CCA Grocery Retail Market Inquiry for 2018: Distinct rising trend in groceries retail

PD: In 2018 the realized turnover of the sample analysed by the Croatian Competition Agency has risen by 7 % or 2.5 HKR billion compared with 2017. The rise is more prominent than in the year before when it was 3.2 %. The market inquiry indicates the rise in the total number of outlets by 2 % (91 outlets) and the increase in the net sales space also by 2 % (23,700 m^2).

The Croatian Competition Agency (CCA) carried out the Groceries retail market investigation, including food, beverages and sanitary products for households in Croatia for 2018.

Top 10 retailers

In 2018 the leading groceries retailer in Croatia Konzum had 623 outlets, which is a small decrease compared with 2017.

The members of Schwarz Grupa – Lidl and Kaufland continued with its rising trend and held a market share of some 20 % - 30 % in 2018.

In the reported period 34 food retailers increased their turnover in the food retail business compared with 2017, whereas other retailers recorded a fall. There were 14 retailers that had a market share exceeding 1 % at the national level, whereas in 2017 there had been 15 retailers that exceeded this 1-per-cent-threshold.

More prominent rise in 2018 was achieved by Spar, Lidl, Konzum, Tommy, Mlin i pekare, Sudenac, Plodine, NTL, Boso and La-vor trade.

Spar recorded the highest nominal increase in the retail turnover and is now on place 4 on the top-10-retailers list. This considerable rise of Spar is based on the fact that some forty of the former Billa outlets were in business during the whole year of 2018.

Regional retailers

Mlin i pekare have found themselves for the first time among the top-10 retailers at the national level, and like Spar, Lidl and Trgovina Krk recorded a double-digit percentage growth in the turnover and, for the first time, realized their turnover throughout the calendar year in some 50 outlets of Metalija-Trans from Požega. Boso as a regional retailer also recorded a positive trend in the realized turnover like La-vor Trade d.o.o., an Istrian retailer, with 10 outlets, which is the result of the takeover of some outlets from the local retailer Puljanka d.d. in bankruptcy and opening of one new outlet.

The rise in turnover in the report period was also recorded by Istarski supermarketi, Ribola, Strahinjčica, TP Varaždin, Prehrana Trgovina, Trgocentar from Zabok and 13 regional and local retailers.

Unlike the above mentioned regional and local retailers that indicated a positive trend the rest of them included in the sample recorded a negative trend, in other words, a fall in their turnover.

Decline in asymmetry and market concentration

Asymmetry in the retail market declined in 2018, in other words, the discrepancy between the leader in the market Konzum and its second rival Lidl has been diminished. It should be noted here that in 2018 Konzum was operated by extraordinary management.

Compared with 2017 the report year showed a fall of the concentration ratio CR10 (the market shares of the 10 biggest retailers in the market), that was 81.8 in 2018 and 82.2 in 2017. The CR10 decrease stands for the strengthening of the competitiveness in the retail market. The results of the analysis of the five-top-rivals indicate that the concentration ratio also fell from 66.2 in 2017 to 66 in 2018.

The City of Zagreb and the counties

Zagreb, Split, Rijeka and Osijek recorded a rise in turnover form retail in 2018 compared with 2017. The highest rise in the retail turnover shares had been recorded in Zagreb (more than HRK 500 million rise), Split (HRK 97 million rise), Osijek (HRK 31 million rise) and Rijeka (HRK 20 million).

In 2018 the City of Zagreb, as the most important regional retail market in Croatia, had a turnover of HRK 6.9 billion, which was more than in 2017 when it amounted to HRK 6.4 billion. The nominal increase of the turnover realised by all the retailers from the sample in the City of Zagreb amounted to HRK 509 million, which was at the same time the highest nominal increase in a particular regional market.

In Zagreb, the first three rivals have kept their positions – Konzum as the first, with a slight fall in the market share, Spar as the second, with a rise in the market share, and Kaufland, as the third, with a negligible fall in the market share.

The second highest turnover was recorded in Split-Dalmatia County, where all retailers together realised a total turnover of HRK 5 billion, which is more than in 2017 when it amounted to HRK 4.7 billion. This county has a 13.4 % share in the structure with a rise of HRK 253 million compared with 2017.

Split-Dalmatia County is followed by Primorje-Goran County with a nominal retail turnover amounting to HRK 3.4 billion (which is a HRK 167 million increase), Istria-County with a turnover of HRK 2.8 billion (which is a HRK 243 million increase), Zadar-County with a turnover amounting to HRK 2.5 billion (which is a HRK 144 million increase), Zagreb-County with a turnover of HRK 2.4 billion (a rise of HRK 141 million) and Osijek-Baranja County with a turnover of HRK 1.8 billion (a rise of HRK 156 million). It is worth mentioning that Vukovar-Srijem County recorded a significant rise in retail turnover of HRK 127 million, where the cumulative turnover of all the retailers from the sample amounted to HRK 970 million.

The market was on the rise, in Zagreb and in all other counties, which was not the case in the previous year. The highest nominal increase in the retail turnover was recorded by the City of Zagreb and Split-Dalmatia County.

Change in retailer's line-up

The line-up of the leading retailers changed in 2018: Tommy took over the leading position in Šibenik-Knin County whereas Konzum regained its first place in Lika-Senj County.

In four biggest cities in Croatia – Zagreb, Split, Rijeka and Osijek – the market inquiry showed that Konzum kept its first place in Zagreb in spite of the slight fall of its market share, the second place was taken by Spar with a rising market share. In Split, Tommy kept the leading position, although its market share fell unimportantly, whereas Spar swapped its position with Konzum taking the second spot. The leader in Rijeka – Plodine kept its leading position while Spar jumped from the seventh to the third place on the list. In Osijek, Konzum remained the biggest retailer despite the minor fall in its market share. Spar remained on place two, whereas Lidl jumped from place four to place three that in the previous year had been taken by Kaufland, another member of Schwarz Grupa

Increased turnover of small shops

The 2018 data on turnover and the net sales space indicated that supermarkets continued to be the preferred consumers' choice. The groceries shopping is prevalently done in big format shops – hypermarkets and supermarkets while more than two thirds (71 %) of the total retail turnover were realized from the sales in supermarkets (49 %) and hypermarkets (22 %). This trend continues for years now. However, in comparison with 2017, when small format shops recorded a fall in the retail turnover, in 2018 their turnover rose, despite the fact than the number of these shops and the net sales space has been declining.

Other types of retail outlets – self-service markets, supermarkets and hypermarkets also indicated the increase in turnover from retail in 2018.

In the total number of outlets there were 42 % self-service markets and 39 % small format shops. Whereas the number of small format shops fell, the number of self-service markets, supermarkets and hypermarkets rose. The supermarkets rose the most – there were 81 more in 2018 than in 2017. Across the format structure there were altogether 91 outlets more than in 2017.

With respect to the total net sales space the highest share was still held by supermarkets, followed by hypermarkets and self-service markets whereas small shops held the smallest share in the total net sales space.

Ownership and other changes

In 2018 Studenac was taken over by ARH CEE d.o.o., Zagreb, as a part of the group of undertakings under control of the foreign investment funds. Studenac took a lease of 20 outlets, NTL of 14, Mlin i pekare of 5, Ribola 2, and La-vor Trade one.

Click here for a more detailed analysis of the 2018 CCA's Groceries Retail Market Inquiry, covering food, beverages and sanitary products for households in Croatian.