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Republic of Serbia
Commission for Protection of Competition

**REPORT ON THE RETAIL SECTOR
INQUIRY INTO THE SALE IN NON-
SPECIALIZED STORES WITH FOOD,
BEVERAGES AND TOBACCO
PREDOMINATING**

2014 – 2016

December 2018

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I INTRODUCTION

Pursuant to Article 47 of the Law on Protection of Competition (Official Gazette of the RS 51/2009 and 95/2013 – hereinafter, the Law), the Commission for Protection of Competition (hereinafter, the Commission) has launched a retail sector inquiry into the sale in non-specialized stores with food, beverages and tobacco predominating.

The Commission owes a particular debt of gratitude to the University of Belgrade Faculty of Economics, University of Kragujevac Faculty of Economics, University of Niš Faculty of Economics, and the University of Belgrade Faculty of Law, for the professional cooperation provided, particularly during the first phase of the sector inquiry.

1. RELEVANCE, SUBJECT-MATTER AND OBJECTIVE

The relevance of this trade segment for the overall national economic activity is high given, primarily, the relevant macroeconomic indicators. A significant number of changes and acquisitions in the previous period and a relatively small number of initiatives are some of the main factors necessitating the inquiry into this market. On the other hand, the research results, in addition to this inquiry, can be used as a knowledge base in the work of the Commission going forward, but can also represent a solid base for scientific and business research.

The subject-matter of this research was to establish relations between competitors on the retail market engaged in the sale in non-specialized stores with food, beverages and tobacco predominating, at the local, regional and national levels¹ in terms of assessing their market share and relative power, but also to conduct an analysis of the relations between suppliers and trade chains, possible effects of those relations on the state of market competition, as well as to analyze the role and importance of private label products in product portfolios of selected undertakings.

The goal of this research was to perform a comprehensive economic and regulatory analysis of the dynamics of competition on the market concerned. That includes the identification of potential market weaknesses and, in conformity with related findings, provision of adequate recommendations directed at advancing the legal and fair business conduct of all undertakings. Also, indirectly, the research goal was the promotion of competition on the market identified as the subject of this inquiry.

2. METHODOLOGICAL AND LEGAL FRAMEWORK

Regulations which have a dimension relevant to the analysis of the sector concerned are the following:

¹ The Commission has provided a breakdown by national, regional and local level in order to create a clearer picture of the state of competition on the market concerned only, and does not preclude the definition of the relevant geographic market within the meaning of the Regulation on criteria for defining the relevant market.

1. Law on Trade (Official Gazette of the RS 53/2010, 10/2013, 44/2018-as amended, hereinafter, LoT);
2. Law on Advertising (Official Gazette of the RS 6/2016);
3. Law on Value-Added Tax (Official Gazette of the RS 84/2004, 86/2004-corr., 61/2005, 61/2007, 93/2012, 108/2013, 6/2014-harmonized dinar amounts, 68/2014-as amended, 142/2014, 5/2015-harmonized dinar amounts, 83/2015, 5/2016-harmonized dinar amounts, 108/2016, 7/2017-harmonized dinar amounts, 113/2017, 13/2018-harmonized dinar amounts, and 30/2018);
4. Law on General Product Safety (Official Gazette of the RS 41/2009);
5. Law on Consumer Protection (Official Gazette of the RS 62/2014, 6/2016-as amended and 44/2018-as amended);
6. Law on Deadlines for Settlement of Financial Liabilities in Commercial Transactions (Official Gazette of the RS 119/2012, 68/2015 and 113/2017);
7. Law of Contract and Torts (Official Gazette of the SFRY 29/78, 39/85, 45/89 – CCY decision and 57/89, Official Gazette of the FRY 31/93 and Official Gazette of SMN 1/2003 – Constitutional Chart)
8. Rulebook on classification of trading formats (Official Gazette of the RS 47/2011);
9. Rulebook on keeping records on trade in goods and services (Official Gazette of the RS 99/2015 and 44/2018-as amended);
10. Rulebook on the manner and requirements on unit pricing of individual types of goods (Official Gazette of the RS 116/2014).

The Law on Trade, together with the Law on Amendments to the Law on Trade, as a key regulation governing retail trade in non-specialized stores with food, beverages and tobacco predominating, govern the conditions and manner of conduct and development of trade on the integrated market of the Republic of Serbia, as well as market protection, protection from unfair market competition, and surveillance. The LoT lays down the trade principles which include the free trade principle, the principle of equality and ban on discrimination, the unified market principle, the principle of honesty, the principle of stability and supply balance, the principle of proportionality, and the principle of cooperation. The Law obligates traders to act honestly and in accordance with the business moral and good business practice, as well as to provide conditions for maintaining stability and supply balance of the market in an appropriate manner and in accordance with their capabilities, particularly in regard to goods/services of existential importance for the population. Also, LoT instructs all competent public authorities and holders of public powers to cooperate with a view of ensuring effective implementation of all laws and regulations governing trade, as well as towards the establishment of a sound system.

The Law on Trade classifies trade as retail trade and wholesale, whereas the retail trade is defined as the sale of goods/services to consumers for satisfying their personal needs or the needs of their households. The retail trade is classified by place of trade to: trade in sales facilities, and trade outside trade facilities - the former including various trading formats (supermarket, hypermarket, discount store, cash and carry, etc.), and the latter referring to distance retail, trading offers and promotions, and other trade outside trade facilities.

The Rulebook on classification of trading formats regulates the classification of trading formats, that is, organization and technical forms of trade operations, at a

fixed location, which have specific sales strategies directed at buyers and competitors. The trading formats are classified by predominant or determinant features. Accordingly, non-specialized trading formats with food products predominating are classified into:

- hypermarkets;
- supermarkets;
- superettes;
- minimarkets;
- discount stores;
- traditional grocery stores with food products predominating.

Starting from the definitions and classifications presented in the LoT and Rulebook on classification of trading formats, it is important to point out that the trade in sales facilities as a trading format is covered by the inquiry only, or more specific, the analysis excluded the kiosk and trade outside trade facilities (farmers market trading). Furthermore, having regard to the fact that the Commission only disposed of data on sales areas, and not on the volume of product portfolios and merchandising formats, the following classification was made for the inquiry-related purposes: traditional, smaller stores up to 200 m² of sales area, and modern objects classified into three groups – from 200-400 m², from 400-2,000 m², and over 2,000 m² of sales area. All development indicators relate to this range.

The time coverage of this inquiry relates to a three-year period (2014-2016), while the territory of the Republic of Serbia, excluding the territory of the Autonomous Province of Kosovo and Metohija, is covered in geographic terms. Furthermore, an additional segmentation was performed, thus providing an overview of individual indicators of retail trade development, that is, an overview of the major undertakings for four distinct regions as well was provided, namely, the Belgrade region, Vojvodina region, Southern and Eastern Serbia region, and the Western Serbia and Šumadija region.

The sector inquiry was conducted in a two-step procedure following the extensive **preparatory phase** during which the structured and semi-structured questionnaires are prepared and the selection (forming) of a representative sample of undertakings was made, to whom the questionnaires are later submitted.

The phase one of the sector inquiry has covered the analysis of the structure of retail market in the segment of sale in non-specialized stores with food, beverages and tobacco predominating, that is, the estimate of market share and relative power of undertakings given the following:

- turnover, i.e., revenues generated;
- number and type of retail stores;
- geographic dispersion of retail stores.

The phase two of the sector inquiry related to the analysis of relations between traders and suppliers, and the importance of private labels in product portfolios of selected undertakings.

The research was conducted using a combination of desk and field research methods (inventory and survey methods). While the desk research method implied the analysis of relevant legal framework, the field research method was firstly done by using the inventory method since it was necessary to identify undertakings, given the limitation deriving from the requirement regulating company registration in the public Business Entities Register based on the predominant business activity criterion. On those points, it is important to underline that the sample also included undertakings not registered under the predominant business activity code 4711 – retail sale in non-specialized stores with food, beverages and tobacco predominating. The selection of potential survey participants within the phase one of the analysis was done based on the number of retail stores, and so the Commission has contacted all undertakings with two and more stores with requests for the provision of information, while the data on other undertakings were provided by the Business Registers Agency. In such manner, a database containing information on over 5.5 thousand retail stores is established. As regards the phase two of the inquiry, the survey selection criterion for undertakings was the market share by sales revenues, and so the Commission has contacted fifty undertakings in total. The list of undertakings provided with the questionnaires within the phase two is provided in Annex 1.

Hence, the following data sources are used:

- data provided by undertakings;
- data provided by the Business Registers Agency;
- data provided by the Statistical Office of the RS;
- data provided by the Ministry of Trade, Tourism and Telecommunications;
- publicly available online information.

All collected data (primary and secondary) were processed using qualitative and quantitative techniques. Namely, all data are grouped and processed in terms of calculating individual indicators and are presented in graphs with numeric values or in a tabular form.

II RETAIL DEVELOPMENT INDICATORS

The retail trade is one of the main economic activities of each country and can assuredly be taken as one of the drivers of economic growth. Since the level of retail trade development achieved in a country represents a combination of economic, social and political processes and phenomena, the inquiry was conducted based on indicators that directly or indirectly display the level of development of the retail industry in a country.

The following section provides an overview of the value of retail development indicators and their interpretation.

1. NUMBER OF ACTIVE RETAIL STORES

The number of active retail stores in the Republic of Serbia with sales area of min 10m² during the observed three-year period is presented in Table 1:

Table 1 – Number of active retail stores in the Republic of Serbia

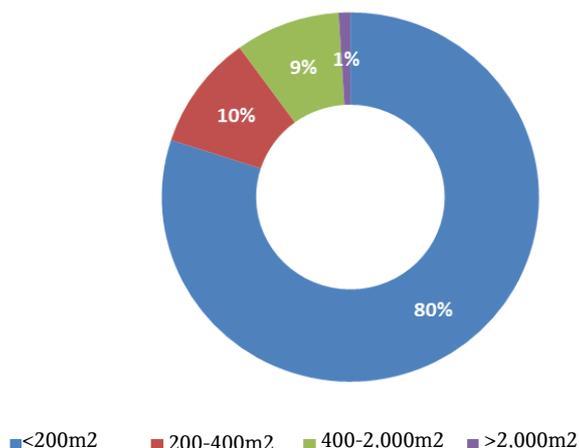
Number of stores			
2014.	2015.	2016.	change
4.669	5.274	5.573	

Source: Data provided by undertakings and BRA

Based on Table 1, it can be noted that the number of retail stores has increased during the observed period at the average annual rate of *cca* 9%. During 2015, a 13% growth is recorded, while the number of retail stores in 2016 increased 6% y-o-y.

On the basis of the classification of retail stores made for the inquiry-related purposes, it can be noted that the largest number of stores (3,737) in 2014 was classified under the so-called traditional grocery store category (smaller stores with sales area less than 200 m²), followed by stores of 200-400m² (456) and 400-2,000m² stores (417), while the smallest number of stores, only 59, related to the largest store category, with sales area over 2,000m². During 2015, no significant changes were made in the structure of retail formats, thus, the largest number of stores remained classified under the smallest store category (4,232), followed by 200-400m² sales area stores (510) and 400-2,000m² stores (472), while 60 retail stores were classified under the largest retail formats. The structure of retail formats has not changed in 2016 either, with the largest number of stores classified under the traditional retail store category (4,453), followed by 200-400m² (557) and 400-2,000m² stores (494), while the smallest number of stores are classified under the largest retail store category (69). Based on the data presented, it can be noted that the relative shares of sale formats have not changed throughout the years regardless of the changes in absolute terms. Chart 1 provides an overview of the share of individual trading formats in total number of retail stores for all three years observed:

Chart 1 – Share of individual trading formats in total number of retail stores in the Republic of Serbia (2014-2016)

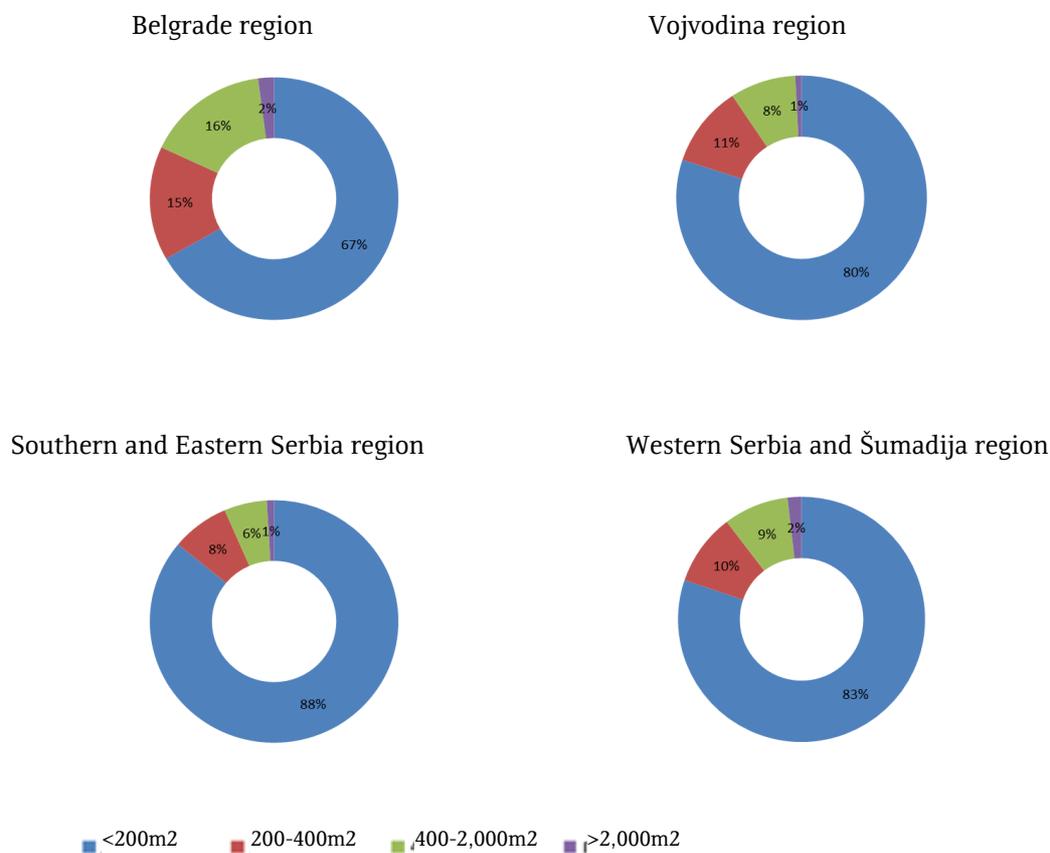


Source: Data provided by undertakings

Based on the above chart, it can be noted that the smaller trading formats account for 80%, while modern stores make up 20% of the total number of retail stores, whereas the largest trading formats of sales areas over 2,000m² account for only 1%.

Chart 2 provides an overview of the share of individual trading formats in total number of stores at the regional level:

Chart 2 – Structure of trading formats by regions (2014-2016)



Source: Data provided by undertakings and BRA

Based on the information presented, it can be noted that, with the exception of the Belgrade region where a slightly smaller number of the smallest retail stores (67%) are recorded, the trading structures in other regions were very similar to the trading structure observed at the national level.

2. RETAIL SALES AREA

The total sales area of retail stores² located in the territory of the Republic of Serbia and active during the observed three-year period is given in Table 2:

Table 2 – Sales area of active retail stores in the Republic of Serbia

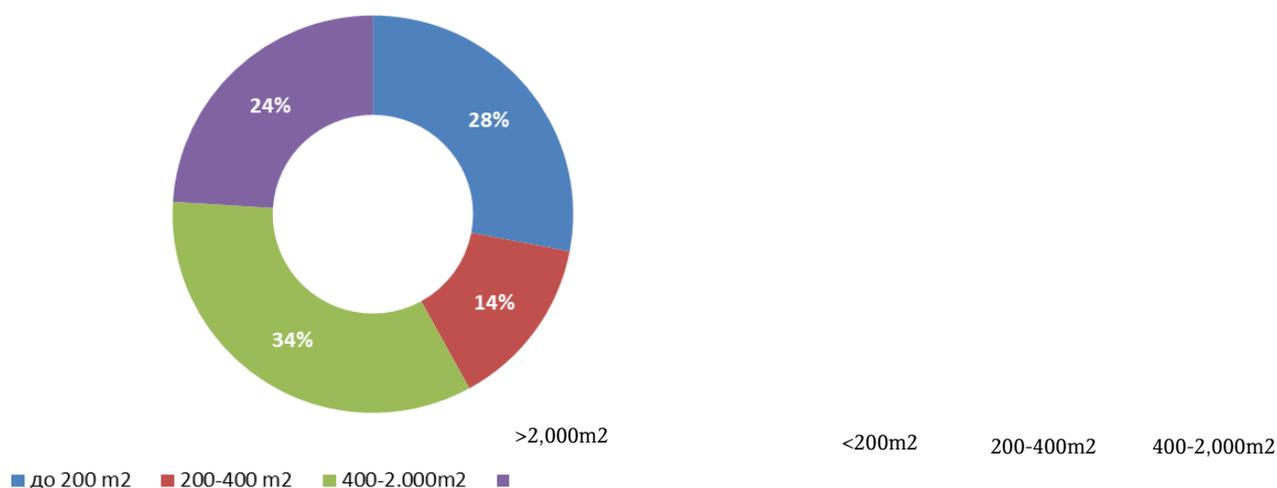
Sales area (in m2)			
2014.	2015.	2016.	change
924.265	1.019.731	1.086.775	

Source: Data provided by undertakings and BRA

Based on Table 2, it can be noted that an average annual growth rate of *cca* 8% of the total sales area is recorded during the observed period, reaching 10% and 7% increase in 2015 and 2016, respectively.

Having regard to the fact that no significant changes have been recorded during the observed period, the share of individual trading formats in total sales area for all three years is presented in Chart 3:

Chart 3 – Share of trading formats in total sales area in the Republic of Serbia (2014-2016)



Source: Data provided by undertakings and BRA

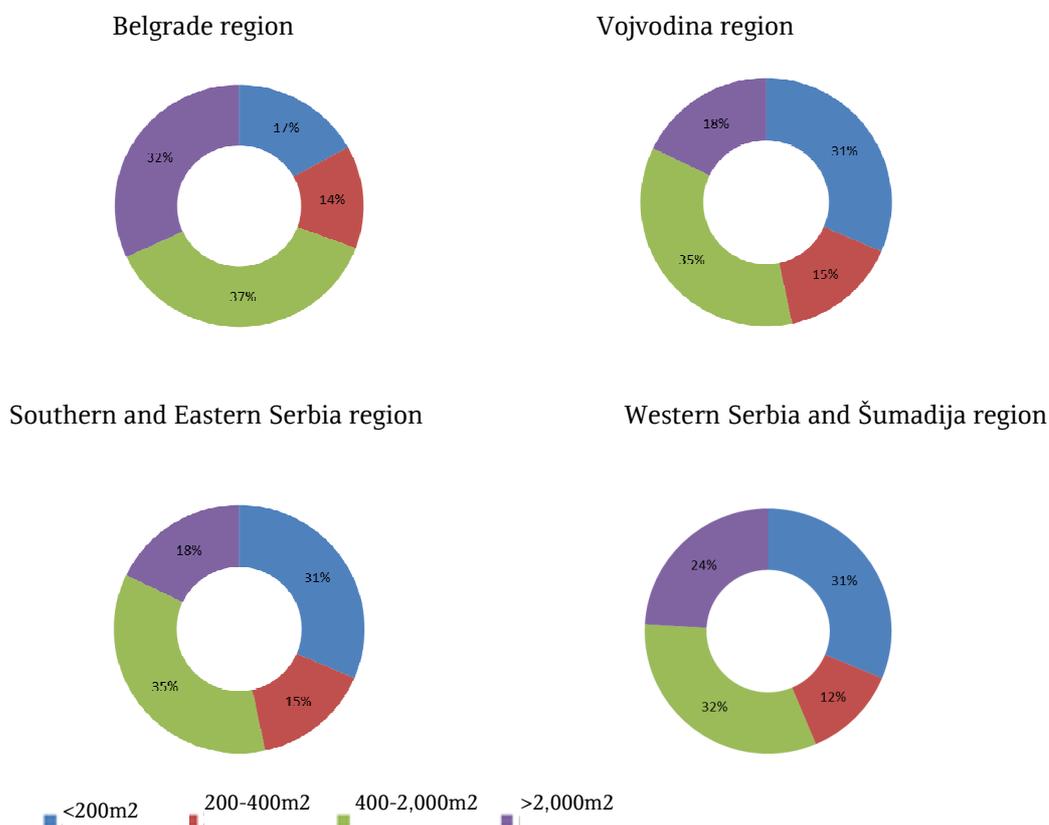
Based on Chart 3, it can be noted that stores of 400-2,000m² sales area have constituted the largest share of retail sales area (34%), followed by stores of max

² Includes retail stores with sales area of min 10m². Having regard to the fact that data on undertakings collected from BRA do not provide information on the retail sales area, an approximation based on their turnover was made, as well as based on other available data on the turnover and sales area of other undertakings.

200m² (28%) and 2,000m² stores (24%), while stores of 200-400m² sales area accounted for 14%.

The share of individual trading formats in total sales area at the regional level is presented in Chart 4:

Chart 4 – Share of trading formats in total sales area by regions (2014-2016)



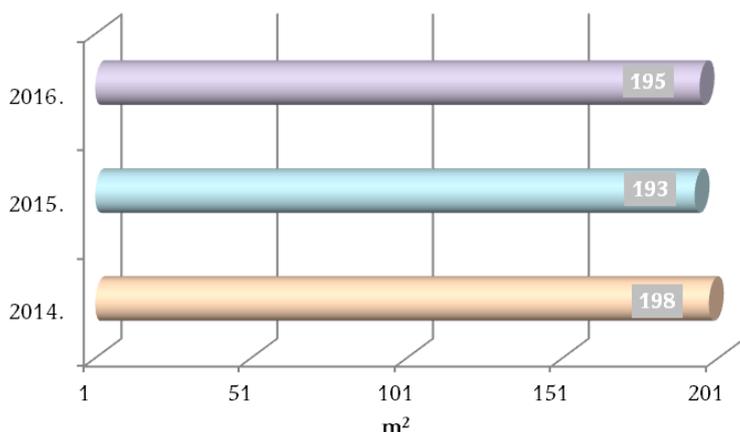
Source: Data provided by undertakings and BRA

Based on Chart 4, it can be noted that retail stores with sales area ranging from 400-2,000m² had the highest share in total sales area (cca 35%) in all regions. In terms of the smaller trading formats, their share in the Belgrade region (cca 17%) was lower than in the other three regions, that is, lower relative to the respective national figures. On the other side, the share of the largest trading formats in the Belgrade region (cca 32%) during the observed three-year period was higher than in the other three regions, that is, higher relative to the respective national figures. The share of 200-400 m² trading formats in all regions was close to the corresponding overall figures at the national level.

