Serbia

Elderly most prefer to shop at independent retail outlets (IRO)

For a large number of consumers in Serbia – some 40% - the independent retail outlet is the "venue" for their major purchases. Women and people over 60 years of age are the main target groups for the retail outlets. Proximity to home or workplace remains the number one reason for such an orientation, favourable prices and range of goods carried being the other most frequently listed underlying reasons.

According to the data collected through the Shopping Monitor, a regular annual study conducted by GfK amongst a nationally representative sample of one thousand respondents in Serbia, as many as 40% of the population opt for the independent retail stores as their main, dominant places for shopping. A main, dominant place of shopping is considered to be the outlet where a person makes most of his/her food and basic foodstuffs purchases, i.e., the outlet accounting for most of the expenses regarding food and basic food-stuffs.

As is to be expected, proximity to home or workplace is listed as the main reason for such a selection. However, about half of the consumers also list favourable prices as a very important reason, which means that our consumers not only take advantage of the convenient location of such stores, but also pay great attention to the price levels.

The range of goods, i.e. the content of the shelves of such convenient stores, is equally valued. This could be taken as a compliment to the independent retail stores on their ability to make good use of what is usually quite limited space to provide such a range which brings the consumer back to these particular stores despite the considerable competitive advantages offered by major retailers.

In addition, slightly more than a quarter of our citizens cite as yet another important reason the fact that there are always nice and polite staff to welcome you in such stores. In addition to the politeness and professional attitude often found in IROs, one more distinctive characteristic that can only be achieved in such small stores is a pleasant and more intimate atmosphere, most appreciated by the regular patrons of such stores.

Our consumers are exceptionally price sensitive, particularly now at a time of crisis when their purchasing power is reduced, so that about 60% of them say they monitor the prices carefully in a number of individual retail stores while they shop and then select the outlet "featuring" the most affordable prices. The same percentage of our respondents pointed out that they buy only what they planned to buy before going shopping which leads to the conclusion that the consumers in this country, for the most part, are behaving rationally. This means that people here in Serbia no longer buy on impulse in the way they did when they did not need to count every dinar. It remains to be seen whether this tendency will become a permanent feature amongst our consumers or whether habit will tip the scale in favour of impulse buying when better times arrive.

It is women who generally shop at individual retail stores and, in terms of age, they are often over 60 years of age - as many as 40% of them. The store owners should bear in mind that elderly women are their most important customers and should adjust their offers, appearance of their stores and access to them accordingly without, of course, neglecting the target group they intend to attract. The statistical data on the demographically "aging Serbia" only underline the fact that these and, indeed, all other stores will experience a growing number of mature customers.

Although consumers are seldom willing to speak about their respective incomes, the head of the household of one third of all the consumers shopping at individual retail stores has RSD 14,000 – 24,000 a month at his/her disposal. Most consumers making their purchases in such stores live in eastern Serbia and places and settlements with a population of up to 5,000. 18% of them use the Internet, mostly to check email or to get information about daily events. Nevertheless, whether this figure is significant enough to prompt the independent retailers to take advantage of it in order to communicate with their customers remains disputable.

Based on the data obtained by the GfK's household panel, there is an obvious, although slight, decrease in the value share of the individual retail stores in 2009 compared to 2008, (from 48.3% to 46.7%) against the renowned retail chains. The share of major stores and chains is by far the largest in Belgrade and they still record the highest growth rate in the region.

Whilst the share of the privately owned, traditional stores and mini-markets in Belgrade only amounts to one-fifth, in western Serbia such outlets are in the lead, "cornering" 63% of the customers. Eastern Serbia comes second with a share of 57% in the hands of the independent retail outlets and Vojvodina is in third place with a 46% share.

Turning our focus to the two types of independent retail outlets – the traditional stores (where customers are served over the counter) and mini-markets (self service outlets with one or two cash registers) - in 2009 the traditional stores had a better turnover than the mini-markets, the same as the year before.

In 2009, as many as 96% of Serbian households shopped at an independent retail store at least once, which is a slight fall compared to the 98% declared in 2008. It should also be mentioned that the average independent store customer shopped in the type of outlet analyzed less frequently but he/she spent slightly more per shopping trip than in the year before.

