Republic. It operates cafeterias in business centers, healthcare institutions, prisons, schools, army units and homes for the elderly. Sodexo is the leading company providing meal coupons that most companies offer as a benefit to employees.
- U.S. Company Aramark is one of the largest and most dynamic companies in the Czech Republic providing catering services, operating there since 1992. Nowadays, it operates more than 100 restaurants across the country. Apart from the common, hospital, military and corporate catering (business centers), it also provides catering for major sporting and social events.
- Besides these larger companies, there are about 20 smaller size catering firms providing foodservice for business events, cocktail parties, social events etc. These are, for example, Catering Infinito, Cool Catering, Golem, Grill Catering, Maximum Party Service, Prague Catering, Replay Dorant Catering, Zatisi Catering Group, and Intercatering. There are a few companies offering special experience, e. g. Molecular Catering that offers molecular cocktails, exotic insect catering etc.

SECTION III. COMPETITION

- In the HRI sector there is a trend towards the consumption of domestic products with the exception of high quality branded international products. E.g. “U.S. beef” is a recognized brand and trendy, higher end restaurants offer this “brand” to customers willing to pay higher price for a good quality steak.

- In the category of imported products, major competitors for U.S. suppliers include producers from the European Union (EU) for all categories, especially the neighboring countries of Poland, Slovakia, Germany, and Austria.
- The Czech Republic imports products from the third countries (besides the EU) mainly from South America, Australia, and Asia. The biggest competing factor for the U.S. products is the lower prices of products from these other countries.

Major competitors for U.S. exporters in different product categories

Product Category	Major U.S. Competitors	Market Summary
Dried fruit and nuts	Spain, Italy, Germany, Turkey, Ecuador, Iran	U.S. competitors sell nuts for lower prices. Most Czech customers are not willing to pay high prices for nuts, as they grow walnuts in their gardens.
Beef	Germany, Poland, Spain, the Netherlands, Austria, France, Argentina, Australia, Chile	U.S. beef is more expensive than from competing countries, but it is “trendy” to have U.S. beef on the menu, so high-end restaurants customers are willing to pay higher price. They also appreciate very good taste of U.S. beef.
Fish and seafood	Norway, Poland, Germany, Vietnam, Denmark, the Netherlands	Consumption of fish is still relatively low, about 5 kg/year. Czech consumers eat traditional carp at Christmas and only some consumers regularly buy sea fish and seafood. The older generation traditional prefers meat over fish.
Dried legumes (peas, lentils, and beans)	Canada, Ethiopia, Slovakia, China, Poland, the Netherlands, Turkey	The Czech Republic grows peas and imports some dried legumes that is not grown here (beans, red peas, chickpeas etc.) from other countries. U.S. competing countries offer lower prices.
Sauces, dressings and spices	EU countries, Chile, Brazil	Lower prices of domestic and European sauces. However, there is a niche demand for specialty U.S. products (mustard, sauces, dressings – especially if it is a well-known brand).
Fruit juices	Germany, Poland, Slovakia, Italy, Spain	The most popular juice is the apple juice or cider. The Czech Republic has a few juice producers that producer good quality juice from concentrate at reasonable prices. Frozen juice from Florida has been imported to the Czech Republic, but would need more market support and promotion in order to make consumers pay higher price in retail. It doesn't sell well in the HRI sector.
Wine	Italy, France, Spain, Germany, Hungary,	Most of competitors offer cheaper mid-range to upper range quality wine. U.S. low cost wines were

	Slovakia, Chile, South Africa, Australia, Portugal, Argentina, Austria, New Zealand	sold in retail, but this segment is not growing much. U.S. higher price high-end wines sold in top restaurants and to private customers are growing.
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Source: FAS Prague

Import of Consumer Oriented Products to the Czech Republic:

Country	U.S. million	
	2013	2014
World	4,633.45	4,789.28
Germany	1,204.28	1,184.72
Poland	666.26	799.51
Netherlands	536.51	541.83
Slovakia	467.39	431.82
Spain	311.50	312.82
Italy	226.83	211.06
Belgium	178.54	194.21
France	177.49	185.88
Austria	169.94	176.49
Hungary	121.23	123.22
Denmark	79.86	87.85
United Kingdom	39.97	52.20
Other Intra EU Trade	40.58	45.88
China	41.19	43.83
Greece	28.43	29.11
Turkey	26.78	28.26
Ireland	19.71	28.00
United States	25.65	23.85
Romania	16.08	21.65
Georgia	13.10	17.04
Vietnam	16.45	16.57
Brazil	17.00	15.90
Lithuania	11.99	15.65
Latvia	19.97	12.97

Source: Global Trade Atlas

SECTION IV. BEST PRODUCT PROSPECTS

The best product prospects include U.S. fresh beef, some fish and seafood, specialty products (branded products, craft beer, mustard, hot sauces, baking mixes etc.), and dried fruit and nuts.

- Beef Meat

U.S. beef enjoys an increasing popularity at high-end restaurants especially in larger cities. FAS office has held several promotions of U.S. beef with key importers (Makro, Fany Gastro) U.S. beef exports to the Czech Republic increased between 2010 and 2014 from U.S. \$300,000 to over U.S. \$3 million. This is mainly for HRI sector.

- Fish, fresh and frozen

The Czech Republic as a land-locked country, imports all its seafood. U.S. fresh and frozen fish imports increased between 2012 and 2014 from U.S. \$5.3 million to over U.S. \$9.2 million. It is both for HRI and retail sectors. Live lobster, scallops and fresh salmon during the season are for the high-end restaurants, while cheaper kinds of fish such as frozen salmon and frozen Pollock are sold in retail.

- Dried fruit and nuts, raisins

Between 2010 and 2014 U.S. exports to the Czech Republic increased from U.S. \$17.2 million to U.S. \$25.6 million. The highest demand is for U.S. almonds followed by U.S. pistachios and U.S. peanuts. U.S. pecans are also increasingly popular. All nuts are sold in retail in small packs or loose. Some nuts are used in the bakery industry for pastries (U.S. pecans). The U.S. Embassy in Prague recently held a baking contest for the best pecan pie to celebrate the U.S. Thanksgiving holiday. Over twenty bakers from hotel schools throughout the country participated in the event. The Ambassador presented awards to the winners; the highest prize included a day with a famous Czech chef.

Raisins increased in the same time period from U.S. \$2.4 million to U.S. \$4.1 million. Raisins are sold in retail in small packs and loose. The baking industry uses U.S. raisins in some pastry products.

- Wine

Import of U.S. wine has declined between 2010 and 2014 from U.S. \$2 million to less than U.S. \$1 million, due to heavy competition of cheaper wines from South American, Australia and Europe. However, there is a growing niche market for high quality higher price U.S. wines. FAS Prague organizes wine promotions with the California Wine Institute regularly. The last promotion was held in March 2015, at the Ambassador's Residence, showcasing over 100 California wineries and 500 labels. The event was attended by over 250 guests, including wine traders, importers, restaurants, sommeliers and media.

- Spirits

Import of spirits (mainly bourbon) from the U.S. increased from U.S. \$8 million in 2010 to U.S. \$14 million in 2014. The market is stable and U.S. products are increasing popular in this product category.
Source: Czech Statistical Office and FAS

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End of Report.