3. AVERAGE RETAIL SALES AREA

The average retail sales area obtained by comparing the total sales area with the number of active retail stores is presented in Chart 5:

Chart 5 – Average retail sales area in the Republic of Serbia



Source: Data provided by undertakings

The above presented data indicate that the average retail sales area during all three observed years have not changed significantly, reaching about 200m².

4. RETAIL TRADE TURNOVER IN THE REPUBLIC OF SERBIA

The retail trade turnover of active retail stores with sales area of min 10m² is presented in Table 3:

Table 3 – Retail trade turnover

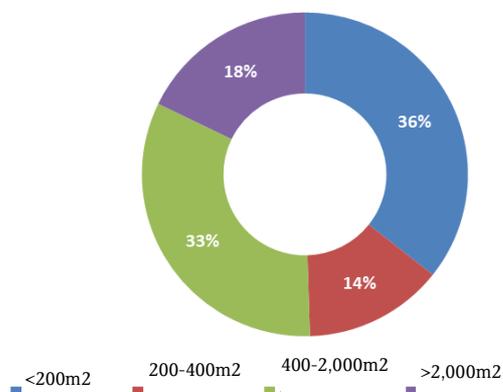
[...]

Source: Data provided by undertakings

Based on Table 3, it can be noted that the retail trade turnover had an average annual growth rate of *cca* 8% during the observed period. In 2015, a 10% growth is recorded, while a 7% y-o-y turnover increase is seen in 2016.

Chart 6 shows the average share of respective trading formats in total revenues in the territory of the Republic of Serbia:

Chart 6 – Share of trading formats in total revenues in the Republic of Serbia (2014-2016)



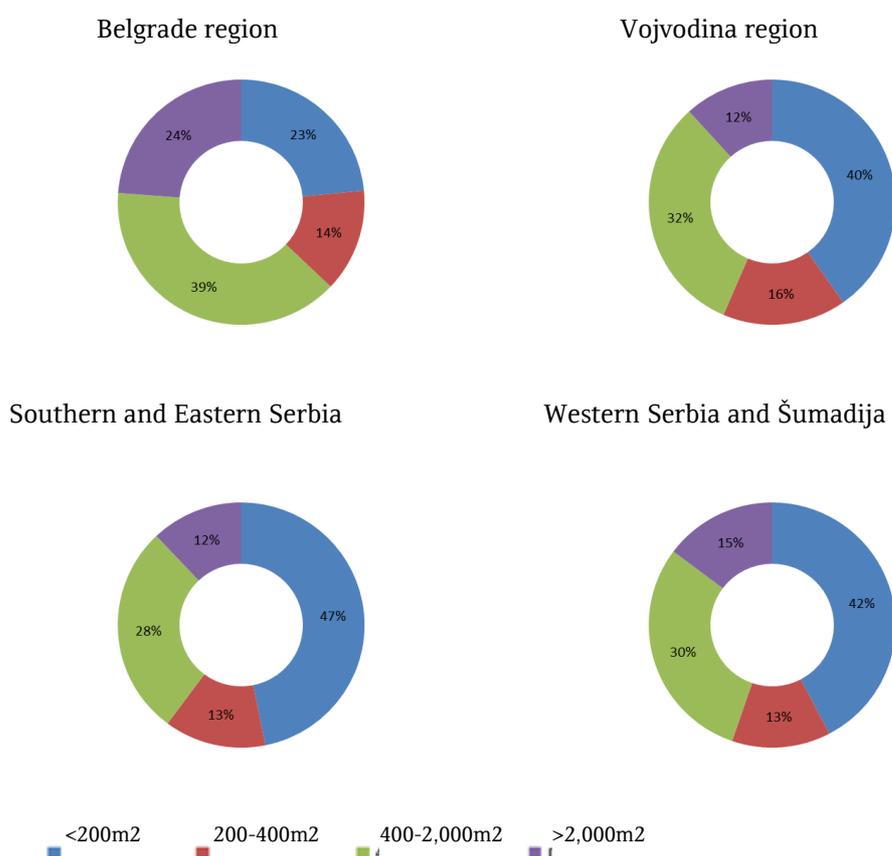
Source: Data provided by undertakings

Based on the above data, it can be noted that the highest share of revenues is generated in retail stores with max 200m² of sales area (36%), followed by 400-

2,000m² stores (33%) and +2,000m² stores (18%), while retail stores with 200-400m² of sales area have generated a 14% share in total revenues generated during the observed three-year period.

The extent to which various retail trading formats have generated revenue at different regional levels is provided in Chart 7:

Chart 7 – Share of trading formats in revenue at regional levels (2014-2016)



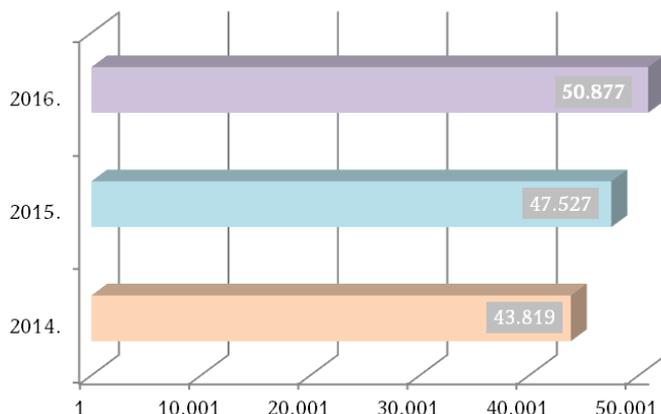
Source: Data provided by undertakings and BRA

Based on the above data, it can be noted that apart from the Belgrade region, other three regions have generated the largest share of revenues in the smallest retail stores. On the other hand, the share of revenues generated in the largest retail stores in all regions was identical to the national level figures.

5. NUMBER OF RETAIL EMPLOYEES IN THE REPUBLIC OF SERBIA

The retail sector employee levels are presented in Chart 8:

Chart 8 – Number of retail employees in the Republic of Serbia



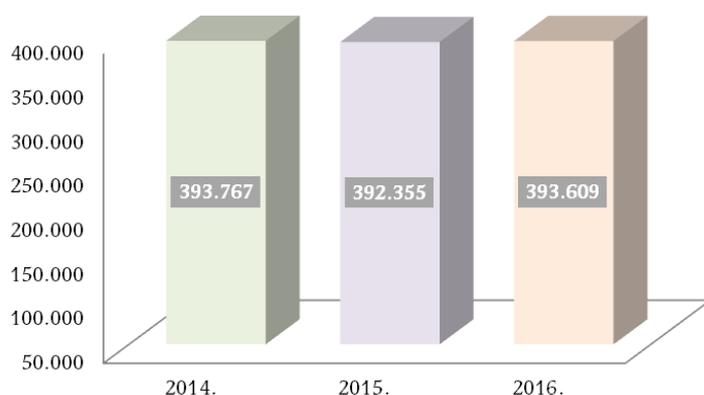
Source: Data provided by undertakings

Based on Chart 8, it can be noted that the number of employees grew at the average annual rate of *cca* 8% during the observed period. The number of employees in the smaller retail stores, the so-called traditional stores, in all three years has accounted for about 45% of the total number of employees. The relative contribution of this trade sector to the employment during the three-year period accounted for *cca* 3%.

6. SALES PER RETAIL UNIT AREA

The sales per square meter in the Republic of Serbia is presented in Chart 9:

Chart 9 – Sales per retail unit area in the Republic of Serbia, m2



Source: Data provided by undertakings

Based on the above data, it can be noted that no significant variations in the indicator have been recorded during the observed period, reaching slightly lower values than 400,000 RSD in all three observed years. When converted to euro, at the average middle exchange rates for the observed three-year period, it can be seen that the annual sales per square meter during all three years have ranged between 3,100 and 3,400 EUR per retail unit area.

The sales per retail unit area in the selected four regions is presented in Chart 10:

Chart 10 – Sales per retail unit area at regional levels, m2



Source: Data provided by undertakings

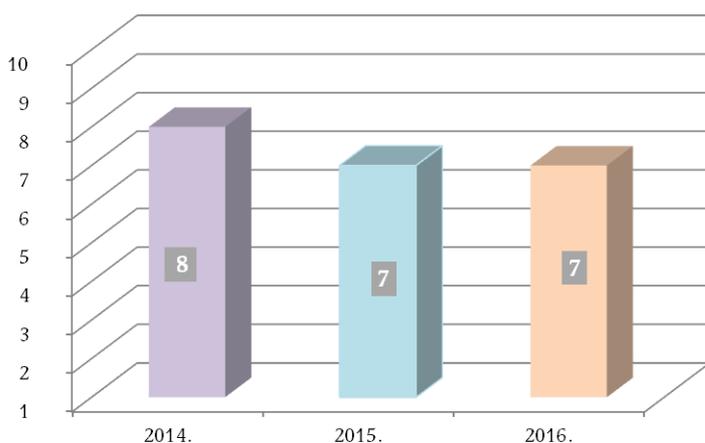
Based on the above data, it can be noted that the value of this indicator observed at individual regional levels has not fluctuated throughout the years. The lowest sales per retail unit area are generated in the Vojvodina region, while the level of sales per retail unit area in the other three regions has been approximately the same.

7. NUMBER OF INHABITANTS PER RETAIL UNIT AREA IN THE REPUBLIC OF SERBIA

The number of inhabitants per square meter represents an indicator of the market saturation. Namely, the higher the saturation, that is, the smaller the number of inhabitants per square meter, the higher the level of development of trade.

The number of inhabitants per retail unit area (m²) at the national level during the observed three-year period is presented in Chart 11:

Chart 11 – Number of inhabitants per retail unit area in the Republic of Serbia, m²



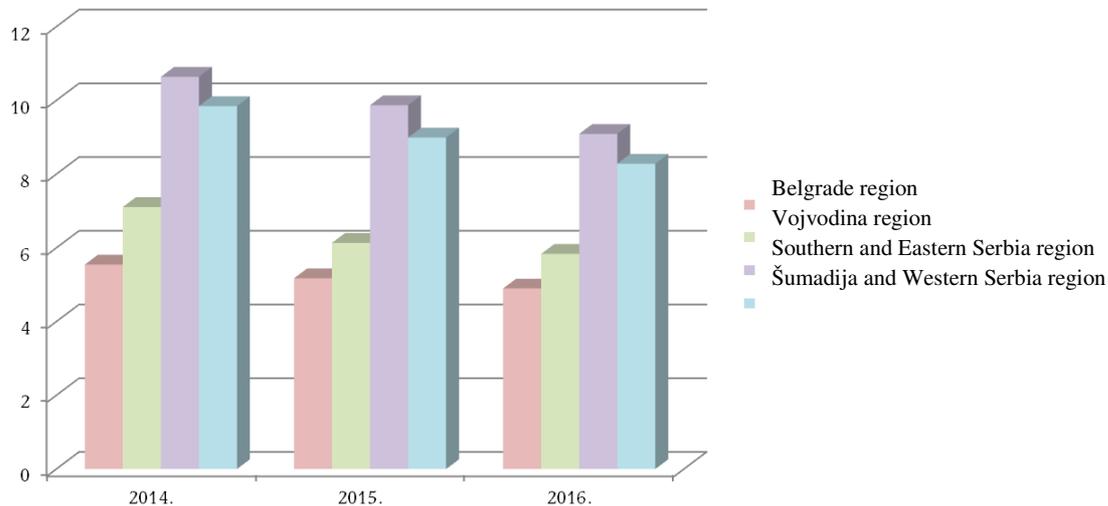
Source: Data provided by undertakings

The above data indicate that a very small change has occurred, that is, only a marginal development in this trade segment is recorded during the observed period in the territory of the Republic of Serbia.

The interpretation of this indicator particularly gains in importance when a comparative analysis of this indicator's value at the regional and national levels is performed.

The level of retail saturation at individual regional levels is presented in Chart 12:

Chart 12 – Number of inhabitants per retail unit area at regional levels, m2



Source: Data provided by undertakings

Based on the above data, it can be noted that the value of this indicator during all three observed years was the lowest in the Belgrade region, while the highest related value is recorded in the Southern and Eastern Serbia region. Given the value of this indicator at the national level, it can be seen that the highest level of development of retail trade is recorded in the Belgrade and Vojvodina regions, while the Šumadija and Western Serbia region still has some room for improvement, as well as the Southern and Eastern Serbia region, since the respective values of this indicator were higher than the national average.

8. RETAIL SALES PER CAPITA

The retail sales per capita, as an indicator of the financial solvency of population, is also an indication of the level of development of retail trade.

The value of retail sales per capita in the Republic of Serbia during the observed three-year period is presented in Chart 13:

Chart 13 – Retail sales per capita in the Republic of Serbia

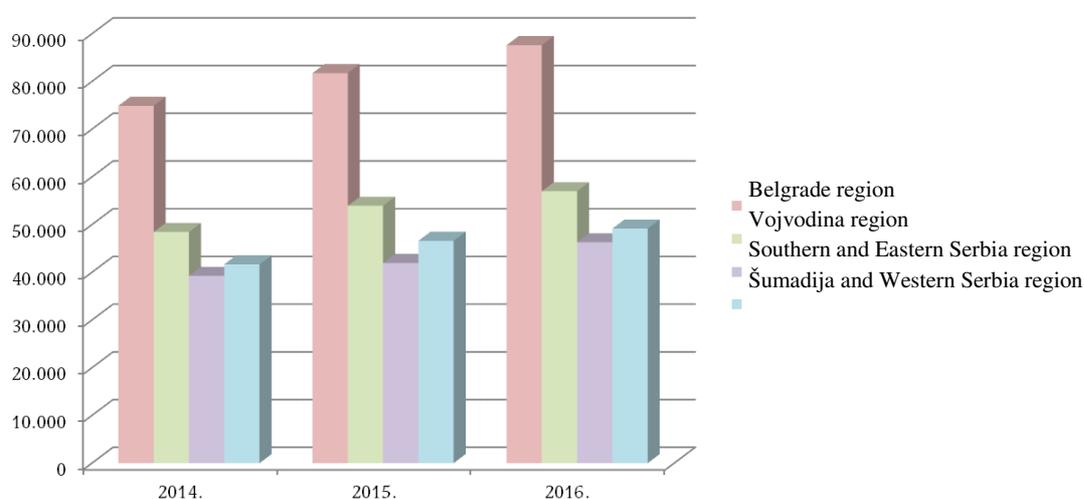


Source: Data provided by undertakings and BRA

Having regard to the above data, it can be noted that a mild growth in the value of this indicator has occurred during the observed period. Moreover, when converted to euro, calculated at the average middle exchange rates for the observed three-year period, it can be seen that the value of this indicator has ranged between 430 and 480 euro.

The trend of this particular indicator observed at individual regional levels during the three-year period can be noted based on the data given in Chart 14:

Chart 14 – Retail sales per capita at regional levels



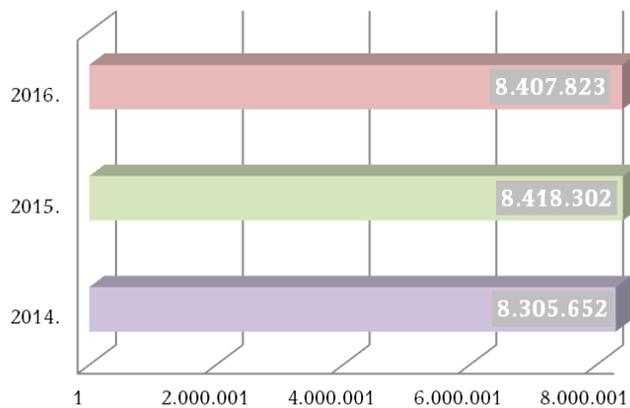
Source: Data provided by undertakings and BRA

The analysis of the level of retail trade development in individual regions observed through the prism of financial solvency points to a similar conclusion as in the case of some other indicators, namely that the retail trade is most developed in the Belgrade and Vojvodina regions, and least developed in the Šumadija and Western Serbia region, and in the Southern and Eastern Serbia region.

9. RETAIL SALES PER EMPLOYEE

Sales/revenue per employee, calculated as the ratio of the total revenues to the number of employees in this retail trade segment, is presented in Chart 15:

Chart 15 – Sales per employee in the Republic of Serbia

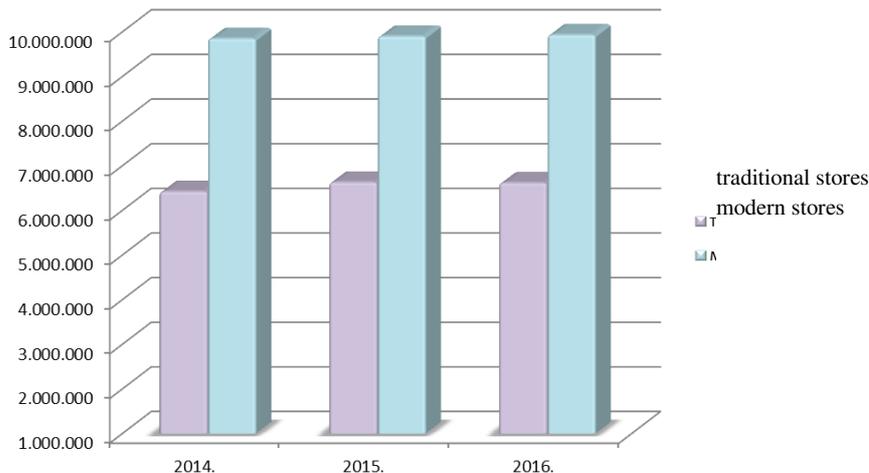


Source: Data provided by undertakings and BRA

Based on the above data, it can be noted that the value of this indicator has not changed significantly during the observed three-year period, although an upward trend from 2015 has not continued in 2016.

The differences in the productivity levels in traditional and modern trading formats can be seen in Chart 16:

Chart 16 – Level of productivity in various trading formats

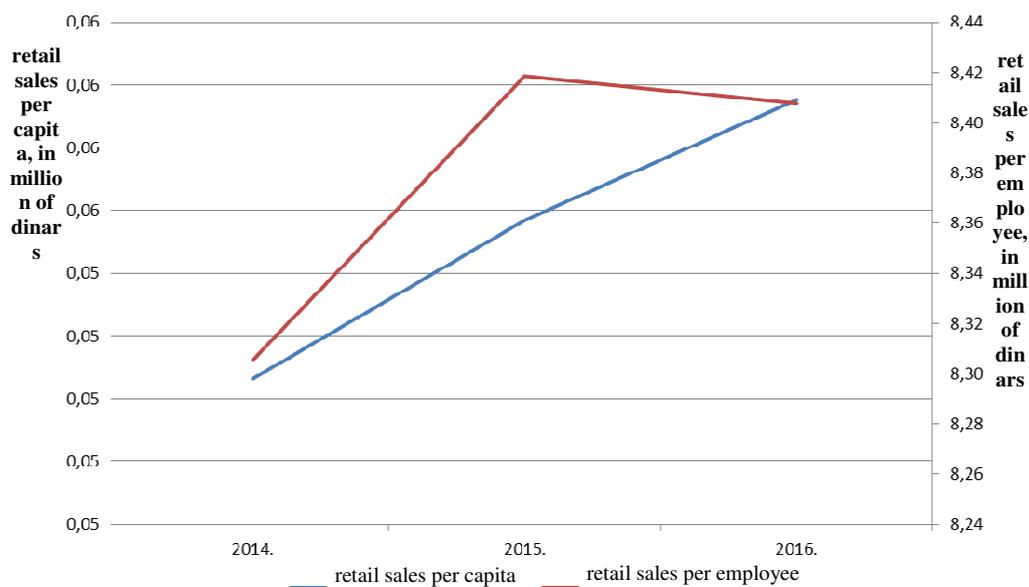


Source: Data provided by undertakings

Furthermore, if a trend analysis in retail sales per employee and retail sales per capita would be performed, it could be noted that the trend in sales per employee has to an extent mirrored the trend in retail sales per capita.

The two indicators' trends are presented in Chart 17:

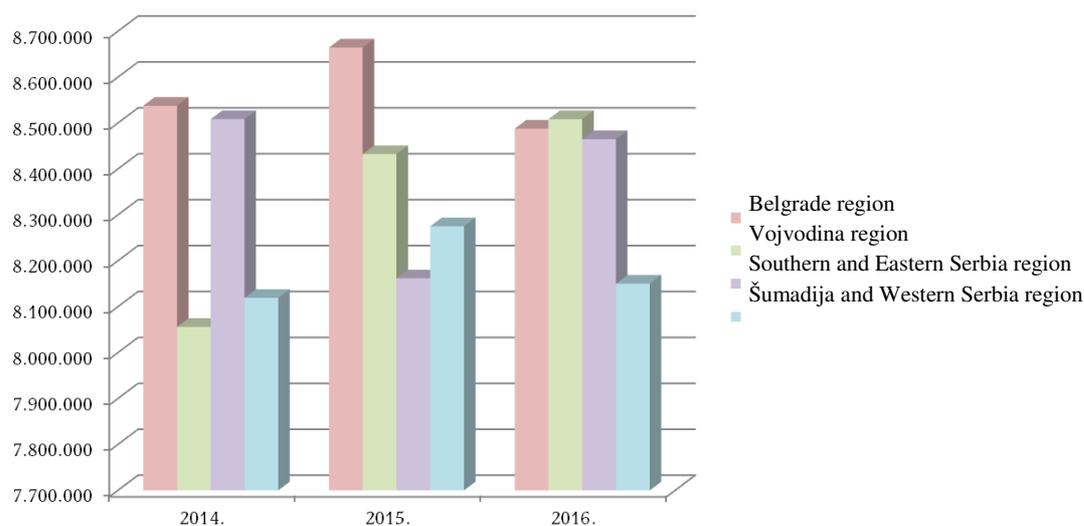
Chart 17 – Trends of the retail development indicators



Source: Calculations based on data provided by undertakings and BRA

The volume of sales per employee at regional levels is presented in Chart 18:

Chart 18 – Sales per employee at regional levels



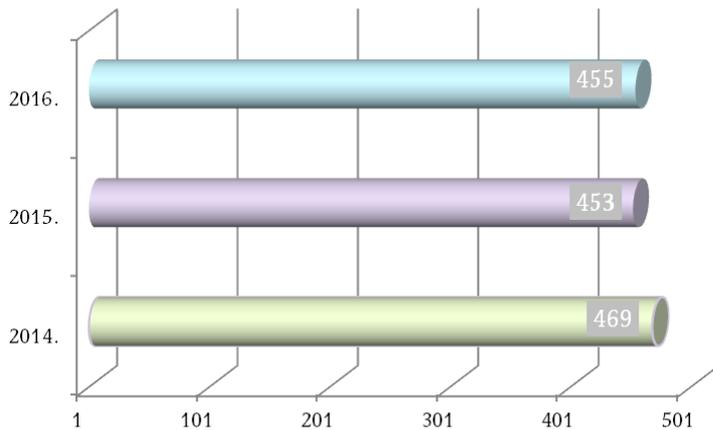
Source: Data provided by undertakings

10. AVERAGE PURCHASE VALUE

The average purchase value in the Republic of Serbia, calculated as the ratio of sales to total number of issued fiscal receipts ³ during the observed three-year period, is presented in Chart 19:

Chart 19 – Average purchase value in the Republic of Serbia

³ When calculating the values, the Commission has considered only those data provided by individual undertakings who have provided information on the number of issued fiscal receipts, since a number of undertakings were unable to do so for technical reasons.



