

Croatia

Ongoing Crisis in Croatia

Private Label and leaflets

The ongoing crisis in Croatia has been manifested in various ways and the first indicator was a growing importance of Private Labels. The crisis in Croatia began in the second half of 2008 when prices started to increase whilst at the same time volume consumption and frequency declined. The increased consumption of Private Labels is a confirmation that price is a primary factor. In addition to the increases in Private Labels, another factor leads us to the conclusion that Croatian households are behaving in an increasingly rational manner. According to the data from the «Leaflet Monitor» department, it is obvious that the number of households making use of the leaflets to optimize their expenditure is growing noticeably. The share of households who use leaflets rose from 14% in the first 5 months of 2008 to 27% in the same period of 2009.

Share of large retail outlets

Another indicator of changes in consumer habits within Croatian households is seen in the growing share of the large outlet formats at the expense of small shops.

Even though the share of small shops has decreased steadily year on year, this decrease has become even more obvious in the first half of 2009. In 2007 the share for small shops was 35%, decreasing to 34% in 2008, but in the first six months of 2009 their share dropped to 31%. Hypermarkets, supermarkets and discounters, in particular, are gaining share by offering a wider assortment, lower prices and frequent promotions. This is a powerful tool in the current campaign which has one objective – attracting more consumers. Unfortunately, this tool is not an option for small shops.

Changes in methods of payment

The third, but no less important, indicator is changes in the method of payment used. Croatian households have increased their use of credit card payments at the expense of using cash. For example, in the first half of 2009, cash payments decreased by 6.2% in comparison to the same period in the previous year and by as much as 7.5% in comparison to the preceding period.

These are all strong indications that the ongoing crisis has definitely affected the habits of the Croatian consumer. It remains to be seen what other changes it will bring in the future.

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