About the research

The Shopping Monitor is a regular, annual study of shopping patterns amongst Serbian shoppers conducted among a nationally representative sample of 1,000 respondents. The sample frame is balanced by gender, age geographic region and type of settlement. Responses are collected through face-to-face interviews.

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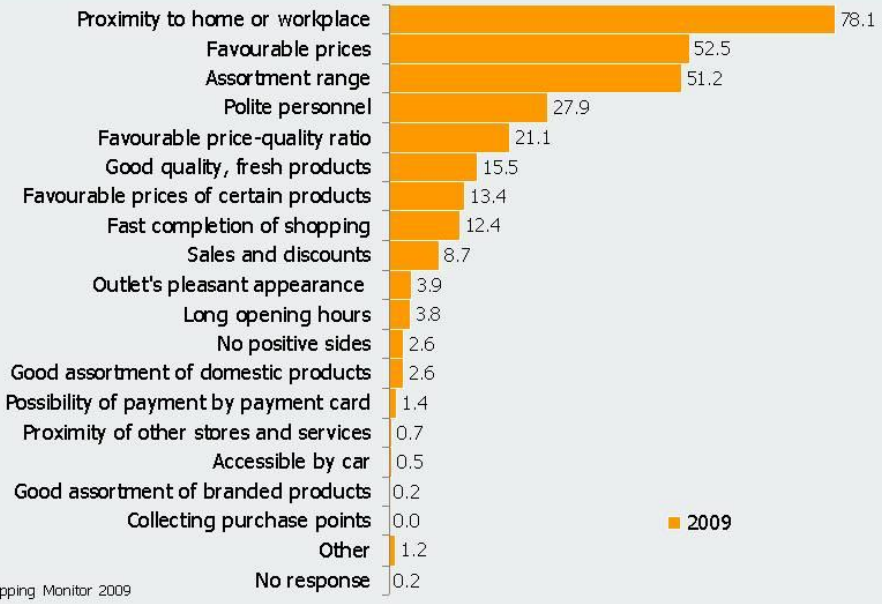
Most important reasons for selection of IRO as a shopping place

1



Source: Shopping Monitor 2009
Unit: %
Base: Respondents selecting IRO as the dominant shopping place, n=400

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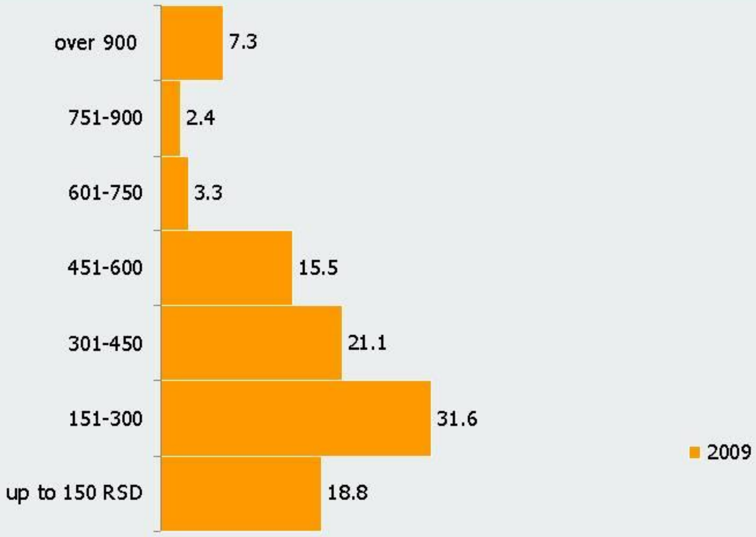
Average amount of money spent in IRO

2



Source: Shopping Monitor 2009
Unit: %
Base: Respondents selecting IRO as the dominant shopping place, n=400

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Contact:

Marijana Kristic
Consumer Market Developer
GfK Belgrade
Center for Marketing Research
Milutina Milankovica 27
11070 Belgrade, Serbia
Tel. +381 11 3130 500
Fax +381 11 3130 053
marijana.kristic@gfk.com
www.gfk.rs