Source: Data provided by undertakings

Based on the above-presented data, it can be noted that the average purchase value (“average transaction value”) amounted to about 450 dinars, and that it has not changed significantly throughout the observed period. When converted to euro at the average middle exchange rates for the observed three-year period, it can be seen that the value of this indicator during all three observed years has amounted to *cca* 4 euro.

The average purchase value observed at individual regional levels is presented in Chart 20:

Chart 20 – Average purchase value at regional levels

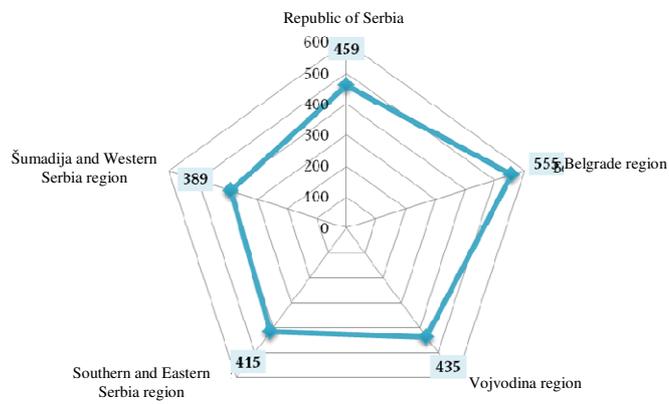


Source: Data provided by undertakings

Based on the above data, it can be noted that the value of this indicator observed at individual regional levels has not changed significantly throughout the years, with a considerable difference between the regions. The highest average purchase value is recorded in the Belgrade region (on average *cca* 550 dinars), while the lowest respective values are seen in the Šumadija and Western Serbia region (on average *cca* 390 dinars).

The comparative analysis of the average purchase values observed at the national and individual regional levels is presented in Chart 21:

Chart 21 – Comparative analysis of the average purchase value



Source: Data provided by undertakings

III RETAIL MARKET STRUCTURE

This segment of the report will provide overviews with regard to the top ten undertakings at national and regional levels in respect of certain criteria.

1. TOP TEN UNDERTAKINGS IN THE REPUBLIC OF SERBIA

The market structure analysis at the national level was performed on the basis of the following criteria:

- revenues generated;
- retail sales area;
- number of retail stores.

1.1. Top ten undertakings in the Republic of Serbia by revenue

The overview of the top ten revenue-generating undertakings in 2014 is given in Table 4:

Table 4 – Overview of the top ten undertakings by revenue, 2014

Undertaking	Revenues, RSD	Market share
Delhaize Serbia doo	[...]	21,85%
Mercator-S	[...]	18,92%
DIS d.o.o.	[...]	4,24%
UNIVEREXPORT doo	[...]	2,83%
Aman doo Surčin	[...]	2,54%
GOMEX DOO	[...]	2,01%
METRO Cash&Carry doo	[...]	1,77%
VEROPOULOS doo	[...]	1,10%
AD BB TRADE ŽITIŠTE	[...]	0,88%
AD PODUNAVLJE, BAČKA PALANKA	[...]	0,85%

Source: Data provided by undertakings

Based on data provided in Table 4, it can be noted that the top ten revenue-generating undertakings in the Republic of Serbia have accounted for *cca* 57% of the total revenue in 2014. The largest companies by revenue are *Delhaize Serbia doo* (21.85%), and *Mercator-S* (18.92%), followed by *DIS doo* with a share of retail sales approx. five times lower than that of the top two. The market shares of other top ten companies have ranged between 1% and 3%, while the shares of all other undertakings in total revenues are less than one per cent.

The overview of the top ten revenue-generating undertakings in 2015 is presented in Table 5:

Table 5 – Overview of the top ten undertakings by revenue, 2015

Undertaking	Revenues, RSD	Market share
Delhaize Serbia doo	[...]	20,82%
Mercator-S	[...]	17,79%
DIS d.o.o.	[...]	3,89%
UNIVEREXPORT doo	[...]	3,25%
Aman doo Surčin	[...]	2,35%
GOMEX DOO	[...]	2,09%
METRO Cash&Carry doo	[...]	1,71%
VEROPOULOS doo	[...]	1,04%
AD BB TRADE ŽITIŠTE	[...]	1,02%
QVATTRO COMPANY DOO	[...]	0,99%

Source: Data provided by undertakings and BRA

Based on the above-presented data, it can be noted that *Delhaize Serbia doo* (20.82%), and *Mercator-S* (17.79%) were the largest companies by revenue during 2015, followed by *DIS doo* as the third highest-earning undertaking whose respective market share was about 5 times lower than that of the top two undertakings. The market shares of other undertakings from the top ten group have ranged between 1% and 3%, while the shares of all other undertakings are less than one per cent. The top ten revenue-generating companies in 2015 have accounted for *cca* 55% of the total revenue generated in the territory of the Republic of Serbia. It is important to mention that the 2015 data indicate a slight change relative to 2014, ranking company *QVATTRO COMPANY DOO* instead of *AD PODUNAVLJE BAČKA PALANKA* on the top ten list.

The overview of the top ten revenue-generating undertakings in 2016 is presented in Table 6:

Table 6 - Overview of the top ten undertakings by revenue, 2016

Undertaking	Revenues, RSD	Market share
Delhaize Serbia doo	[...]	20,60%
Mercator-S	[...]	15,98%
DIS d.o.o.	[...]	3,56%
Aman doo Surčin	[...]	3,48%
UNIVEREXPORT doo	[...]	3,20%
GOMEX DOO	[...]	2,17%
METRO Cash&Carry doo	[...]	1,54%
QVATTRO COMPANY DOO	[...]	1,12%
AD BB TRADE ŽITIŠTE	[...]	1,07%
VEROPOULOS doo	[...]	0,98%

Source: Data provided by undertakings and BRA

Having regard to the above-presented market shares, it can be noted that the top ten revenue-generating undertakings in 2016 have accounted for *cca* 54% of the total revenue generated. The highest market shares are recorded by *Delhaize Serbia doo* (20.60%), and *Mercator-S* (15.98%), followed by *DIS doo* whose market share was about 4-5 times lower than that of the market “leaders”. The market shares of the other top ten companies have ranged between 1% and 3%, while the shares of all other undertakings in total revenues are less than one per cent.

The comparative analysis of the three-year revenue performance for the top ten undertakings is presented in Table 7:

Table 7 – Comparative analysis of the revenue performance

Undertaking	Revenues, RSD		
	2014.	2015.	2016.
Delhaize Serbia doo	[...]	[...]	[...]
Mercator-S	[...]	[...]	[...]
DIS d.o.o.	[...]	[...]	[...]
UNIVEREXPORT doo	[...]	[...]	[...]
Aman doo Surčin	[...]	[...]	[...]
GOMEX DOO	[...]	[...]	[...]
METRO Cash&Carry doo	[...]	[...]	[...]
VEROPOULOS doo	[...]	[...]	[...]
AD BB TRADE ŽITIŠTE	[...]	[...]	[...]
AD PODUNAVLJE, BAČKA PALANKA	[...]	[...]	[...]
QVATTRO COMPANY DOO	[...]	[...]	[...]

Source: Data provided by undertakings

Based on the above-presented Table 7, it can be noted that the top three-year performers in revenues, with an average annual growth rate of *cca* 27% and 26 % are companies [...] and [...], respectively. On the other side, two undertakings, [...] and [...], with the highest market share by revenue, have recorded a negative growth rate of just under 1 per cent.

1.2. Top ten undertakings in the Republic of Serbia by sales area

The overview of the top ten undertakings by sales area in 2014 is presented in Table 8:

Table 8 – Overview of the top ten undertakings by sales area, 2014

Undertaking	Sales area, m2	Market share
Mercator-S	[...]	23,97%
Delhaize Serbia doo	[...]	19,69%
METRO Cash&Carry doo	[...]	5,55%
Aman doo Surčin	[...]	4,23%
DIS d.o.o.	[...]	3,55%
UNIVEREXPORT doo	[...]	2,79%
GOMEX DOO	[...]	2,17%
AD PODUNAVLJE, BAČKA PALANKA	[...]	1,71%
VEROPOULOS doo	[...]	1,66%
AD BB TRADE ŽITIŠTE	[...]	1,58%

Source: Data provided by undertakings

Based on the above-presented Table 8, it can be noted that the top ten undertakings accounted for *cca* 67% of the total sales area in the Republic of Serbia in 2014. If these data would be compared with the data on market share by revenue performance, it could be seen that the top ten list has not altered, except for a slight change in the ranking, thus placing *Mercator-S* with 23.97% at the top of the list, followed by *Delhaize Serbia doo* with 19.69%, and *METRO Cash&Carry doo* with a market share about 3 times lower than that of the top two undertakings. The market shares of the other top ten companies have ranged between 2% and 4%, while the shares of all other undertakings in total sales area are less than two per cent.

The overview of the top ten undertakings by sales area in 2015 is presented in Table 9:

Table 9 – Overview of the top ten undertakings by sales area, 2015

Undertaking	Sales area, m2	Market share
Mercator-S	[...]	23,13%
Delhaize Serbia doo	[...]	18,35%
METRO Cash&Carry doo	[...]	5,13%
UNIVEREXPORT doo	[...]	4,57%
DIS d.o.o.	[...]	3,83%
Aman doo Surčin	[...]	3,52%
GOMEX DOO	[...]	2,16%
AD PODUNAVLJE, BAČKA PALANKA	[...]	1,65%
VEROPOULOS doo	[...]	1,51%
AD BB TRADE ŽITIŠTE	[...]	1,44%

Source: Data provided by undertakings and BRA

Based on the above data, it can be noted that the top ten undertakings accounted for *cca* 65% of the total sales area in the Republic of Serbia in 2015. The highest respective market shares are recorded by *Mercator-S* (23.13%) and *Delhaize Serbia doo* (18.35%), while *METRO Cash&Carry doo*, with a market share about 3-4 times lower than that of the top two undertakings was placed third. The market shares of the other top ten companies have ranged between 1% and 5%, while the shares of all other undertakings in total sales area are less than one per cent.

The overview of the top ten undertakings by sales area in 2016 is presented in Table 10:

Table 10 - Overview of the top ten undertakings by sales area, 2016

Undertaking	Sales area, m2	Market share
Mercator-S	[...]	21,28%
Delhaize Serbia doo	[...]	17,47%
Aman doo Surčin	[...]	7,24%
UNIVEREXPORT doo	[...]	4,41%
METRO Cash&Carry doo	[...]	4,38%
DIS d.o.o.	[...]	3,93%
GOMEX DOO	[...]	2,49%
AD PODUNAVLJE, BAČKA PALANKA	[...]	1,64%
VEROPOULOS doo	[...]	1,41%
AD BB TRADE ŽITIŠTE	[...]	1,37%

Source: Data provided by undertakings and BRA

Having regard to the above-presented market shares, it can be noted that the top ten undertakings in 2016 have accounted for *cca* 66% of the total sales area in the Republic of Serbia. The highest market shares are recorded by *Mercator-S* (21.28%) and *Delhaize Serbia doo* (17.47%). During 2016, there has been a change in the ranking, thus placing *Aman doo Surčin* at the third place with a market share about 2-3 times lower than that of the top two undertakings. The market shares of the other top ten companies have ranged between 1% and 4%, while the shares of all other undertakings in total sales area are less than one per cent.

The comparative analysis of retail sales area owned by the top ten undertakings during the three-year period is presented in Table 11:

Table 11 – Comparative analysis of retail sales area

Undertaking	Sales area, m2		
	2014.	2015.	2016.
Mercator-S	[...]	[...]	[...]
Delhaize Serbia doo	[...]	[...]	[...]
METRO Cash&Carry doo	[...]	[...]	[...]
Aman doo Surčin	[...]	[...]	[...]
DIS d.o.o.	[...]	[...]	[...]
UNIVEREXPORT doo	[...]	[...]	[...]
GOMEX DOO	[...]	[...]	[...]
AD PODUNAVLJE, BAČKA PALANKA	[...]	[...]	[...]
VEROPOULOS doo	[...]	[...]	[...]
AD BB TRADE ŽITIŠTE	[...]	[...]	[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that the sharpest rise in the retail sales area, at the average annual growth rate of *cca* 42% and *cca* 36%, is recorded by company [...] and [...], respectively. One undertaking has seen a negative growth rate, ([...]), while one undertaking had no changes in the total retail sales area during the observed period, ([...]).

1.3. Top ten undertakings in the Republic of Serbia by number of stores

The overview of the top ten undertakings in the Republic of Serbia by number of active stores owned by them during 2014 is presented in Table 12:

Table 12 – Overview of the top ten undertakings by number of stores, 2014

Undertaking	Number of stores	Market share
Delhaize Serbia doo	390	8,35%
Mercator-S	321	6,88%
Aman doo Surčin	146	3,13%
AD BB TRADE ŽITIŠTE	128	2,74%
GOMEX DOO	123	2,63%
AD PODUNAVLJE, BAČKA PALANKA	106	2,27%
TSV BRAVE DOO BEOGRAD	88	1,88%
Trgovina Lilić	87	1,86%
LUKI- KOMERC DOO PEĆINCI	67	1,43%
TRANSKOM 94 DOO, ŠABAC	59	1,26%
TOTAL	4.669	

Source: Data provided by undertakings and BRA

Based on the above data, it can be noted that the top ten undertakings accounted for *cca* 32% of the total number of stores in the Republic of Serbia in 2015. The largest number of stores are owned by *Delhaize Serbia doo* (8.35%) and *Mercator-S* (6.88%), followed by *Aman doo Surčin* whose number of stores was about 2 times lower than that of the top two undertakings. The market shares of the other top ten companies have ranged between 1% and 3% of the total number of retail stores.

The overview of the top ten undertakings by number of active retail stores in 2015 is presented in Table 13:

Table 13 – Overview of the top ten undertakings by number of stores, 2015

Undertaking	Number of stores	Market share
Delhaize Serbia doo	397	7,53%
Mercator-S	350	6,64%
Aman doo Surčin	139	2,64%
AD BB TRADE ŽITIŠTE	129	2,45%
GOMEX DOO	129	2,45%
AD PODUNAVLJE, BAČKA PALANKA	114	2,16%
TSV BRAVE DOO BEOGRAD	105	1,99%
НЕЦА-ТТПП д.о.о. Прокупље	98	1,86%
UNIVEREXPORT doo	80	1,52%
TRANSKOM 94 DOO, ŠABAC	71	1,35%
TOTAL	5.274	

Source: Data provided by undertakings and BRA

Based on the above-presented data, it can be noted that the top ten undertakings accounted for *cca* 31% of the total number of stores in the Republic of Serbia during 2015. The largest number of stores are owned by *Delhaize Serbia doo* (7.53%) and *Mercator-S* (6.64%), followed by *Aman doo Surčin* whose number of stores was about 2 times lower than that of the top two undertakings. The market shares of other undertakings have ranged between 1% and 2% of the total number of retail stores.

The overview of the top ten undertakings by number of retail stores in 2016 is presented in Table 14:

Table 14 – Overview of the top ten undertakings by number of stores, 2016

Undertaking	Number of stores	Market share
Delhaize Serbia doo	406	7,29%
Mercator-S	364	6,53%
Aman doo Surčin	186	3,34%
GOMEX DOO	145	2,60%
AD BB TRADE ŽITIŠTE	131	2,35%
AD PODUNAVLJE, BAČKA PALANKA	124	2,23%
TSV BRAVE DOO BEOGRAD	119	2,14%
НЕЦА-ТТПП д.о.о. Прокупље	97	1,74%
UNIVEREXPORT doo	84	1,51%
TRANSKOM 94 DOO, ŠABAC	76	1,36%
TOTAL	5.573	

Source: Data provided by undertakings and BRA

Based on the above data, it can be noted that the top ten undertakings accounted for *cca* 31% of the total number of stores in the Republic of Serbia during 2016. The largest number of stores are owned by *Delhaize Serbia doo* (7.29%) and *Mercator-S* (6.53%), followed by *Aman doo Surčin* whose number of stores was about 2 times lower than that of the top two undertakings. The market shares of the other top ten companies have ranged between 1% and 3% of the total number of retail stores.

The comparative analysis of the number of retail stores owned by the top ten undertakings during the three-year period is presented in Table 15:

Table 15 – Comparative analysis of the number of retail stores

Undertaking	Number of stores			Average annual rate
	2014.	2015.	2016.	
Delhaize Serbia doo	390	397	406	2,03
Mercator-S	321	350	364	6,49
Aman doo Surčin	146	139	186	12,87
AD BB TRADE ŽITIŠTE	128	129	131	1,17
GOMEX DOO	123	129	145	8,58
AD PODUNAVLJE, BAČKA PALANKA	106	114	124	8,16
TSV BRAVE DOO BEOGRAD	88	105	119	16,29
Trgovina Lilić	87	69	51	-23,44
LUKI- KOMERC DOO PEĆINCI	67	68	68	0,74
TRANSKOM 94 DOO, ŠABAC	59	71	76	13,50
UNIVEREXPORT doo	41	80	84	43,14

Source: Data provided by undertakings

Based on the above data, it can be noted that the largest expansion in the number of retail stores at the average annual rate of cca 43% is recorded by *Univerexport doo*. One undertaking (*Trgovina Lilić*) has reduced the number of stores, while all other undertakings saw an increase in the number of retail stores at the average annual rate ranging from 1% to 16%.

2. TOP TEN UNDERTAKINGS AT REGIONAL LEVELS

The analysis of the market structure at the level of individual national regions was performed based on the three-year revenue performance. This part of the report provides an overview of undertakings in the following four regions:

- Belgrade region;
- Vojvodina region;
- Southern and Eastern Serbia region;
- Šumadija and Western Serbia region.

2.1. Top ten undertakings in the Belgrade region by revenue

The overview of the top ten revenue-generating undertakings in the Belgrade region in 2014 is given in Table 16:

Table 16 – Overview of the top ten undertakings in the Belgrade region by revenue, 2014

Undertaking	Revenue generated, in RSD	Market share
Delhaize Serbia doo	[...]	41,95%
Mercator-S	[...]	18,53%
Aman doo Surčin	[...]	6,51%
DIS d.o.o.	[...]	4,29%
VEROPOULOS doo	[...]	3,23%
METRO Cash&Carry doo	[...]	3,04%
QVATTRO COMPANY DOO	[...]	2,38%
SOULFOOD DOO	[...]	1,96%
UNIVEREXPORT doo	[...]	1,26%
DOMAĆA TRGOVINA D.O.O.	[...]	0,85%

Source: Data provided by undertakings and BRA

Based on the above data, it can be noted that the top ten revenue-generating undertakings in the Belgrade region have accounted for cca 84% of the total revenue in 2014. The largest companies by revenue are *Delhaize Serbia doo* (41.95%), and *Mercator-S* (18.53%), followed by *Aman doo Surčin* with a share of retail sales approx. 7

and 3 times lower than that of the top two, respectively. The market shares of the other top ten companies have ranged between 1% and 4%, while the shares of all other undertakings are less than one per cent.

The figures show some differences when market structures at the national and regional levels are compared given the emergence of new market players, that is, “regional leaders” in the top ten list, namely, *SOULFOOD DOO* and *DOMAĆA TRGOVINA DOO*.

The overview of the top ten revenue-generating undertakings in the Belgrade region in 2015 is presented in Table 17:

Table 17 – Overview of the top ten undertakings in the Belgrade region by revenue, 2015

Undertaking	Revenues, RSD	Market share
Delhaize Serbia doo	[...]	40,23%
Mercator-S	[...]	18,41%
Aman doo Surčin	[...]	6,20%
DIS d.o.o.	[...]	3,70%
VEROPOULOS doo	[...]	3,07%
METRO Cash&Carry doo	[...]	2,99%
QVATTRO COMPANY DOO	[...]	2,87%
SOULFOOD DOO	[...]	2,39%
UNIVEREXPORT doo	[...]	1,46%
DOMAĆA TRGOVINA D.O.O.	[...]	1,36%

Source: Data provided by undertakings and BRA

Based on the above-presented data, it can be noted that the top ten companies in the Belgrade region have accounted for *cca* 83% of the total revenue in 2015. *Delhaize Serbia doo* (40.23%) and *Mercator-S* (18.41%) were the largest companies by revenue during 2015, followed by *Aman doo Surčin* as the third highest-earning undertaking whose market share was about 7 and 3 times lower than that of the top two undertakings, respectively. The market shares of other undertakings from the top ten group have ranged between 1% and 4%, while the shares of all other undertakings are less than one per cent.

The overview of the top ten revenue-generating undertakings in the Belgrade region in 2016 is presented in Table 18:

Table 18 – Overview of the top ten undertakings in the Belgrade region by revenue, 2016

Undertaking	Revenues, RSD	Market share
Delhaize Serbia doo	[...]	40,45%
Mercator-S	[...]	16,07%
Aman doo Surčin	[...]	7,50%
QVATTRO COMPANY DOO	[...]	3,24%
DIS d.o.o.	[...]	3,20%
VEROPOULOS doo	[...]	2,90%
METRO Cash&Carry doo	[...]	2,71%
SOULFOOD DOO	[...]	2,62%
DOMAĆA TRGOVINA D.O.O.	[...]	1,79%
UNIVEREXPORT doo	[...]	1,58%

Source: Data provided by undertakings and BRA

Having regard to the above-presented market shares, it can be noted that the top ten revenue-generating undertakings in 2016 have accounted for *cca* 82% of the total revenue in the Belgrade region. The highest market shares are recorded by *Delhaize Serbia doo* (40.45%), and *Mercator-S* (16.07%), followed by *Aman doo Surčin* whose market share was about 5 and 2 times lower than that of the top two undertakings. The market shares of the other top ten companies have ranged between 2% and 3%, while the shares of all other undertakings are less than two per cent.

The comparative analysis of the three-year revenue performance for the top ten undertakings in the Belgrade region is presented in Table 19:

Table 19 – Comparative analysis of the revenue performance – Belgrade region

Undertaking	Revenues, RSD		
	2014.	2015.	2016.
Delhaize Serbia doo	[...]	[...]	[...]
Mercator-S	[...]	[...]	[...]
Aman doo Surčin	[...]	[...]	[...]
DIS d.o.o.	[...]	[...]	[...]
VEROPOULOS doo	[...]	[...]	[...]
METRO Cash&Carry doo	[...]	[...]	[...]
QVATTRO COMPANY DOO	[...]	[...]	[...]
SOULFOOD DOO	[...]	[...]	[...]
UNIVEREXPORT doo	[...]	[...]	[...]
DOMAĆA TRGOVINA D.O.O.	[...]	[...]	[...]

Source: Data provided by undertakings

Based on the above-presented data, it can be noted that undertaking [...] has achieved the highest growth in revenue, recorded at the average annual growth rate of *cca* 57%. On the other side, one undertaking, [...], saw a drop in revenue during the observed period, at the average annual rate of *cca* 7%. All other undertakings have experienced positive growth, at the average annual growth rate ranging from 2% to 26%.

2.2. Top ten undertakings in the Vojvodina region by revenue

The overview of the top ten revenue-generating undertakings in the Vojvodina region in 2014 is given in Table 20:

Table 20 – Overview of the top ten undertakings in the Vojvodina region by revenue, 2014

Undertaking	Revenues, RSD	Market share
Mercator-S	[...]	25,66%
Delhaize Serbia doo	[...]	10,23%
UNIVEREXPORT doo	[...]	9,33%
GOMEX DOO	[...]	7,28%
AD BB TRADE ŽITIŠTE	[...]	3,44%
DIS d.o.o.	[...]	3,08%
AD PODUNAVLJE BAČKA PALANKA	[...]	3,06%
LUKI- KOMERC DOO PEĆINCI	[...]	2,45%
AD SENTA-PROMET SENTA	[...]	2,22%
Medius doo	[...]	1,90%

Source: Data provided by undertakings

Based on the above data, it can be noted that the top ten revenue-generating undertakings in the Vojvodina region have accounted for *cca* 69% of the total revenue

in 2014. The largest companies by revenue are *Mercator-S* (25.66%) and *Delhaize Serbia doo* (10.23%), followed by *UNIVEREXPORT doo* with a share of retail sales approx. 3 times lower than that of the leading undertaking and slightly lower than that of the second. The market shares of the other top ten companies have ranged between 2% and 7%, while the shares of all other undertakings are less than two per cent.

The figures show differences when market structures at the national and regional levels are compared given the emergence of new market players, that is, “regional leaders” in the top ten list, namely, *AD SENTA-PROMET SENTA*, *LUKI- KOMERC DOO PEĆINCI*, and *Medius doo*.

The overview of the top ten revenue-generating undertakings in the Vojvodina region in 2015 is presented in Table 21:

Table 21 – Overview of the top ten undertakings in the Vojvodina region by revenue, 2015

Undertaking	Revenues, RSD	Market share
Mercator-S	[...]	23,84%
UNIVEREXPORT doo	[...]	10,57%
Delhaize Serbia doo	[...]	9,64%
GOMEX DOO	[...]	7,41%
ŽITIŠTE	[...]	3,91%
AD PODUNAVLJE BAČKA PALANKA	[...]	3,23%
DIS d.o.o.	[...]	2,79%
AD SENTA-PROMET SENTA	[...]	2,34%
LUKI- KOMERC DOO PEĆINCI	[...]	2,21%
Medius doo	[...]	1,97%

Source: Data provided by undertakings

Based on the above-presented data, it can be noted that the top ten companies in the Vojvodina region have accounted for cca 68% of the total revenue in 2015. *Mercator-S* (23.84%) and *UNIVEREXPORT doo* (10.57%) were the largest companies by revenue. Also, there were some slight changes in the market structure in 2015, ranking company *Delhaize Serbia doo* as the third revenue-earning company, and whose market share was about 2 times lower than that of the leading undertaking and marginally lower than that of the second. The market shares of other undertakings from the top ten group have ranged between 2% and 7%, while the shares of all other undertakings are less than two per cent.

The overview of the top ten revenue-generating undertakings in the Vojvodina region in 2016 is presented in Table 22:

Table 22 – Overview of the top ten undertakings in the Vojvodina region by revenue, 2016

Undertaking	Revenues, RSD	Market share
Mercator-S	[...]	21,50%
UNIVEREXPORT doo	[...]	10,36%
Delhaize Serbia doo	[...]	9,32%
GOMEX DOO	[...]	7,59%
ŽITIŠTE	[...]	4,14%
AD PODUNAVLJE BAČKA PALANKA	[...]	3,51%
DIS d.o.o.	[...]	3,05%
AD SENTA-PROMET SENTA	[...]	2,45%
LUKI- KOMERC DOO PEĆINCI	[...]	2,16%
Medius doo	[...]	2,00%

Source: Data provided by undertakings

Having regard to the above-presented market shares, it can be noted that the top ten revenue-generating undertakings in 2016 have accounted for *cca* 68% of the total revenue in the Vojvodina region. The highest market shares are recorded by *Mercator-S* (21.50%) and *UNIVEREXPORT DOO* (10.36%), followed by *Delhaize Serbia doo* whose market share was about 2 times lower than that of the leading undertaking and marginally lower than that of the second. The market shares of other undertakings from the top ten group have ranged between 2% and 8%, while the shares of all other undertakings are less than two per cent.

The comparative analysis of the three-year revenue performance for the top ten undertakings in the Vojvodina region is presented in Table 23:

Table 23 – Comparative analysis of the revenue performance – Vojvodina region

Undertaking	Revenues, RSD		
	2014.	2015.	2016.
Mercator-S	[...]	[...]	[...]
Delhaize Serbia doo	[...]	[...]	[...]
UNIVEREXPORT doo	[...]	[...]	[...]
GOMEX DOO	[...]	[...]	[...]
ŽITIŠTE	[...]	[...]	[...]
DIS d.o.o.	[...]	[...]	[...]
AD PODUNAVLJE BAČKA PALANKA	[...]	[...]	[...]
LUKI- KOMERC DOO PEĆINCI	[...]	[...]	[...]
AD SENTA-PROMET SENTA	[...]	[...]	[...]
Medius doo	[...]	[...]	[...]

Source: Data provided by undertakings

Based on the above-presented data, it can be noted that undertaking [...] has achieved the highest growth in revenue, recorded at the average annual growth rate of *cca* 19%. On the other side, one undertaking, [...], saw a drop in revenue during the observed period, at the average annual rate of *cca* 1%. Other undertakings have experienced positive growth, at the average annual growth rate ranging from 2% to 16%.

2.3. Top ten undertakings in the Southern and Eastern Serbia region by revenue

The overview of the top ten revenue-generating undertakings in the Southern and Eastern Serbia (SES) region in 2014 is given in Table 24:

Table 24 – Overview of the top ten undertakings in the SES region by revenue, 2014

Undertaking	Revenues, RSD	Market share
Mercator-S	[...]	18,34%
Delhaize Serbia doo	[...]	8,42%
DIS d.o.o.	[...]	6,81%
Prima nova doo Leskovac	[...]	3,76%
LEON CONDITORS DOO VRANJE	[...]	3,12%
TRGOVINSKO DRUŠTVO TEKIJANKA DOO TEKIJA	[...]	2,78%
ČUTURA SZTR PROKUPLJE	[...]	2,53%
ORION DOO LESKOVAC	[...]	2,45%
Trgovina Lilić	[...]	1,87%
PRIVREDNO DRUŠTVO RIČ DOO PROKUPLJE	[...]	1,74%

Source: Data provided by undertakings

Based on the above data, it can be noted that the top ten revenue-generating undertakings in the SES region have accounted for *cca* 52% of the total revenue in 2014. The largest companies by revenue are *Mercator-S* (18.34%) and *Delhaize Serbia doo* (8.42%), followed by *DIS d.o.o.* with a share of retail sales approx. 2 times lower than that of the leading undertaking and slightly lower than that of the second. The market shares of the other top ten companies have ranged between 2% and 4%, while the shares of all other undertakings are less than two per cent.

The figures show differences when market structures at the national and regional levels are compared given the emergence of new market players, that is, “regional leaders” in the top ten list, namely, *Prima nova doo Leskovac*, *LEON CONDITORS DOO VRANJE*, *TRGOVINSKO DRUŠTVO TEKIJANKA DOO TEKIJA*, *ČUTURA SZTR PROKUPLJE*, *ORION DOO LESKOVAC*, *TRGOVINA LILIĆ*, and *PRIVREDNO DRUŠTVO RIČ DOO PROKUPLJE*.

The overview of the top ten revenue-generating undertakings in the Southern and Eastern Serbia region in 2015 is presented in Table 25:

Table 25 – Overview of the top ten undertakings in the SES region by revenue, 2015

Undertaking	Revenues, RSD	Market share
Mercator-S	[...]	16,61%
Delhaize Serbia doo	[...]	8,12%
DIS d.o.o.	[...]	6,23%
Prima nova doo Leskovac	[...]	3,67%
TRGOVINSKO DRUŠTVO TEKIJANKA DOO TEKIJA	[...]	3,16%
LEON CONDITORS DOO VRANJE	[...]	2,89%
ORION DOO LESKOVAC	[...]	2,27%
ČUTURA SZTR PROKUPLJE	[...]	2,26%
Trgovina Lilić	[...]	1,99%
PRIVREDNO DRUŠTVO RIČ DOO PROKUPLJE	[...]	1,90%

Source: Data provided by undertakings

Based on the above-presented data, it can be noted that the top ten companies in the SES region have accounted for *cca* 49% of the total revenue in 2015. *Mercator-S* (16.61%) and *Delhaize Serbia doo* (8.12%) were the largest companies by revenue, followed by *DIS d.o.o.* whose market share was about 2 times lower than that of the leading undertaking and slightly lower than that of the second. The market shares of other undertakings from the top ten group have ranged between 2% and 4%, while the shares of all other undertakings are less than two per cent.

The overview of the top ten revenue-generating undertakings in the Southern and Eastern Serbia region in 2016 is presented in Table 26:

Table 26 – Overview of the top ten undertakings in the SES region by revenue, 2016

Undertaking	Revenues, RSD	Market share
Mercator-S	[...]	14,63%
Delhaize Serbia doo	[...]	7,45%
DIS d.o.o.	[...]	5,20%
Prima nova doo Leskovac	[...]	3,58%
TRGOVINSKO DRUŠTVO TEKIJANKA DOO TEKIJA	[...]	3,39%
LEON CONDITORS DOO VRANJE	[...]	2,63%
ORION DOO LESKOVAC	[...]	2,37%
ČUTURA SZTR PROKUPLJE	[...]	2,08%
Aman doo Surčin	[...]	1,96%
PRIVREDNO DRUŠTVO RIČ DOO PROKUPLJE	[...]	1,85%

Source: Data provided by undertakings

Having regard to the above-presented market shares, it can be noted that the top ten revenue-generating undertakings in 2016 have accounted for *cca* 45% of the total revenue in the SES region. The highest market shares are recorded by *Mercator-S* (14.63%) and *Delhaize Serbia doo* (7.45%), followed by *DIS d.o.o.* whose market share was about 3 times lower than that of the leading undertaking and slightly lower than that of the second. The market shares of other undertakings from the top ten group have ranged between 2% and 4%, while the shares of all other undertakings are less than two per cent.

The comparative analysis of the three-year revenue performance for the top ten undertakings in the Southern and Eastern Serbia region is presented in Table 27:

Table 27 – Comparative analysis of the revenue performance - Southern and Eastern Serbia region

Undertaking	Revenues, RSD		
	2014.	2015.	2016.
Mercator-S	[...]	[...]	[...]
Delhaize Serbia doo	[...]	[...]	[...]
DIS d.o.o.	[...]	[...]	[...]
Prima nova doo Leskovac	[...]	[...]	[...]
LEON CONDITORS DOO VRANJE	[...]	[...]	[...]
TRGOVINSKO DRUŠTVO TEKIJANKA DOO TEKIJA	[...]	[...]	[...]
ČUTURA SZTR PROKUPLJE	[...]	[...]	[...]
ORION DOO LESKOVAC	[...]	[...]	[...]
Trgovina Lilić	[...]	[...]	[...]
PRIVREDNO DRUŠTVO RIČ DOO PROKUPLJE	[...]	[...]	[...]

Source: Data provided by undertakings

Based on the above-presented data, it can be noted that as much as four undertakings have experienced a drop in revenue during the observed period. The highest revenue decrease at the average annual rate of *cca* 5% is recorded by company [...]. Other six undertakings from the top ten list have experienced positive growth, at the average annual growth rate ranging from 2% to 12%.

2.4. Top ten undertakings in the Šumadija and Western Serbia region by revenue

The overview of the top ten revenue-generating undertakings in the Šumadija and Western Serbia (ŠWS) region in 2014 is given in Table 28:

Table 28 – Overview of the top ten undertakings in the ŠWS region by revenue, 2014

Undertaking	Revenues, RSD	Market share
Delhaize Serbia doo	[...]	14,92%
Mercator-S	[...]	12,47%
DIS d.o.o.	[...]	3,61%
EUROPROM DOO VALJEVO	[...]	2,85%
FORTUNA DOO ARANĐELOVAC	[...]	2,41%
TRANSKOM 94 DOO, ŠABAC	[...]	1,94%
E.S.-KOMERC DOO PRIJEPOLJE	[...]	1,39%
DON CAFE DOO PARAĆIN	[...]	1,29%
Alfa doo Jagodina	[...]	1,24%
MILE PROM DOO LOZNICA	[...]	1,13%

Source: Data provided by undertakings

Based on the above data, it can be noted that the top ten revenue-generating undertakings in the ŠWS region have accounted for *cca* 43% of the total revenue in 2014. The largest companies by revenue are *Delhaize Serbia doo* (14.92%) and *Mercator-S* (12.47%), followed by *DIS d.o.o.* with a share of retail sales approx. 3 times lower than that of the leading two undertakings. The market shares of the other top ten companies have ranged between 1% and 3%, while the shares of all other undertakings are less than one per cent.

The figures show differences when market structures at the national and regional levels are compared given the emergence of new market players, that is, “regional leaders” in the top ten list, namely, *EUROPROM DOO VALJEVO*, *FORTUNA MARKET DOO ARANĐELOVAC*, *TRANSKOM 94 DOO ŠABAC*, *E.S.-KOMERC DOO PRIJEPOLJE*, *Alfa doo Jagodina*, *MILE PROM DOO LOZNICA*, *DON CAFE DOO PARAĆIN*, and *METALAC-PROLETER AD Gornji Milanovac*.

The overview of the top ten revenue-generating undertakings in the Šumadija and Western Serbia region in 2015 is presented in Table 29:

Table 29 – Overview of the top ten undertakings in the ŠWS region by revenue, 2015

Undertaking	Revenues, RSD	Market share
Delhaize Serbia doo	[...]	14,13%
Mercator-S	[...]	11,08%
DIS d.o.o.	[...]	3,76%
EUROPROM DOO VALJEVO	[...]	3,04%
FORTUNA MARKET DOO ARANĐELOVAC	[...]	2,26%
TRANSKOM 94 DOO, ŠABAC	[...]	2,12%
E.S.-KOMERC DOO PRIJEPOLJE	[...]	1,36%
Alfa doo Jagodina	[...]	1,34%
DON CAFE DOO PARAĆIN	[...]	1,24%
METALAC-PROLETER AD G.MILANOVAC	[...]	1,21%

Source: Data provided by undertakings

Based on the above-presented data, it can be noted that the top ten companies in the ŠWS region have accounted for *cca* 42% of the total revenue in 2015. *Delhaize Serbia doo* (14.13%) and *Mercator-S* (11.08%) were the largest companies by revenue, followed by *DIS d.o.o.* whose market share was about 3 times lower than that of the leading two undertakings. The market shares of other undertakings from the top ten group have ranged between 1% and 3%, while the shares of all other undertakings are less than one per cent.

The overview of the top ten revenue-generating undertakings in the Šumadija and Western Serbia region in 2016 is presented in Table 30:

Table 30 – Overview of the top ten undertakings in the ŠWS region by revenue, 2016

Undertaking	Revenues, RSD	Market share
Delhaize Serbia doo	[...]	13,67%
Mercator-S	[...]	10,74%
DIS d.o.o.	[...]	3,44%
EUROPROM DOO VALJEVO	[...]	3,15%
TRANSKOM 94 DOO, ŠABAC	[...]	2,27%
FORTUNA MARKET DOO ARANĐELOVAC	[...]	2,21%
E.S.-KOMERC DOO PRIJEPOLJE	[...]	1,45%
METALAC-PROLETER AD G. MILANOVAC	[...]	1,28%
Aman doo Surčin	[...]	1,27%
DON CAFE DOO PARAĆIN	[...]	1,24%

Source: Data provided by undertakings

Having regard to the above-presented market shares, it can be noted that the top ten revenue-generating undertakings in 2016 have accounted for *cca* 41% of the total revenue in the ŠWS region. The highest market shares are recorded by *Delhaize Serbia doo* (13.67%) and *Mercator-S* (10.74%), followed by *DIS d.o.o.* whose market share was about 3 times lower than that of the leading two undertakings. The market shares of other undertakings from the top ten group have ranged between 1% and 3%, while the shares of all other undertakings are less than one per cent.

The comparative analysis of the three-year revenue performance for the top ten undertakings in the Šumadija and Western Serbia region is presented in Table 31:

Table 31 – Comparative analysis of the revenue performance - Šumadija and Western Serbia region

Undertaking	Revenues, RSD		
	2014.	2015.	2016.
Delhaize Serbia doo	[...]	[...]	[...]
Mercator-S	[...]	[...]	[...]
DIS d.o.o.	[...]	[...]	[...]
EUROPROM DOO VALJEVO	[...]	[...]	[...]
FORTUNA DOO ARANĐELOVAC	[...]	[...]	[...]
TRANSKOM 94 DOO, ŠABAC	[...]	[...]	[...]
E.S.-KOMERC DOO PRIJEPOLJE	[...]	[...]	[...]
DON CAFE DOO PARAĆIN	[...]	[...]	[...]
Alfa doo Jagodina	[...]	[...]	[...]
MILE PROM DOO LOZNICA	[...]	[...]	[...]
METALAC-PROLETER AD G.MILANOVAC	[...]	[...]	[...]
Aman doo Surčin	[...]	[...]	[...]

Source: Data provided by undertakings

Based on the above-presented data, it can be noted that undertaking [...] has achieved the highest growth in revenue (*cca* 71%), while one undertaking, [...], saw a drop in revenue during the observed period, at the average annual rate of 7%. Other undertakings have experienced positive growth, at the average annual growth rate ranging from 1% to 17%.

IV ANALYSIS OF RETAILER-SUPPLIER RELATIONSHIP

The growing consumer demand, increased retailer responsibility, globalization, amendments/tightening of legal obligations, have influenced the supplier relationship management to become an important organizational process.

The analysis of the retailer-supplier relationship was conducted from several angles and based on several indicators, including:

- concentration of supply for the defined product categories;
- the average gross profit margin for food and non-food products;
- average payment period to suppliers;
- bargaining power of undertakings (retailers) in optimal lot sizing for products from the defined product categories;
- bargaining power of undertakings (retailers) in defining purchase prices for products from the defined product categories;
- eligibility to claim rebate;
- bargaining power of suppliers in defining commercial and/or financial conditions of supply;
- calculation of slotting fees;
- impact of suppliers on the size and/or shelf placement and retail prices.

Therefore, with a view to conducting an analysis of individual indicators, a breakdown by food and non-food products was made, further classified into the following categories:

- meat and meat preparations;
- milk, dairy products and eggs;
- bread and pastry (fresh and packaged baked goods, pastry leaves, yeast, cakes...);
- basic foodstuffs (flour, sugar, salt, rice, noodles, spices, edible oils, soups, pudding, etc.);
- other foodstuff (baby food, etc.);
- fresh fruits and vegetables;
- processed fruits and vegetables, and honey (chutney, pasteurized vegetables, jam, ketchup, mustard, etc.);
- confectionery;
- frozen products;
- non-alcoholic beverages and soft drinks (water, juices and other beverages, etc.);
- beer;
- wine and spirits;
- coffee and tea;
- household chemicals (detergents and household cleaning products, etc.);
- toiletries (shampoos, creams, lotions, paper goods, etc.);
- pet food and equipment;
- cigarettes;

- other non-food products usually found in retail stores (papers, school and office stationery products, clothing, bulbs, tableware, foils, etc.).

The analysis of the bargaining power of retailers was performed in relation to two categories of suppliers, large and small suppliers, whereas for the inquiry related needs, the latter are defined as suppliers whose share of the total supply is below 5%. The undertakings have self-assessed their bargaining power on a scale from “fairly weak” to “fairly strong”. Between these extremes, they were able to self-assess their bargaining power as weak, equal or strong.

On the other hand, bargaining power of suppliers is analyzed based on the possibility to define commercial and/or financial conditions of supply, whereas the participants have been instructed to single-select response on a scale from “are not established” to “are fully established”. Also, in terms of the listing fees or slotting allowances, they have provided responses on a scale from “they are never charged” to “they are always charged”.

1. CONCENTRATION OF SUPPLY

During the survey, undertakings have provided information on the total value of supply for the defined product categories, in addition to names of the top five suppliers with corresponding values of supply, and names of all other suppliers.

The descriptive statistics (minimum, maximum and median values) for the concentration of supply are presented in Table 32:

Table 32 – Share of the top five suppliers in total value of supply

Product category	Maximum value			Minimum value			Median value		
	2014.	2015.	2016.	2014.	2015.	2016.	2014.	2015.	2016.
Meat and meat preparations	100,00%	100,00%	100,00%	25,89%	35,70%	30,31%	66,59%	63,03%	64,48%
Milk, dairy products and eggs	100,00%	100,00%	100,00%	55,43%	44,79%	47,08%	83,27%	81,16%	81,41%
Bread and pastry	100,00%	100,00%	100,00%	53,44%	49,40%	49,39%	85,28%	79,78%	82,70%
Basic foodstuff	100,00%	100,00%	100,00%	13,82%	12,83%	9,15%	58,22%	61,01%	56,41%
Other foodstuff	100,00%	100,00%	100,00%	24,94%	27,52%	28,03%	94,85%	93,08%	87,86%
Fresh fruits and vegetables	100,00%	100,00%	100,00%	19,35%	5,76%	28,54%	89,87%	91,54%	93,22%
Processed fruits and vegetables, and honey	100,00%	100,00%	100,00%	31,45%	30,09%	23,37%	69,61%	64,08%	66,71%
Confectionery	100,00%	100,00%	100,00%	39,27%	42,03%	41,27%	60,43%	61,37%	63,30%
Frozen products	100,00%	100,00%	100,00%	64,89%	44,79%	28,91%	98,59%	96,84%	97,21%
Non-alcoholic beverages and soft drinks	100,00%	100,00%	100,00%	50,95%	35,05%	35,99%	70,24%	72,34%	72,46%
Beer	100,00%	100,00%	100,00%	77,22%	44,79%	46,23%	99,89%	99,90%	99,99%
Wine and spirits	100,00%	100,00%	100,00%	26,95%	30,91%	33,30%	64,19%	62,98%	63,84%
Coffee and tea	100,00%	100,00%	100,00%	26,60%	44,79%	26,84%	90,90%	92,31%	91,99%
Household chemicals	100,00%	100,00%	100,00%	23,35%	39,54%	10,50%	82,68%	80,75%	81,57%
Toiletries	100,00%	100,00%	100,00%	13,76%	25,94%	21,48%	67,64%	63,74%	61,72%
Pet food and equipment	100,00%	100,00%	100,00%	59,19%	44,79%	27,39%	100,00%	100,00%	100,00%
Cigarettes	100,00%	100,00%	100,00%	71,04%	44,79%	49,39%	100,00%	100,00%	100,00%
Other non-food products	100,00%	100,00%	100,00%	13,44%	17,95%	7,32%	51,98%	70,38%	58,19%

Source: Data provided by undertakings

Having regard to the maximum and median values as categories in which 50% of surveyed undertakings have recorded a high concentration of supply, that is, in which the share of the top five suppliers during all three observed years was close to, or more than 90%, the following product categories can be selected: “other foodstuff”, “fresh

fruits and vegetables”, “frozen products”, “beer”, “coffee and tea”, “pet food and equipment” and “cigarettes”. On the other hand, having regard to the minimum values as well, it is clear that the following product categories can be selected in relation to which the share of the top five suppliers in total value of supply of all undertakings was assessed as considerable: “milk, dairy products and eggs”, “bread and pastry”, “frozen products”, “beer”, “pet food and equipment”, and “cigarettes”.

2. AVERAGE GROSS PROFIT MARGIN

The descriptive statistics for the average gross profit margin for food products during the observed three-year period are provided in Table 33:

Table 33 – Descriptive statistics for the average gross profit margin – food products

Average gross profit margin	Food products		
	2014.	2015.	2016.
Maximum value	35,00%	30,00%	30,00%
Minimum value	5,50%	5,80%	5,60%
Average value	15,12%	15,50%	15,83%
Median value	16,00%	15,65%	15,86%

Source: Data provided by undertakings

Based on the above data, it can be noted that in respect of the food products, 50% of the surveyed undertakings had an average gross profit margin lower than 16%, while the remainder of them exceeded said level. Over the whole period observed, company [...] had the highest average gross profit margin (on average 32%), while [...] had the lowest said values (on average 6%). [...].

The descriptive statistics for the average gross profit margin for non-food products are provided in Table 34:

Table 34 – Descriptive statistics for the average gross profit margin – non-food products

Average gross profit margin	Non-food products		
	2014.	2015.	2016.
Maximum value	40,00%	38,00%	40,00%
Minimum value	5,50%	5,80%	5,60%
Average value	16,18%	16,21%	16,72%
Median value	14,63%	14,75%	15,15%

Source: Data provided by undertakings

Based on the above data, it could be noted that the average and extreme values of these two product categories have showed no significant differences. Namely, the data indicate that over the three-year period observed, 50% of the surveyed undertakings had an average gross profit margin lower than 15%, while the remainder of them exceeded said level. Companies [...] (on average 35%) and [...] (on average 38%) have recorded the highest average gross profit margin, while [...] had the lowest average gross profit margin (on average 6%) in this product category. [...].

3. AVERAGE PAYMENT PERIOD TO SUPPLIERS

The Law on Deadlines for Settlement of Financial Liabilities in Commercial Transactions governs deadlines for the settlement of financial liabilities in commercial transactions between the public sector and business entities, between business

entities, and/or between the public sector entities, and with a view to preventing untimely settlement of financial liabilities.

The descriptive statistics for the average payment period to suppliers during the observed three-year period are provided in Table 35:

Table 35 – Descriptive statistics for the average payment period to suppliers

Descriptive statistics	Average payment period to suppliers		
	2014.	2015.	2016.
Maximum value	126	131	113
Minimum value	15	18	17
Average value	48	47	45
Median value	45	45	43

Source: Data provided by undertakings

Based on the above data, it can be noted that 50% of undertakings have settled their financial liabilities in a period shorter than 45 days, while the remainder of them exceeded that timeframe. In 2016, the payment period was slightly reduced. Three undertakings, [...], [...], and [...] have settled their financial liabilities in a period longer than 100 days. It means that regardless of legal limitations, the deadline for the settlement of financial liabilities was exceeded by up to two times when compared to the legally defined deadline of 60 days. On the other hand, companies [...], [...] and [...] have recorded the shortest deadlines for the settlement of respective financial liabilities, averaging at about 20 days.

In terms of the top ten undertakings by revenue over the three-year period operating in the territory of the Republic of Serbia, it is important to point out that apart from [...] and [...], undertakings have complied with the legally defined deadlines for the settlement of financial liabilities in commercial transactions.

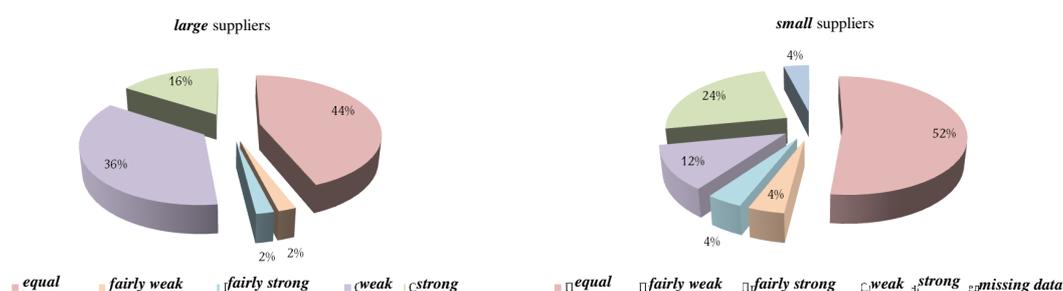
4. BARGAINING POWER OF RETAILERS IN OPTIMAL LOT SIZING

The market power of retailers can be viewed from the perspective of their bargaining power in supply of products. The subjective performance evaluations of the bargaining power of retailers, provided for each product category and each supplier category, are presented in the following segment.

4.1. Meat and meat preparations

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “meat and meat preparations”, is provided in Chart 22:

Chart 22 – Bargaining power of retailers – supply of meat and meat preparations



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (44%) has stated that there are no differences in bargaining power when negotiating with large suppliers, while 36% has assessed their position as weak. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and the other 2% as fairly weak.

[...].

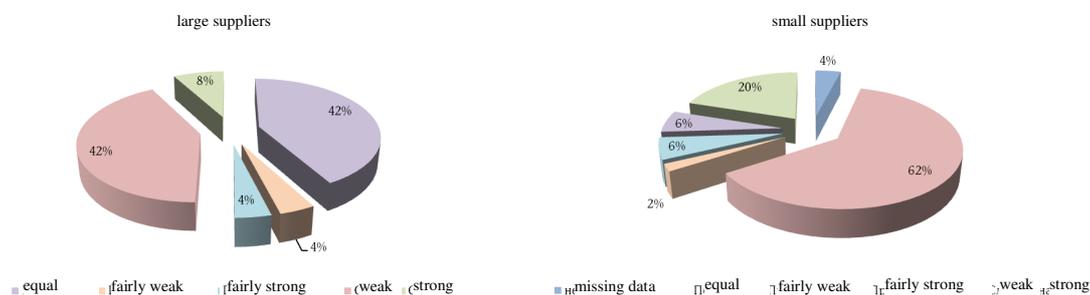
On the other hand, when negotiating with small suppliers, the majority of undertakings (52%) has underlined that there are no differences in bargaining power, while 24% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position vis-à-vis small suppliers as fairly strong, and the other 4% as fairly weak.

[...].

4.2. Milk, dairy products and eggs

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “milk, dairy products and eggs”, is provided in Chart 23:

Chart 23 – Bargaining power of retailers – supply of milk, dairy products and eggs



Source: Data provided by undertakings

Based on the above data, it can be noted that 42% of undertakings have underlined that the bargaining power of retailers is weak when negotiating with large suppliers, and the other 42% that there are no differences in bargaining power. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position vis-à-vis large suppliers as fairly strong, and the other 4% as fairly weak.

[...].

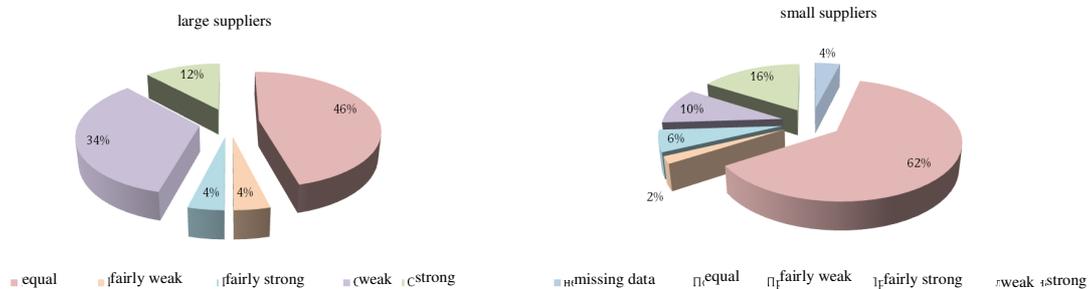
On the other hand, when negotiating with small suppliers, the majority of undertakings (62%) has underlined that there are no differences in bargaining power, while 20% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 6% of undertakings have viewed their position vis-à-vis small suppliers as fairly strong, and 2% as fairly weak.

[...].

4.3. Bread and pastry

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “bread and pastry”, is provided in Chart 24:

Chart 24 – Bargaining power of retailers – supply of bread and pastry



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (46%) has stated that there are no differences in bargaining power when negotiating with large suppliers, while 34% has assessed their position as weak. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position vis-à-vis large suppliers as fairly strong, and the other 4% as fairly weak.

[...].

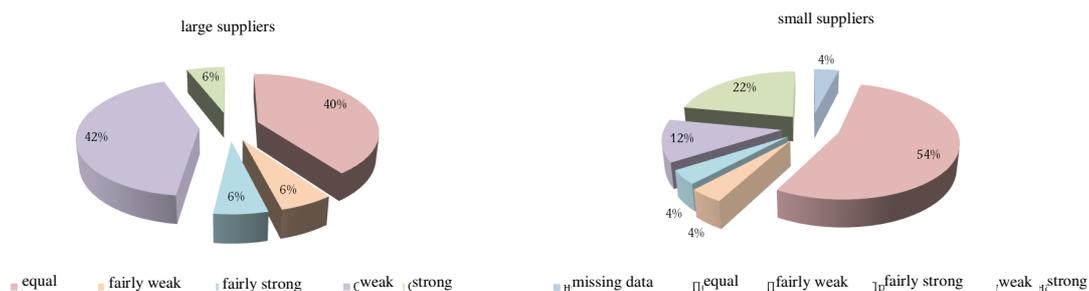
On the other hand, when negotiating with small suppliers, the majority of undertakings (62%) has underlined that there are no differences in bargaining power, while 16% has assessed their position as strong, and 10% as weak. In terms of extreme values on the scale, it can be noted that 6% of undertakings have viewed their position as fairly strong, and 2% as fairly weak.

[...].

4.4. Basic foodstuff

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “basic foodstuff”, is provided in Chart 25:

Chart 25 – Bargaining power of retailers – supply of basic foodstuff



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (42%) has stated that the bargaining power of retailers is weak when negotiating with large suppliers of basic foodstuff, while 40% has assessed that there are no differences in bargaining power. In terms of extreme values on the scale, it can be noted that 6% of undertakings have viewed their position as fairly strong, and the other 6% as fairly weak.

[...].

On the other hand, when negotiating with small suppliers, the majority of undertakings (54%) has underlined that there are no differences in bargaining power, while 22% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and the other 4% as fairly weak.

[...].

4.5. Other foodstuff

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “other foodstuff”, is provided in Chart 26:

Chart 26 – Bargaining power of retailers – supply of other foodstuff



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (42%) has stated that there are no differences in bargaining power when negotiating with large suppliers, while 36% has assessed their position as weak. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and the other 4% as fairly weak.

[...].

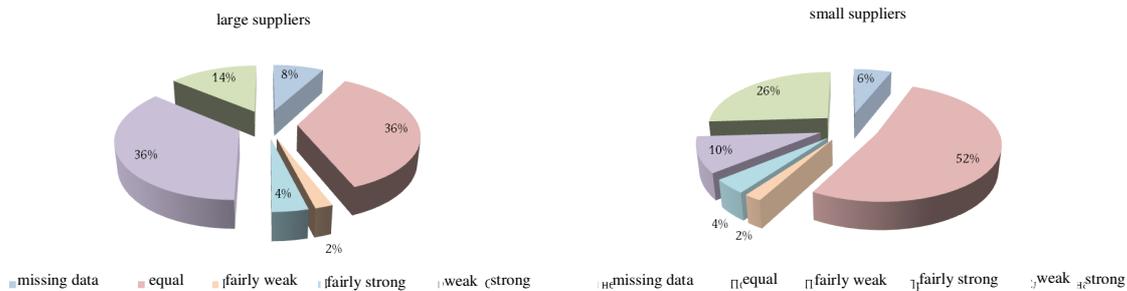
On the other hand, when negotiating with small suppliers, the majority of undertakings (50%) has underlined that there are no differences in bargaining power, while 20% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 6% of undertakings have viewed their position as fairly strong, and the other 6% as fairly weak.

[...].

4.6. Fresh fruits and vegetables

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “fresh fruits and vegetables”, is provided in Chart 27:

Chart 27 – Bargaining power of retailers – supply of fresh fruits and vegetables



Source: Data provided by undertakings

Based on the above data, it can be noted that 36% of undertakings has stated that there are no differences in bargaining power when negotiating with large suppliers, while 36% has assessed their position vis-à-vis large suppliers as weak. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 2% as fairly weak.

[...].

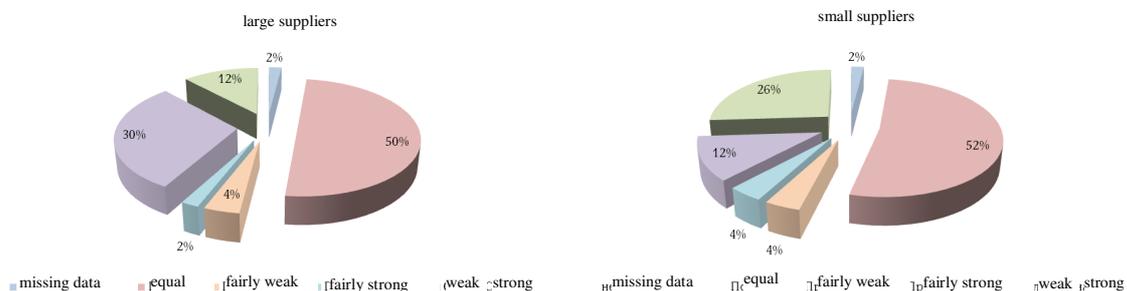
On the other hand, when negotiating with small suppliers, the majority of undertakings (52%) has underlined that there are no differences in bargaining power, while 26% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 2% as fairly weak.

[...].

4.7. Processed fruits and vegetables, and honey

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “processed fruits and vegetables, and honey”, is provided in Chart 28:

Chart 28 – Bargaining power of retailers – supply of processed fruits and vegetables, and honey



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (50%) has stated that there are no differences in bargaining power when negotiating with large suppliers, while 30% has assessed their position as weak. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 4% as fairly weak.

[...].

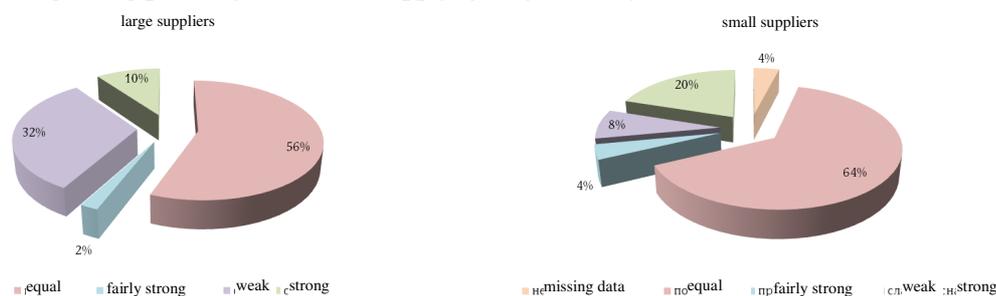
On the other hand, when negotiating with small suppliers, the majority of undertakings (52%) has underlined that there are no differences in bargaining power, while 26% has assessed their position vis-à-vis small suppliers as strong. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and the other 4% as fairly weak.

[...].

4.8. Confectionery

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “confectionery”, is provided in Chart 29:

Chart 29 – Bargaining power of retailers – supply of confectionery



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (56%) has stated that there are no differences in bargaining power when negotiating with large suppliers, while 32% has assessed their position as weak. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, while no undertaking has assessed its position as fairly weak.

[...].

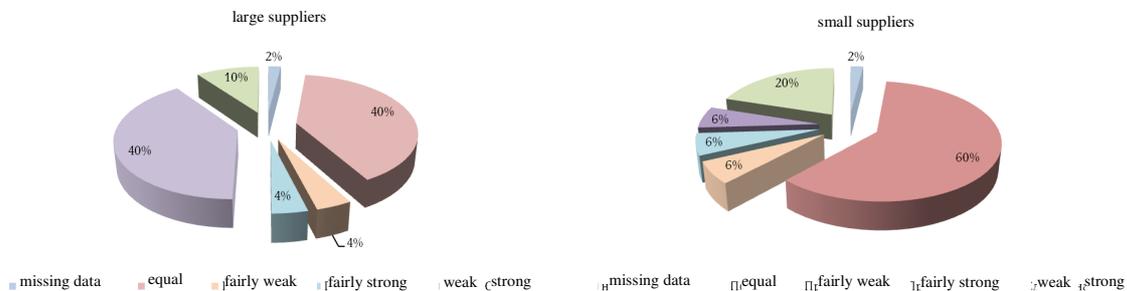
On the other hand, when negotiating with small suppliers, the majority of undertakings (64%) has underlined that there are no differences in bargaining power, while 20% has assessed their position as strong. In terms of extreme values, it can be noted that 4% of undertakings have viewed their position as fairly strong, while no undertaking has assessed its position as fairly weak.

[...].

4.9. Frozen products

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “frozen products”, is provided in Chart 30:

Chart 30 – Bargaining power of retailers – supply of frozen products



Source: Data provided by undertakings

Based on the above data, it can be noted that 40% of undertakings has stated that there are no differences in bargaining power when negotiating with large suppliers, while the other 40% has assessed their position as weak. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and the other 4% as fairly weak.

[...].

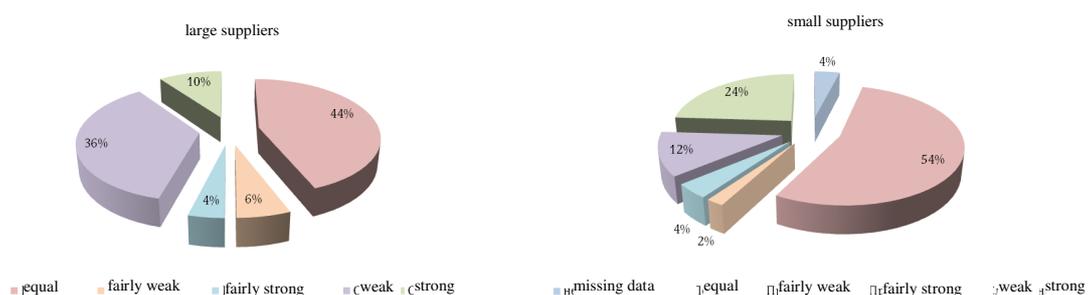
On the other hand, when negotiating with small suppliers, the majority of undertakings (60%) has underlined that there are no differences in bargaining power, while 20% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 6% of undertakings have viewed their position as fairly strong, and the other 6% as fairly weak.

[...].

4.10. Non-alcoholic beverages and soft drinks

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “non-alcoholic beverages and soft drinks”, is provided in Chart 31:

Chart 31 – Bargaining power of retailers – supply of non-alcoholic beverages and soft drinks



Source: Data provided by undertakings

Based on the above data, it can be noted that 44% of undertakings has stated that there are no differences in bargaining power when negotiating with large suppliers, while 36% has assessed their position as weak. In terms of extreme values, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 6% as fairly weak.

[...].

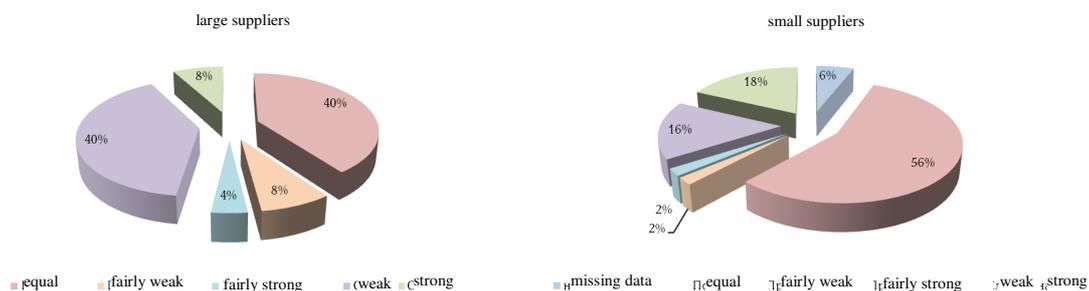
On the other hand, when negotiating with small suppliers, the majority of undertakings (54%) has underlined that there are no differences in bargaining power, while 24% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 2% as fairly weak.

[...].

4.11. Beer

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “beer”, is provided in Chart 32:

Chart 32 – Bargaining power of retailers – supply of beer



Source: Data provided by undertakings

Based on the above data, it can be noted that 40% of undertakings has stated that there are no differences in bargaining power when negotiating with large suppliers, while the other 40% has assessed their position as weak. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 8% as fairly weak.

[...].

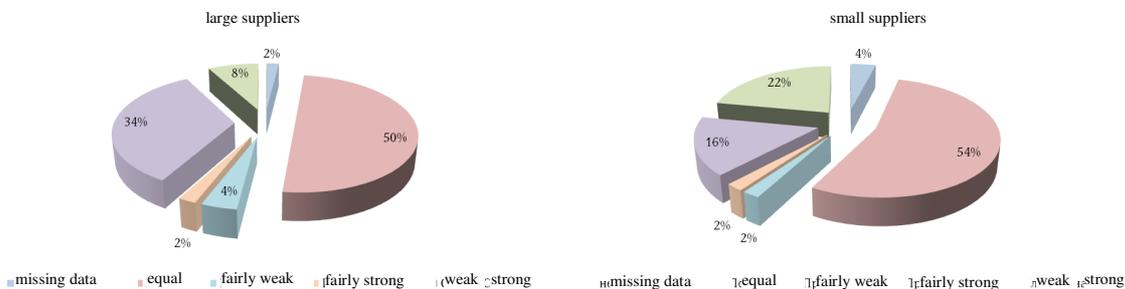
On the other hand, when negotiating with small suppliers, the majority of undertakings (56%) has underlined that there are no differences in bargaining power, while 18% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and the other 2% as fairly weak.

[...].

4.12. Wine and spirits

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “wine and spirits”, is provided in Chart 33:

Chart 33 – Bargaining power of retailers – supply of wine and spirits



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (50%) has stated that there are no differences in bargaining power when negotiating with large suppliers, while 34% has assessed their position as weak. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 4% as fairly weak.

[...].

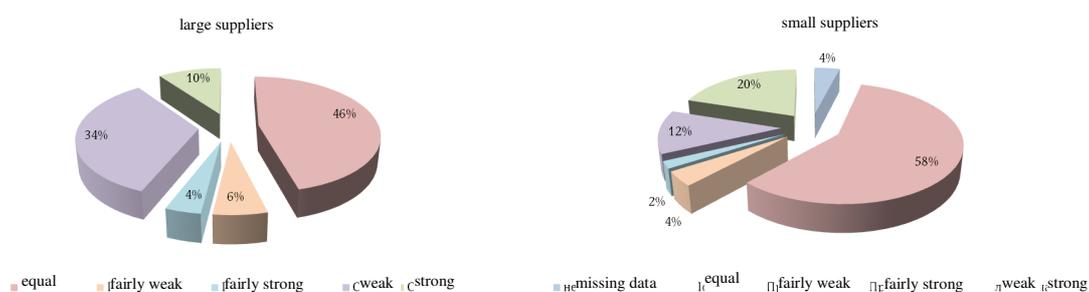
On the other hand, when negotiating with small suppliers, the majority of undertakings (56%) has underlined that there are no differences in bargaining power, while 22% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and the other 2% as fairly weak.

[...].

4.13. Coffee and tea

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “coffee and tea”, is provided in Chart 34:

Chart 34 – Bargaining power of retailers – supply of coffee and tea



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (46%) has stated that there are no differences in bargaining power when negotiating with large suppliers, while 34% has assessed their position as weak. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 6% as fairly weak.

[...].

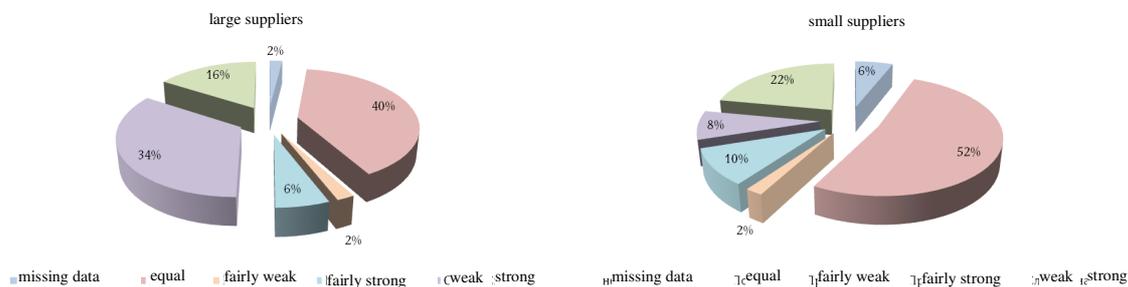
On the other hand, when negotiating with small suppliers, the majority of undertakings (58%) has underlined that there are no differences in bargaining power, while 20% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 4% as fairly weak.

[...].

4.14. Household chemicals

The reply structure relating to the bargaining power of retailers with regard to optimal lot sizing for products from the product category “household chemicals”, is provided in Chart 35:

Chart 35 – Bargaining power of retailers – supply of household chemicals



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (40%) has stated that there are no differences in bargaining power when negotiating with large suppliers, while 34% has assessed their position as weak. In terms of extreme values on the scale, it can be noted that 6% of undertakings have viewed their position as fairly strong, and 2% as fairly weak.

[...].

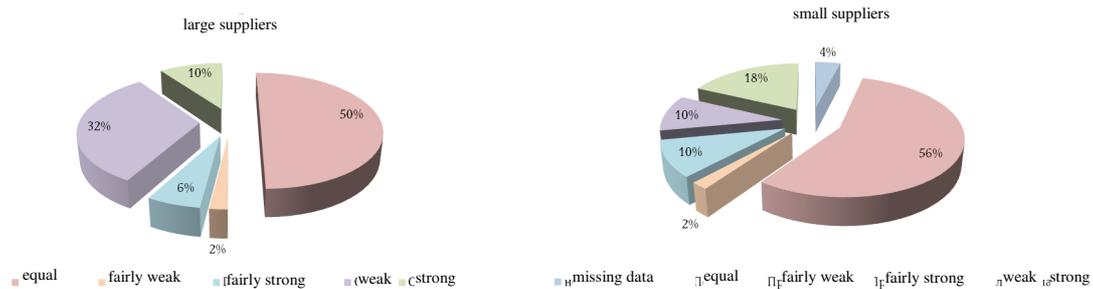
On the other hand, when negotiating with small suppliers, the majority of undertakings (52%) has underlined that there are no differences in bargaining power, while 22% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 10% of undertakings have viewed their position as fairly strong, and 2% as fairly weak.

[...].

4.15. Toiletries

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “toiletries”, is provided in Chart 36:

Chart 36 – Bargaining power of retailers – supply of toiletries



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (50%) has stated that there are no differences in bargaining power when negotiating with large suppliers, while 32% has assessed their position as weak. In terms of extreme values on the scale, it can be noted that 6% of undertakings have viewed their position as fairly strong, and 2% as fairly weak.

[...].

On the other hand, when negotiating with small suppliers, the majority of undertakings (56%) has underlined that there are no differences in bargaining power, while 18% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 10% of undertakings have viewed their position as fairly strong, and 2% as fairly weak.

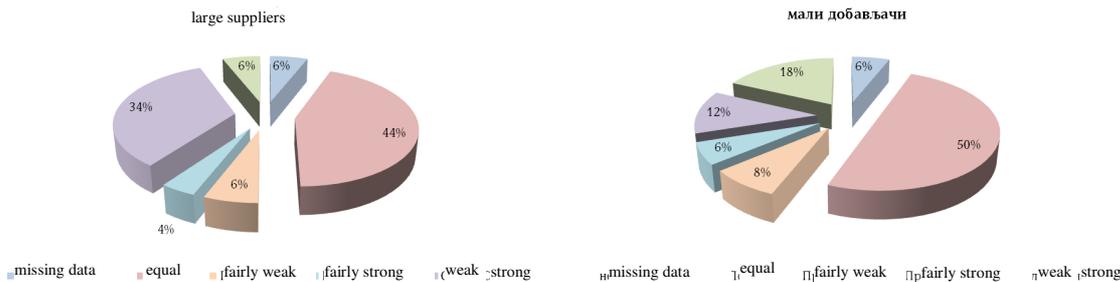
[...].

4.16. Pet food and equipment

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “pet food and equipment”, is provided in Chart 37:

Chart 37 – Bargaining power of retailers – supply of pet food and equipment

small suppliers



Source: Data provide by undertakings

Based on the above data, it can be noted that the majority of undertakings (44%) has stated that there are no differences in bargaining power when negotiating with large suppliers, while 34% has assessed their position as weak. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 6% as fairly weak.

[...].

On the other hand, when negotiating with small suppliers, the majority of undertakings (50%) has underlined that there are no differences in bargaining power, while 18% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 6% of undertakings have viewed their position as fairly strong, and 8% as fairly weak.

[...].

4.17. Cigarettes

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “cigarettes”, is provided in Chart 38:

Chart 38 – Bargaining power of retailers – supply of cigarettes



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (34%) has stated that their bargaining power is weak when negotiating with large cigarette suppliers, and 28% said that there are no differences in bargaining power, while as much as 26% has assessed their position as fairly weak. In terms of the other extreme value on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong.

[...].

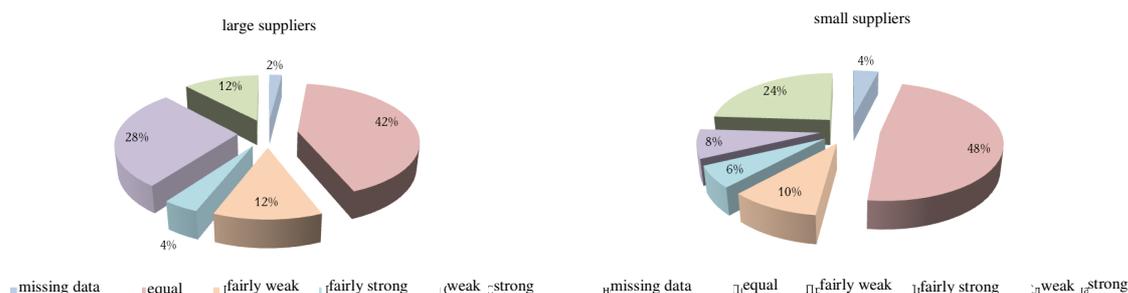
On the other hand, when negotiating with small suppliers, the majority of undertakings (42%) has underlined that there are no differences in bargaining power, while as much as 26% has assessed their position as fairly weak. In terms of the other extreme value on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong.

[...].

4.18. Other non-food products

The reply structure relating to the bargaining power of retailers with regard to the optimal lot sizing for products from the product category “other non-food products”, is provided in Chart 39:

Chart 39 – Bargaining power of retailers – supply of other non-food products



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (42%) has stated that there are no differences in bargaining power when negotiating with large suppliers, while 28% has assessed their position as weak. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 12% as fairly weak.

[...].

On the other hand, when negotiating with small suppliers, the majority of undertakings (48%) has underlined that there are no differences in bargaining power, while 24% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 6% of undertakings have viewed their position as fairly strong, and 10% as fairly weak.

[...].

5. BARGAINING POWER OF RETAILERS IN DEFINING PURCHASE PRICES

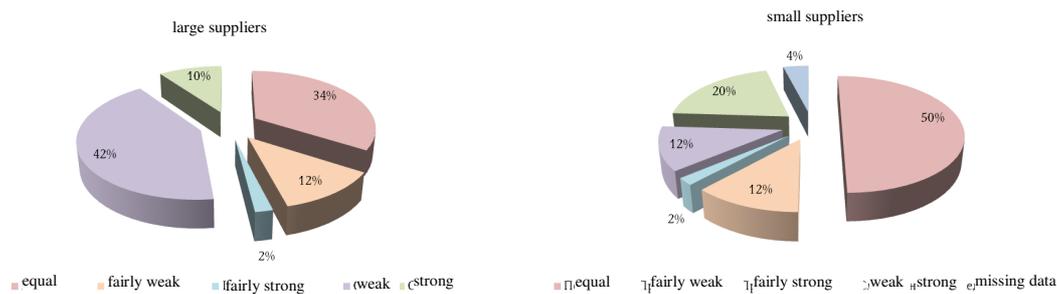
The market power of retailers can be viewed from the perspective of their bargaining power in defining purchase prices for products. The subjective performance

evaluations of the bargaining power of retailers, provided for each product category and each supplier category, are presented in the following segment.

5.1. Meat and meat preparations

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “meat and meat preparations”, is provided in Chart 40:

Chart 40 – Bargaining power of retailers – purchase prices of meat and meat preparations



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (42%) has stated that their bargaining power is weak when negotiating with large suppliers, while 34% said that there are no differences in bargaining power. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 12% as fairly weak.

[...].

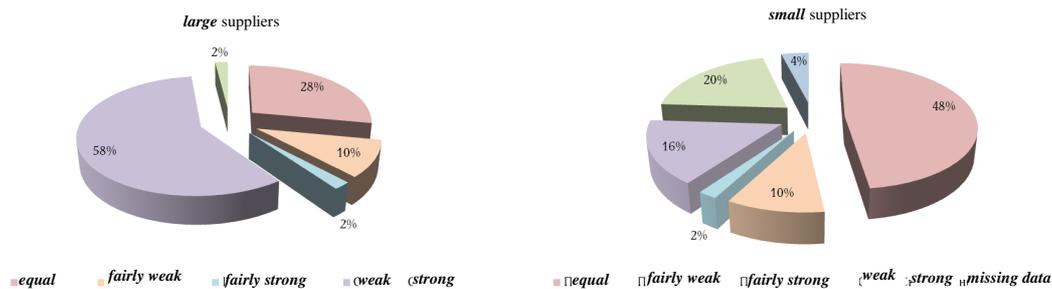
On the other hand, when negotiating with small suppliers, the majority of undertakings (62%) has underlined that there are no differences in bargaining power, while 15% has assessed their position as weak, and as much as 15% as fairly weak. In terms of the other extreme value on the scale, it can be noted that 3% of undertakings have viewed their position as fairly strong.

[...].

5.2. Milk, dairy products and eggs

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “milk, dairy products and eggs”, is provided in Chart 41:

Chart 41 – Bargaining power of retailers – purchase prices of milk, dairy products and eggs



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (58%) has stated that their bargaining power is weak when negotiating with large suppliers, and 28% said that there are no differences in bargaining power. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 10% as fairly weak.

[...].

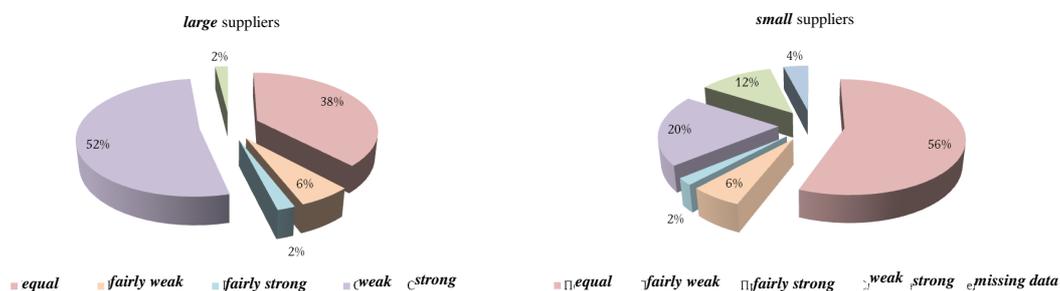
On the other hand, when negotiating with small suppliers, the majority of undertakings (48%) has underlined that there are no differences in bargaining power, while 20% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 10% as fairly weak.

[...].

5.3. Bread and pastry

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “bread and pastry”, is provided in Chart 42:

Chart 42 – Bargaining power of retailers – purchase prices of bread and pastry



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (52%) has stated that their bargaining power is weak when negotiating with large suppliers, and 38% said that there are no differences in bargaining power. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 6% as fairly weak.

[...].

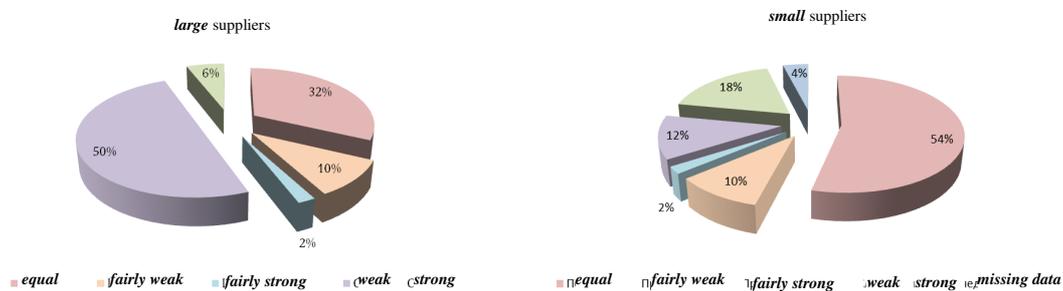
On the other hand, when negotiating with small suppliers, the majority of undertakings (56%) has underlined that there are no differences in bargaining power, while 20% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 6% as fairly weak.

[...].

5.4. Basic foodstuff

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “basic foodstuff”, is provided in Chart 43:

Chart 43 – Bargaining power of retailers – purchase prices of basic foodstuff



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (50%) has stated that their bargaining power is weak when negotiating with large suppliers, and 32% said that there are no differences in bargaining power. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 10% as fairly weak.

[...].

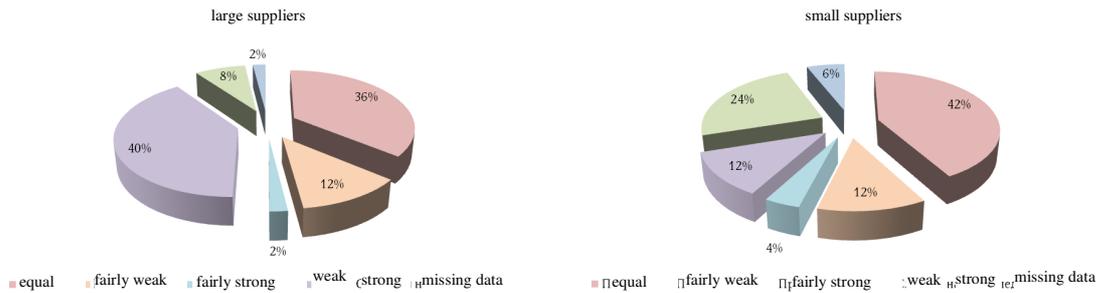
On the other hand, when negotiating with small suppliers, the majority of undertakings (54%) has underlined that there are no differences in bargaining power, while 18% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 10% as fairly weak.

[...].

5.5. Other foodstuff

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “other foodstuff”, is provided in Chart 44:

Chart 44 – Bargaining power of retailers – purchase prices of other foodstuff



So

Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (40%) has stated that their bargaining power is weak when negotiating with large suppliers, and 36% said that there are no differences in bargaining power. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 12% as fairly weak.

[...].

On the other hand, when negotiating with small suppliers, the majority of undertakings (42%) has underlined that there are no differences in bargaining power, while 24% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 10% as fairly weak.

[...].

5.6. Fresh fruits and vegetables

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “fresh fruits and vegetables”, is provided in Chart 45:

Chart 45 – Bargaining power of retailers – purchase prices of fresh fruits and vegetables



So

Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (40%) has stated that there are no differences in bargaining power when negotiating with large suppliers, while 38% has assessed their position as weak. In terms of extreme values, it

can be noted that 2% of undertakings have viewed their position as fairly strong, and 8% as fairly weak.

[...].

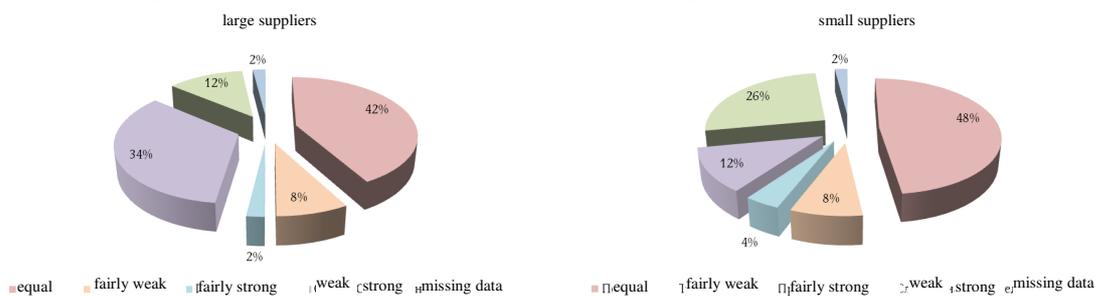
On the other hand, when negotiating with small suppliers, the majority of undertakings (50%) has underlined that there are no differences in bargaining power, while 18% has assessed their position as strong. In terms of extreme values, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 8% as fairly weak.

[...].

5.7. Processed fruits and vegetables, and honey

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “processed fruits and vegetables, and honey”, is provided in Chart 46:

Chart 46 – Bargaining power of retailers – purchase prices of processed fruits and vegetables, and honey



So

Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (42%) has stated that there are no differences in bargaining power when negotiating with large suppliers, while 34% has assessed their position as weak. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 8% as fairly weak.

[...].

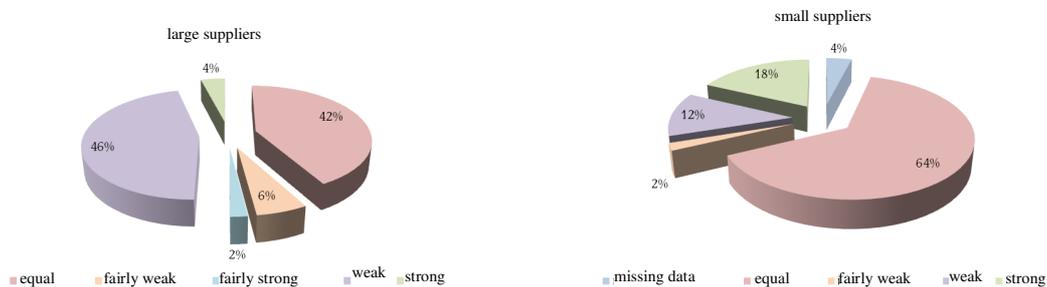
On the other hand, when negotiating with small suppliers, the majority of undertakings (48%) has underlined that there are no differences in bargaining power, while 26% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 8% as fairly weak.

[...].

5.8. Confectionery

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “confectionery”, is provided in Chart 47:

Chart 47 – Bargaining power of retailers – purchase prices of confectionery



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (46%) has stated that their bargaining power is weak when negotiating with large suppliers, and 42% said that there are no differences in bargaining power. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 6% as fairly weak.

[...].

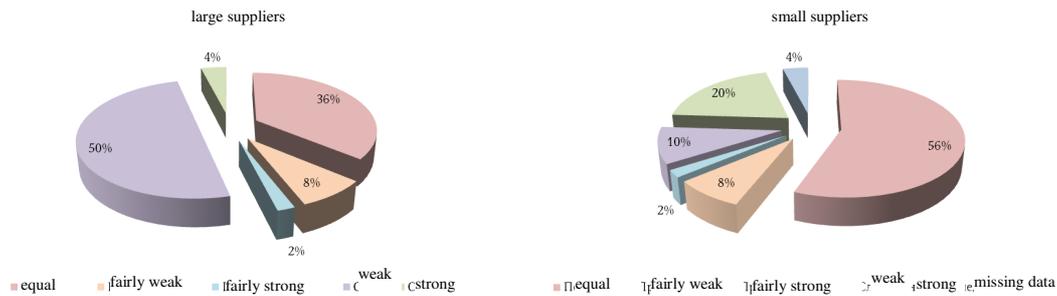
On the other hand, when negotiating with small suppliers, the majority of undertakings (64%) has underlined that there are no differences in bargaining power, while 18% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly weak, while no undertaking has assessed its position as fairly strong.

[...].

5.9. Frozen products

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “frozen products”, is provided in Chart 48:

Chart 48 – Bargaining power of retailers – purchase prices of frozen products



So

Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (50%) has stated that their bargaining power is weak when negotiating with large suppliers, and 36% said that there are no differences in bargaining power. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 8% as fairly weak.

[...].

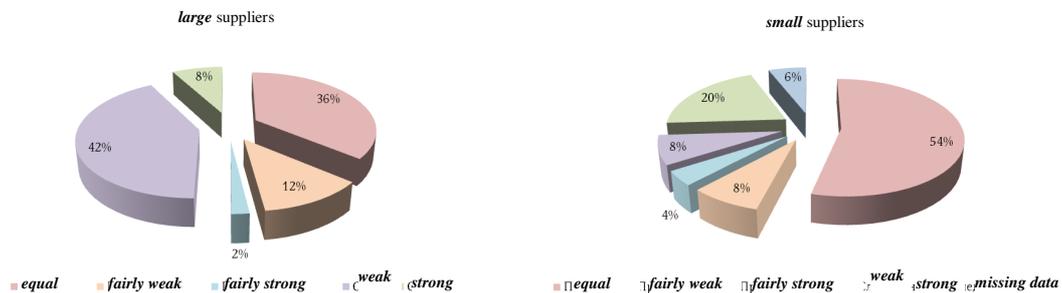
On the other hand, when negotiating with small suppliers, the majority of undertakings (56%) has underlined that there are no differences in bargaining power, while 20% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 8% as fairly weak.

[...].

5.10. Non-alcoholic beverages and soft drinks

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “non-alcoholic beverages and soft drinks”, is provided in Chart 49:

Chart 49 – Bargaining power of retailers – purchase prices of non-alcoholic beverages and soft drinks



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (42%) has stated that their bargaining power is weak when negotiating with large suppliers, and 36% said that there are no differences in bargaining power. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 12% as fairly weak.

[...].

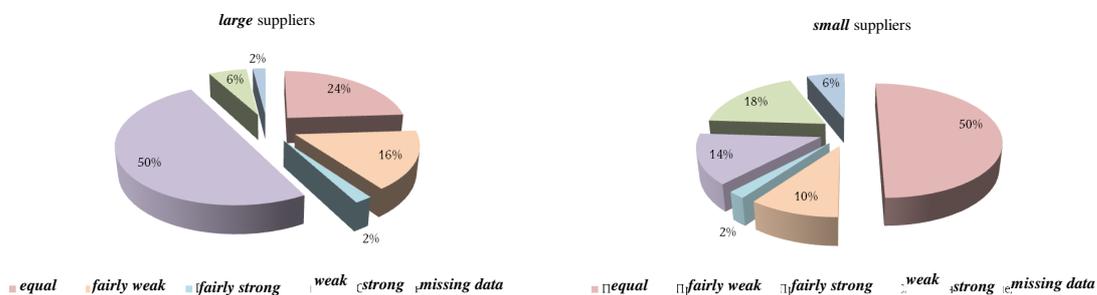
On the other hand, when negotiating with small suppliers, the majority of undertakings (54%) has underlined that there are no differences in bargaining power, while 20% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 8% as fairly weak.

[...].

5.11. Beer

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “beer”, is provided in Chart 50:

Chart 50 – Bargaining power of retailers – purchase prices of beer



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (50%) has stated that their bargaining power is weak when negotiating with large suppliers, and 24% said that there are no differences in bargaining power. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and as much as 16% as fairly weak.

[...].

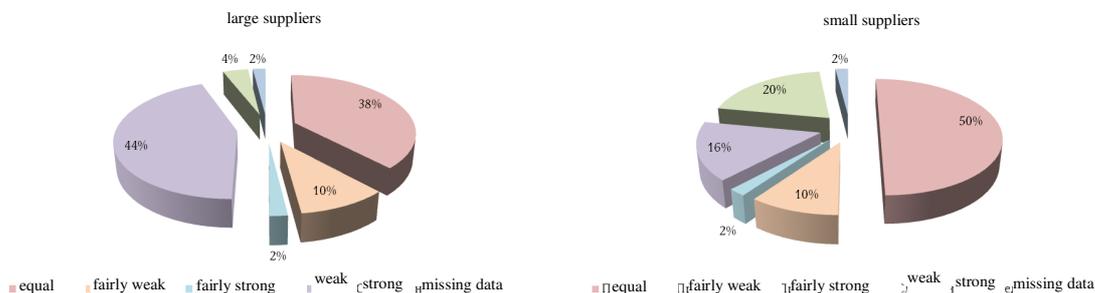
On the other hand, when negotiating with small suppliers, the majority of undertakings (50%) has underlined that there are no differences in bargaining power, while 18% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 10% as fairly weak.

[...].

5.12. Wine and spirits

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “wine and spirits”, is provided in Chart 51:

Chart 51 – Bargaining power of retailers – purchase prices of wine and spirits



So

Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (44%) has stated that their bargaining power is weak when negotiating with large suppliers, and 38% said that there are no differences in bargaining power. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 10% as fairly weak.

[...].

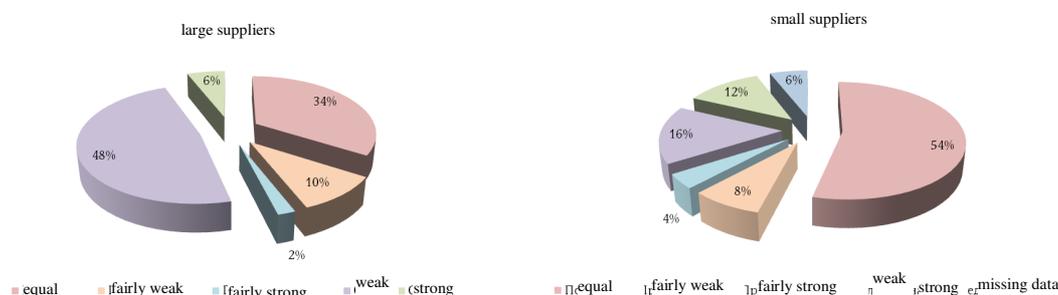
On the other hand, when negotiating with small suppliers, the majority of undertakings (50%) has underlined that there are no differences in bargaining power, while 20% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 10% as fairly weak.

[...].

5.13. Coffee and tea

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “coffee and tea”, is provided in Chart 52:

Chart 52 – Bargaining power of retailers – purchase prices of coffee and tea



So

Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (48%) has stated that their bargaining power is weak when negotiating with large suppliers, and 34% said that there are no differences in bargaining power. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 10% as fairly weak.

[...].

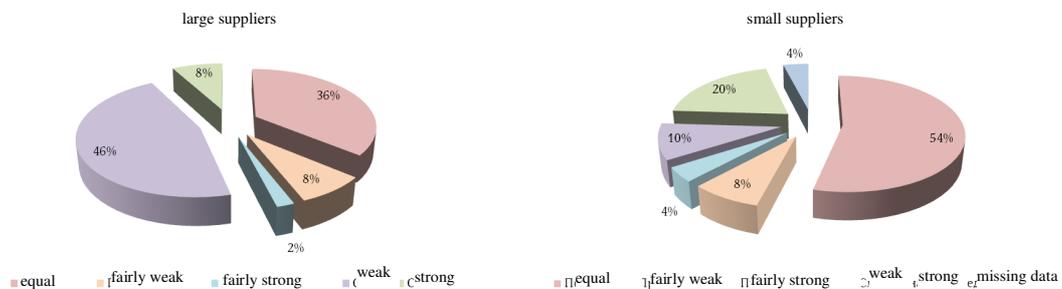
On the other hand, when negotiating with small suppliers, the majority of undertakings (54%) has underlined that there are no differences in bargaining power, while 16% has assessed their position as weak. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 8% as fairly weak.

[...].

5.14. Household chemicals

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “household chemicals”, is provided in Chart 53:

Chart 53 - Bargaining power of retailers – purchase prices of household chemicals



So

Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (46%) has stated that their bargaining power is weak when negotiating with large suppliers, and 36% said that there are no differences in bargaining power. In terms of extreme values on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 8% as fairly weak.

[...].

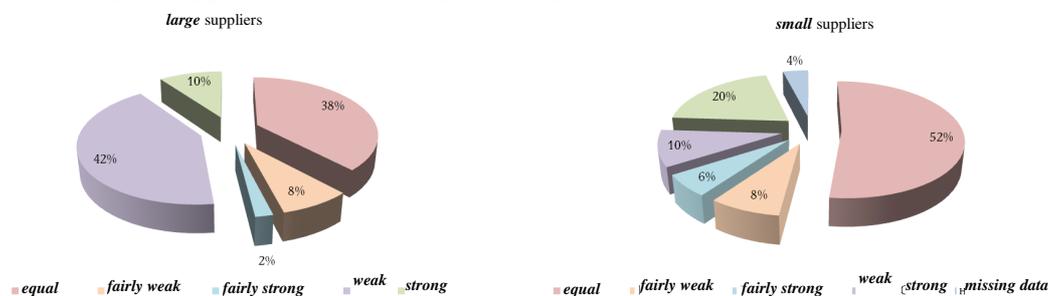
On the other hand, when negotiating with small suppliers, the majority of undertakings (54%) has underlined that there are no differences in bargaining power, while 20% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 8% as fairly weak.

[...].

5.15. Toiletries

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “toiletries”, is provided in Chart 54:

Chart 54 – Bargaining power of retailers – purchase prices of toiletries



Sou

Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (42%) has stated that their bargaining power is weak when negotiating with large suppliers, and 38% said that there are no differences in bargaining power. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 8% as fairly weak.

[...].

On the other hand, when negotiating with small suppliers, the majority of undertakings (52%) has underlined that there are no differences in bargaining power, while 20% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 6% of undertakings have viewed their position as fairly strong, and the other 6% as fairly weak.

[...].

5.16. Pet food and equipment

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “pet food and equipment”, is provided in Chart 55:

Chart 55 – Bargaining power of retailers – purchase prices of pet food and equipment



So

Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (38%) has stated that their bargaining power is weak when negotiating with large suppliers, and 34% said that there are no differences in bargaining power. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 10% as fairly weak.

[...].

On the other hand, when negotiating with small suppliers, the majority of undertakings (46%) has underlined that there are no differences in bargaining power, while 22% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 10% as fairly weak.

[...].

5.17. Cigarettes

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “cigarettes”, is provided in Chart 56:

Chart 56 – Bargaining power of retailers – purchase prices of cigarettes



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (44%) has stated that their bargaining power is fairly weak when negotiating with large cigarette suppliers, and 32% said that their position is weak. Also, 16% of undertakings has stated that there are no differences in bargaining power, while 2% has underlined that their position is fairly strong.

[...].

On the other hand, when negotiating with small suppliers, the majority of undertakings (42%) has underlined that their position is fairly weak, while 26% said that there are no differences in bargaining power. In terms of the other extreme value on the scale, it can be noted that 2% of undertakings have viewed their position as fairly strong.

[...].

5.18. Other non-food products

The reply structure relating to the bargaining power of retailers in defining purchase prices for products from the product category “other non-food products”, is provided in Chart 57:

Chart 57 – Bargaining power of retailers – purchase prices of other non-food products



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings (38%) has stated that their bargaining power is weak when negotiating with large suppliers, and 34% said that there are no differences in bargaining power. In terms of extreme values, it can be noted that 2% of undertakings have viewed their position as fairly strong, and 14% as fairly weak.

[...].

On the other hand, when negotiating with small suppliers, the majority of undertakings (40%) has underlined that there are no differences in bargaining power, while 24% has assessed their position as strong. In terms of extreme values on the scale, it can be noted that 4% of undertakings have viewed their position as fairly strong, and 12% as fairly weak.

[...].

6. ELIGIBILITY TO CLAIM REBATE

During the survey, undertakings have provided information on the requirements regularly levied by suppliers in terms of eligibility to claim rebate.

The most often levied requirements by suppliers include the following:

- quantities;
- product portfolio (product structure to be marketed);
- primary and secondary positions;
- supplier turnover by product category;

- payment deadlines (currencies);
- achieving sales targets as agreed;
- promo activities;
- share in leaflet distribution;
- sales promotion through marketing;
- continuity of product supply;
- logistics costs.

7. DEFINITION OF COMMERCIAL AND/OR FINANCIAL CONDITIONS OF SUPPLY

The contracting of special commercial and/or financial conditions of supply (all duties directly calculated on the invoice, cassa sconto, supplemental rebate, target rebate, etc.) represents a special form of the power of buyers or retailers.

During the survey, undertakings have provided information on whether and to what extent suppliers define commercial and/or financial conditions of supply for products classified into individual product categories. The subjective evaluations of supplier positions have provided grounds for indirect assessment retailer positions.

The reply structure relating to the definition of commercial and/or financial conditions of supply by large suppliers, is provided in Table 36:

Table 36 – Definition of commercial and/or financial conditions of supply by large suppliers

Product category	are not established	are partially established	are fully established	missing data
Meat and meat preparations	8%	68%	22%	2%
Milk, dairy products and eggs	8%	68%	22%	2%
Bread and pastry	12%	66%	20%	2%
Basic foodstuff	10%	70%	18%	2%
Other foodstuff	12%	64%	20%	4%
Fresh fruits and vegetables	18%	50%	26%	6%
Processed fruits and vegetables, and honey	10%	72%	14%	4%
Confectionery	12%	76%	12%	0%
Frozen products	10%	64%	24%	2%
Non-alcoholic beverages and soft drinks	4%	64%	30%	2%
Beer	6%	60%	32%	2%
Wine and spirits	8%	66%	22%	4%
Coffee and tea	8%	66%	24%	2%
Household chemicals	6%	66%	26%	2%
Toiletries	6%	68%	24%	2%
Pet food and equipment	12%	60%	20%	8%
Cigarettes	12%	30%	52%	6%
Other non-food products	16%	66%	16%	2%

Source: Data provided by undertakings

Based on the above data, it can be noted that the largest number of undertakings has stated that commercial and/or financial conditions of supply are only partially established by large suppliers in all product categories, apart from products from the product category “cigarettes”.

[...].

The analysis of the position of large and small suppliers with undertakings indicates that small suppliers had a weaker position with a certain, smaller number of surveyed retailers. On the other hand, it is important to mention that in all product categories, based on the subjective evaluations given by a number of undertakings, small suppliers also had the possibility to fully define commercial and/or financial conditions of supply.

8. CALCULATION OF SLOTTING FEES

Special fees that cover a variety of percentage or monetary compensations negotiated between retailers and suppliers are also a manifestation of the power of undertakings of its own kind.

The reply structure relating to the calculation of slotting fees which are received from the group of large suppliers, is provided in Table 37:

Table 37 – Calculation of slotting fees

Product category	never	occasionally	always	missing data [†]
Meat and meat preparations	34%	54%	8%	4%
Milk, dairy products and eggs	42%	46%	8%	4%
Bread and pastry	40%	48%	8%	4%
Basic foodstuff	44%	46%	8%	2%
Other foodstuff	62%	30%	4%	4%
Fresh fruits and vegetables	80%	12%	2%	6%
Processed fruits and vegetables, and honey	38%	52%	8%	2%
Confectionery	30%	58%	12%	0%
Frozen products	44%	46%	8%	2%
Non-alcoholic beverages and soft drinks	30%	60%	8%	2%
Beer	40%	50%	8%	2%
Wine and spirits	34%	54%	10%	2%
Coffee and tea	36%	52%	10%	2%
Household chemicals	28%	58%	10%	4%
Toiletries	28%	58%	10%	4%
Pet food and equipment	42%	46%	6%	6%
Cigarettes	76%	16%	4%	4%
Other non-food products	40%	50%	6%	4%

Source: Data provided by undertakings

Based on the above data, it can be noted that the largest number of undertakings has underlined that slotting fees are only occasionally or never calculated for the majority of observed product categories. The product categories “other foodstuff” which include baby food, “fresh fruits and vegetables” and “cigarettes” constitute an exception, with 62%, 80% and 72%, respectively, of undertakings pointing out that they never calculate slotting fees for these product categories.

[...].

The analysis of the position of large and small suppliers as regards the calculation of slotting fees indicates that small suppliers have been placed in “a more unfavorable” position with some undertakings in terms of the increased frequency of calculations, including with [...], [...], [...] and [...], while with a certain number of undertakings, including [...], [...], [...] and [...], small suppliers had “a more favorable” position in

terms of the reduced frequency of calculations or not being charged with pay-to-stay fees.

9. IMPACT ON SIZE AND SHELF PLACEMENT, AND RETAIL PRICES

Out of the total number of surveyed undertakings, 27 respondents said that suppliers are capable of affecting the size and/or shelf placement, while 23 have indicated that such possibility is non-existing. Explaining the manner in which the influence is exerted, the majority of undertakings said that the share of shelf is determined according to the supplier's market share in a given category, adding that there is a possibility of agreeing, whilst respecting the fair share of suppliers on the market. A certain number of undertakings said that the influence is exerted via secondary positions, whose influence is restricted by capacity and retail sales area, while some undertakings have stated that this influence is also exerted via additional rebates granted.

In terms of the availability of information to suppliers on retail prices, quantities and other important sales performance indicators, 42 undertakings have stated that such information are available, whereas [...] and [...] have stated that suppliers receive sales reports, while the information on retail prices are obtained at their own initiative, by visiting retail stores.

[...].

In terms of retail prices, quantities and other important sales performance indicators of other suppliers, ten undertakings have stated that such information are also available, indicating that this confirmation actually only relates to the quoted prices that are available to everyone, both suppliers and consumers.

The position of suppliers, observed through the possibility to have an impact on retail prices, and measured on the scale with extreme values "fairly weak" and "fairly strong", could be assessed as weak since only nine undertakings have stated that there is a possibility to have an impact on retail prices, and that such influence is exerted through suggested prices or reduction of retail prices following approved rebates. [...].

Regardless of whether and who has an impact on retail prices, the undertakings have also provided information on whether the product prices vary depending on the following elements:

- type of retail formats or store size (small store, supermarket, hypermarket...);
- geographic location of stores (urban areas, less densely populated areas...);
- time of the year (season).

In terms of price variations as a function of store size, 33 out of the total number of surveyed undertakings have said that there are no price differences, while 17 respondents have said that there are certain variations and indicated the reasons for such policy.

The first group of factors that have an impact on price levels includes the following:

- retail store size or brand affiliation;
- value of turnover;
- purchasing power of the population;
- competition;
- retail store operating costs which subsequently also determine the various price levels.

[...].

In terms of price variations as a function of geographic location of stores, 32 out of the total number of surveyed undertakings have said that there are no price differences, while 18 respondents have recognized the importance of geographic dimension when defining the respective price policy.

The second group of factors that have an impact on price levels includes the following:

- city size and population density;
- development of a region;
- purchasing power of the population;
- competition;
- costs and distribution methods (rental costs, logistical costs...);
- power of local brands;
- store interior and number of employees.

[...].

Lastly, in terms of price variations as a function of seasons/time of the year, 40 out of the total number of surveyed undertakings have said that there are no price differences, while 10 respondents have indicated the importance of seasonality in price levels.

The third group of factors that have an impact on price levels includes the following:

- religious and public holidays and seasonal peaks (for example, beer is cheaper in summer time, fish is cheaper during fasting days, etc.);
- market developments (supplier price increase);
- sources of supply (the example provided relates to the procurement of fruits, showing higher prices in the off-season because of the imports, as opposed to the peak season when they are mostly procured domestically from national companies and farms);

[...].

Another matter of importance for undertakings when making business decisions, including decisions about their price policies, relates to the cooperation with market research agencies. Namely, the market research is an activity that helps undertakings to acquire information on consumers and those who are not, rivals and distribution channels, which may represent a basis for recognizing the sales needs and opportunities, identifying business problems, supervising business activities and opportune decision-making.

During the survey, undertakings have provided information on whether they have established any form of cooperation with market research agencies, and a list of agencies if such collaboration is established, as well as information on the manner in which such cooperation is implemented.

Out of the total number of surveyed undertakings, 20 respondents have pointed out that they have established cooperation with market research agencies, whereas the most frequent form of cooperation is founded on contractual arrangements on the basis of reciprocity. Based on the data provided by retailers, publicly available data collected by, for instance, on-site assessment visits, price listing, analysis of TV commercial offers or publicly available leaflets of competitors, as well as consumer survey results, market research agencies draft reports based on the defined report dynamics and submit said to undertakings. Therefore, the subject of cooperation is most often the following:

- delivery of reports on market shares (by product categories, sales formats, sales channels...);
- delivery of reports on retail price trends (including monitoring of offers and respective period of duration);
- providing access to information on promotional campaigns in retail;
- delivery of reports on the level of customer satisfaction.

The majority of undertakings have mentioned company *Nielsen* as their agency of choice, but the list also includes *Ipsos strategic marketing*, *Intelligence*, *Focus*, *GFK*, *CBS Systems*, *Retail zoom*, *Direct media*, *Prikupljanje cena i analiza d.o.o.*, *Smart Plus Research*, *Pakt*, and *Nina Media*.

VI CATEGORY MANAGEMENT

The category management is a business and strategic concept that increasingly gains in importance nowadays, aimed to prevent loss of consumers and profits of trade companies. At the same time, this concept is a powerful instrument to increase volume of sales in each of the individual product categories, viewed as a separate strategic unit.

Out of the total number of surveyed undertakings, 23 respondents have pointed out that they have a separate organizational unit in charge of category management operations. [...].

Out of the total number of undertakings with separate category management units, only two undertakings, [...] and [...], have underlined that they do not fully and/or sufficiently procure certain products from individual product categories and that the reason is the seasonal nature of products, that is, unfavorable conditions of procurement offered by suppliers.

The manner of organization of category management operations in relation to products procured from large suppliers is presented in Table 38:

Table 38 – Category management organization

Product category	fully independently organized	organized with suppliers	fully organized by suppliers
Meat and meat preparations	61%	39%	0%
Milk, dairy products and eggs	57%	43%	0%
Bread and pastry	52%	48%	0%
Basic foodstuff	65%	35%	0%
Other foodstuff	65%	35%	0%
Fresh fruits and vegetables	70%	26%	4%
Processed fruits and vegetables, and honey	65%	35%	0%
Confectionery	43%	52%	4%
Frozen	57%	43%	0%
Non-alcoholic beverages and soft drinks	61%	39%	0%
Beer	57%	43%	0%
Wine and	65%	35%	0%
Coffee and tea	61%	39%	0%
Household chemicals	57%	43%	0%
Toiletries	61%	39%	0%
Pet food and equipment	65%	35%	0%
Cigarettes	48%	48%	4%
Other non-food products	61%	39%	0%

Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings said that their category management is fully independently organized or organized with suppliers. On the other hand, it is important to mention that undertaking [...] has stated that its category management in relation to products procured from large suppliers from the product categories “fresh fruits and vegetables” and “cigarettes” is fully organized by suppliers, while undertaking [...] has provided the identical response in relation to the product category “confectionery”.

[...].

The analysis of the position of large and small suppliers indicates that there are several undertakings, including [...] and [...], which show differences in the category management operations in terms of products procured from large and small suppliers.

The materiality of factors that determine the selection of suppliers or their products is presented in Table 39:

Table 39 – Materiality of individual criteria in selecting suppliers/their products

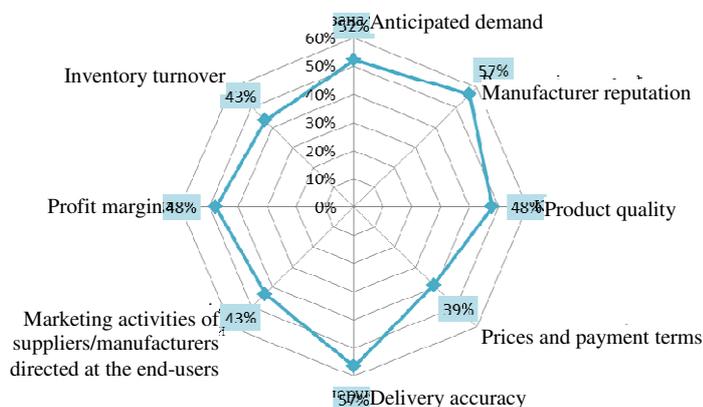
Criterion	extremely important	very important	somewhat important	less important
Anticipated demand	43%	52%	4%	0%
Historical sales data	13%	39%	43%	4%
Manufacturer reputation	17%	57%	26%	0%
Product quality	35%	48%	17%	0%
Prices and payment terms	35%	39%	26%	0%
Delivery accuracy	39%	57%	4%	0%
Marketing activities of suppliers/manufacturers directed at the end-users	13%	43%	43%	0%
Profit margin	26%	48%	22%	4%
Inventory turnover	35%	43%	22%	0%

Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings has, to a greater or lesser extent, recognized the proposed criteria as important factors when opting for suppliers and/or their products. The exception relates to the historical sales data and profit margin criteria which were assessed only by a few undertakings as less important. If the analysis of the materiality of factors that determine the selection of suppliers would be based on the modal, dominant values, it would be possible to conclude that the majority of undertakings has assessed the above provided criteria as very important, apart from the historical sales data.

The overview of the modal values for the ‘very important’ criterion is provided in Chart 58:

Chart 58 – Materiality of criteria in selecting suppliers



Source: Data provided by undertakings

Based on the above data, it can be noted that the majority of undertakings has recognized the manufacturer reputation and delivery accuracy as the two most important criteria in selecting suppliers.

VII PRIVATE LABEL PRODUCTS

The private label products (retail brands) are products with own labels produced by, or on the order of distributor (retailer) as non-durable consumer goods and sold under its name or protected trademark through the network of its own stores⁴. They include tangible qualities such as appearance, performances, package, guarantee, but also attributes that consumer attaches itself to such goods in addition to tangible features.

During the survey, undertakings have provided information on the percentage share of private label products in total product portfolio, factors that determine the selection of manufacturers, as well as assessments of the bargaining power of retailers in respect of the definition of the commercial and/or financial conditions of supply.

The shares of private label products from the product category “meat and meat preparations” are presented in Chart 59:

Chart 59 – Shares of private label products – meat and meat preparations

[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that 13 undertakings have offered private label products from the “meat and meat preparations” product category to their consumers. The highest share (61.30%) of private label products from this product category in total product portfolio is recorded by company [...], followed by [...] with 26.80%, [...] with 26.50%, and [...] with 24.63%. The share of private label products from the “meat and meat preparations” product category with regard to all other undertakings is less than 5%.

In terms of the definition of the commercial and/or financial conditions of supply, the majority of undertakings has underlined that there are no differences in bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, two undertakings, [...] and [...], have stated that their position is strong, while three undertakings, namely [...], [...] and [...], have assessed their position in respect of the definition of the commercial and/or financial conditions of supply as weak. On the other hand, when negotiating with small suppliers, companies [...], [...], [...] and [...] had a strong position, while [...] and [...] have assessed their position as weak.

The shares of private label products from the product category “milk, dairy products and eggs” are presented in Chart 60:

Chart 60 – Shares of private label products – milk, dairy products and eggs

[...]

Source: Data provided by undertakings

⁴ Dr S. Lovreta, Dr G. Petković, Dr Z. Bogetić, Dr D. Stojković; *Trade Marketing and Sales*, CIP, Faculty of Economics in Belgrade, 2016, pg. 128.

Based on the above data, it can be noted that ten undertakings have offered private label products from the “milk, dairy products and eggs” product category to their consumers. The highest share of 18.52% of private label products from this product category in the product portfolio is recorded by company [...], followed by [...] with 18.11%, [...] with 15.13%, and [...] with 12.31%. The share of private label products from this product category with regard to all other undertakings is less than 10%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, three undertakings, [...], [...] and [...], have stated that their position is strong, while two undertakings, namely [...] and [...], have assessed their position as weak. On the other hand, when negotiating with small suppliers, companies [...], [...] and [...] had a strong position, while no undertaking has assessed its position as weak.

The shares of private label products from the product category “bread and pastry” are presented in Chart 61:

Chart 61 – Shares of private label products – bread and pastry

[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that 13 undertakings have offered private label products from the “bread and pastry” product category to their consumers. The highest share (35.03%) of private label products from this product category in the product portfolio is recorded by company [...], followed by [...] with 28.81%, [...] with 13.39%, [...] with 12.58%, and [...] with 10.20%. The share of private label products from this product category with regard to all other undertakings is less than 10%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, two undertakings, [...] and [...], have stated that their position is strong, while four undertakings, namely [...], [...], [...] and [...], have assessed their position as weak. On the other hand, when negotiating with small suppliers, companies [...], [...], [...] and [...] had a strong position, while two undertakings, [...] and [...], have assessed their position as weak.

The shares of private label products from the product category “basic foodstuff” in total product portfolio of surveyed undertakings are presented in Chart 62:

Chart 62 – Shares of private label products – basic foodstuff

[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that 19 undertakings have offered private label products from the “basic foodstuff” product category to their consumers. The highest share of 39.71% of private label products from this product category in the product portfolio is recorded by company [...], followed by [...] with 31.94%, [...] with

25.35%, and [...] with 20,70%. The share of private label products from this product category with regard to all other undertakings is less than 20%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, four undertakings, [...], [...], [...] and [...], have stated that their position is strong, while the other four undertakings, namely [...], [...], [...] and [...], have assessed their position as weak. On the other hand, when negotiating with small suppliers, one undertaking, [...], has assessed its position as very strong, while six undertakings, [...], [...], [...], [...] [...] and [...], have viewed their position as strong. Only one company, [...], has assessed its position as weak when negotiating with small suppliers.

The shares of private label products from the product category “other foodstuff” are presented in Chart 63:

Chart 63 – Shares of private label products – other foodstuff

[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that five undertakings have offered private label products from the “other foodstuff” product category to their consumers. The highest share (48.01%) of private label products from this product category in the product portfolio is recorded by company [...], while the respective shares of other four undertakings are less than 4%.

In terms of the definition of the conditions of supply of products from this product category, two undertakings, [...] and [...], have assessed their bargaining power when negotiating with large suppliers as strong, while one undertaking, [...], has assessed its position as weak. On the other hand, when negotiating with small suppliers, one undertaking, [...], has assessed its position as very strong, while company [...] has assessed its position as weak when negotiating with small suppliers. Other undertakings have stated that there are no differences in bargaining power when retailers negotiate with suppliers.

The shares of private label products from the product category “fresh fruits and vegetables” are presented in Chart 64:

Chart 64 – Shares of private label products – fresh fruits and vegetables

[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that only four undertakings have offered private label products from the “fresh fruits and vegetables” product category to their consumers. The highest share of 79.70% of private label products from this product category in the product portfolio is recorded by company [...], followed by [...] with 18.02%, while the share of private label products from this product category with regard to the other two undertakings is less than 3%.

In terms of the definition of the conditions of supply of products from this product category, company [...] has assessed its bargaining power as strong, while other undertakings have stated that there are no differences in bargaining power when negotiating with large suppliers. On the other hand, when negotiating with small suppliers, only one undertaking, [...], has said that there are no differences in bargaining power, while other three undertakings have assessed their position as strong.

The shares of private label products from the product category “processed fruits and vegetables, and honey” are presented in Chart 65:

Chart 65 – Shares of private label products – processed fruits and vegetables, and honey

[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that 20 undertakings have offered private label products from the “processed fruits and vegetables, and honey” product category to their consumers. The highest share of 59.49% of private label products from this product category in the product portfolio is recorded by company [...], followed by [...] with 35.70%, [...] with 35.00%, [...] with 34.19%, and [...] with 30.59%. The share of private label products from this product category with regard to all other undertakings is less than 30%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, five undertakings, [...], [...], [...], [...] and [...], have stated that their position is strong, while two undertakings, namely [...] and [...], have assessed their position as weak. On the other hand, when negotiating with small suppliers, one undertaking, [...], has assessed its position as very strong, while six undertakings, [...], [...], [...], [...] [...] and [...], have viewed their position as strong. Based on the subjective assessment of surveyed undertakings, in terms of the definition of the conditions of supply, no undertaking was placed in a weaker position in negotiations with suppliers.

The shares of private label products from the product category “confectionery” are presented in Chart 66:

Chart 66 – Shares of private label products – confectionery

[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that 19 undertakings have offered private label products from the “confectionery” product category to their consumers. The highest share of 16.76% of private label products from this product category in the product portfolio is recorded by company [...], followed by [...] with 8.00%, [...] with 7.77%, and [...] with 6.70%. The share of private label products from this product category with regard to all other undertakings is less than 5%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in

bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, four undertakings, [...], [...], [...] and [...], have stated that their position is strong, while the other four undertakings, namely [...], [...], [...] and [...], have assessed their position as weak. One company, [...], has assessed its position as very weak. On the other hand, when negotiating with small suppliers, one undertaking, [...], has assessed its position as very strong, five undertakings, [...], [...], [...] [...], [...] and [...], have viewed their position as strong, while two companies, [...] and [...], have viewed their position as weak.

The shares of private label products from the product category “frozen products” are presented in Chart 67:

Chart 67 – Shares of private label products – frozen products

[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that 16 undertakings have offered private label products from the “frozen products” product category to their consumers. The highest share of 56.36% of private label products from this product category in the product portfolio is recorded by company [...], followed by [...] with 26.64%, [...] with 25.90%, and [...] with 14.62%, while the share of private label products from this product category with regard to all other undertakings is less than 10%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, five undertakings, [...], [...], [...], [...] and [...], have stated that their position is strong, while only one undertaking, namely [...], has assessed its position as weak. On the other hand, when negotiating with small suppliers, two undertakings, [...] and [...], have assessed their position as very strong, while five undertakings, [...], [...], [...] [...], [...] and [...], have viewed their position as strong. Based on the subjective assessment of surveyed undertakings, in terms of the definition of the conditions of supply, no undertaking was placed in a weaker position in negotiations with suppliers.

The shares of private label products from the product category “non-alcoholic beverages and soft drinks” are presented in Chart 68:

Chart 68 – Shares of private label products – non-alcoholic beverages and soft drinks

[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that 16 undertakings have offered private label products from the “non-alcoholic beverages and soft drinks” product category to their consumers. The highest share of 7.64% of private label products from this product category in the product portfolio is recorded by company [...], followed by [...] with 6.27%, and [...] with 4.45%, while the share of private label products from this product category with regard to all other undertakings is less than 5%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in

bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, one undertaking, [...], has stated that its position is very weak, two undertakings, [...] and [...], have assessed their position as weak, while in terms of the definition of the commercial and/or financial conditions of supply, companies [...] and [...] have viewed their position as strong. On the other hand, when negotiating with small suppliers, company [...] has viewed its position as very weak, companies [...], [...], [...], [...] and [...] have viewed their position as strong, while based on the subjective assessment of surveyed undertakings, no undertaking was placed in a weaker position in negotiations with suppliers.

The shares of private label products from the product category “beer” are presented in Chart 69:

Chart 69 – Shares of private label products - beer

[...]

Source; Data provided by undertakings

Based on the above data, it can be noted that 12 undertakings have offered private label products from the “beer” product category to their consumers. The highest share of 10.11% of private label products from this product category in the product portfolio is recorded by company [...], while the share of private label products from this product category with regard to all other undertakings is less than 10%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, one undertaking, [...], has stated that its position is very weak, while three undertakings, [...], [...] and [...], have assessed their position as weak. It is important to mention that no undertaking was placed in a stronger position in negotiations with large suppliers on the commercial and/or financial conditions of supply of products from this product category. On the other hand, when negotiating with small suppliers, although two companies, namely [...] and [...], have viewed their positions as very weak and weak, respectively, three undertakings, [...], [...] and [...] have assessed their position in negotiations as strong.

The shares of private label products from the product category “wine and spirits” are presented in Chart 70:

Chart 70 – Shares of private label products – wine and spirits

[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that eight undertakings have offered private label products from the “wine and spirits” product category to their consumers. The highest share of 6.31% of private label products from this product category in the product portfolio is recorded by company [...], while the share of private label products from this product category with regard to all other undertakings is less than 3%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in

bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, two undertakings, [...] and [...], have stated that their position is very weak, while [...] has assessed its position in negotiations as strong. On the other hand, when negotiating with small suppliers, only [...] has viewed its position as very weak, while three companies, [...], [...] and [...], have assessed their position in negotiations as strong.

The shares of private label products from the product category “coffee and tea” in total product portfolio of surveyed undertakings are presented in Chart 71:

Chart 71 – Shares of private label products – coffee and tea

[...]

Source; Data provided by undertakings

Based on the above data, it can be noted that 20 undertakings have offered private label products from the “coffee and tea” product category to their consumers. The highest share of 18.00% of private label products from this product category in the product portfolio is recorded by company [...], while the share of private label products from this product category with regard to all other undertakings is less than 10%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, one undertaking, [...], has stated that its position in negotiations is very strong, one undertaking, [...], has assessed its position as very weak, while five companies [...], [...], [...], [...] and [...] have assessed their position in negotiations as strong. On the other hand, when negotiating with small suppliers, one undertaking, namely [...], has viewed its position as very strong, four companies, [...], [...], [...] and [...], have assessed their position in negotiations as strong, while [...] and [...] have perceived their position in negotiations as weak.

The shares of private label products from the product category “household chemicals” are presented in Chart 72:

Chart 72 – Shares of private label products – household chemicals

[...]

Source; Data provided by undertakings

Based on the above data, it can be noted that 18 undertakings have offered private label products from the “household chemicals” product category to their consumers. The highest share of 14.80% of private label products from this product category in the product portfolio is recorded by company [...], followed by [...] with 12.44%, and [...] with 10.44%, while the share of private label products from this product category with regard to all other undertakings is less than 10%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, one undertaking, [...], has stated that its position in negotiations is very weak, three undertakings, [...], [...] and

[...], have assessed their position as weak, while the other three undertakings, namely [...], [...] and [...], have viewed their position in negotiations as strong. On the other hand, when negotiating with small suppliers, one undertaking, namely [...], has viewed its position as very strong, six companies, [...], [...], [...], [...], [...] and [...], have assessed their position in negotiations as strong, while based on the subjective assessment of surveyed undertakings, no undertaking was placed in a weaker position in negotiations with small suppliers.

The shares of private label products from the product category “toiletries” are presented in Chart 73:

Chart 73 – Shares of private label products– toiletries

[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that 21 undertakings have offered private label products from the “toiletries” product category to their consumers. The highest share of 16.92% of private label products from this product category in the product portfolio is recorded by company [...], followed by [...] with 16,48%, [...] with 16.18%, [...] with 11.80%, [...] with 11.30%, [...] with 11.04%, and [...] with 10.79%, while the share of private label products from this product category with regard to all other undertakings is less than 10%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, two undertakings, [...] and [...], have stated that their position in negotiations is very weak, three undertakings, [...], [...] and [...], have assessed their position as weak, while the other three undertakings, namely [...], [...] and [...], have assessed their position as strong. On the other hand, when negotiating with small suppliers, one undertaking, namely [...], has viewed its position as very strong, six companies, [...], [...], [...], [...], [...] and [...], have assessed their position in negotiations as strong, while only one undertaking, [...], has perceived its position in negotiations as weak.

The shares of private label products from the product category “pet food and equipment” are presented in Chart 74:

Chart 74 – Shares of private label products – pet food and equipment

[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that 14 undertakings have offered private label products from the “pet food and equipment” product category to their consumers. The highest share of 53.70% of private label products from this product category in the product portfolio is recorded by company [...], followed by [...] with 44.81%, [...] with 40.00%, [...] with 38.91%, [...] with 35.00%, [...] with 34.81%, and [...] with 30.07%, while the share of private label products from this product category with regard to all other undertakings is less than 30%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, two undertakings, [...] and [...], have stated that their position in negotiations is very weak, one undertaking, [...], has assessed its position in negotiations as weak, while three companies, namely [...], [...] and [...], have assessed their position as strong. On the other hand, when negotiating with small suppliers, one undertaking, namely [...], has viewed its position as very strong, four companies, [...], [...], [...] and [...], have assessed their position in negotiations as strong, while no undertaking has perceived its position in negotiations as weak.

The shares of private label products from the product category “other non-food products” are presented in Chart 75:

Chart 75 – Shares of private label products – other non-food products

[...]

Source: Data provided by undertakings

Based on the above data, it can be noted that 16 undertakings have offered private label products from the “other non-food products” product category to their consumers. The highest share of 31.86% of private label products from this product category in the product portfolio is recorded by company [...], followed by [...] with 16.93%, [...] with 13.60%, [...] with 13.44%, and [...] with 10.19%, while the share of private label products from this product category with regard to all other undertakings is less than 10%.

In terms of the definition of the conditions of supply of products from this product category, the majority of undertakings has underlined that there are no differences in bargaining power when retailers negotiate with suppliers. However, it is important to point out that in terms of negotiations with large suppliers, two undertakings, [...] and [...], have stated that their position in negotiations is strong, while three companies, namely [...], [...] and [...], have assessed their position as weak. On the other hand, when negotiating with small suppliers, one undertaking, namely [...], has viewed its position as very strong, four companies, [...], [...], [...] and [...], have assessed their position in negotiations as strong, while only one undertaking, [...], has perceived its position in negotiations as weak.

During the survey, undertakings have also provided information on factors that impact the selection of manufacturers. It is important to underline that all surveyed undertakings have listed almost identical factors for all product categories, among which the most important are the following:

- price;
- quality;
- production standards (for example, adopted legal employment standards) and certificates (food safety, HACCP, etc.);
- previous relations with manufacturers;
- delivery accuracy;
- possibility of central warehouse delivery;
- solvency.

[...].

VIII ECONOMETRIC ANALYSIS

The professional literature offers studies in which is demonstrated that turnover variances in various geographic areas may be explained by population or per capita income variances.

The econometric analysis as an integral part of the report was performed based on the following data:

- turnover in 2016 by municipality;
- population by municipality;
- average income in 2016 by municipality.⁵

Eviews software was used to assess the regression model that describes the link between the turnover as dependent variable and the population and their average income.

The model assessment has showed satisfactory properties and is presented in the following table.

Table 40 - Model assessment

variable	assessment	standard error	t-ratio
constant	-28417.98	5154.71	-5.51*
population	0.81	0.03	30.41*
average income	0.04	0.01	3.59*
$R^2 = 0.88$ DW=2.02			

* – significance level at 1%

** – significance level at 5%

*** – significance level at 10%

Based on the results obtained, it can be concluded that per capita income and average income have a significant impact on turnover at the level of statistical significance of 1%. In the observed sample, these two factors combinedly explain 88% of the turnover variance in 2016.

The identification of market opportunities by trade companies implies the use of analysis of the consumer purchasing power that may be the driver, but also may affect the survivor of retail trade. Namely, it can be noted that the population and income values are two important factors, since territories with high population density per km² show a great need for retail stores, which in combination with higher average incomes may generate revenue increase.

⁵ Data on population and average income for 2016 are sourced from the Statistical Office of the Republic of Serbia's website: <http://www.stat.gov.rs>.

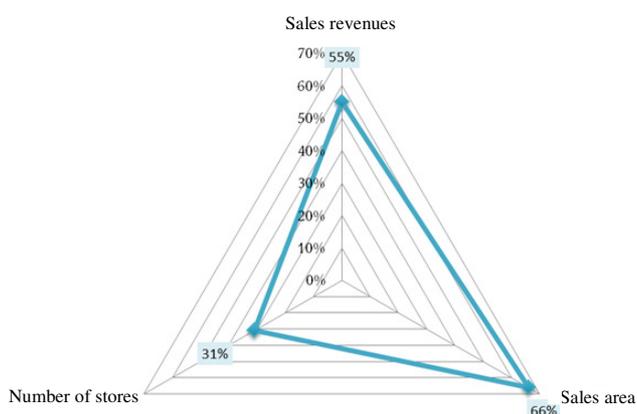
IX CONCLUDING OBSERVATIONS AND RECOMMENDATIONS

Noting the defined goal of the inquiry, it can be said that the object of this exercise was specific, quantifiable, attainable and relevant. Having regard to all limitations concerning the lack of public registers of trade companies, current business registration system based on the predominant and not genuine business activity, missing data, foremost on the number of fiscal receipts issued in the previous period, etc., a comprehensive economic and regulatory inquiry was performed into the sale in non-specialized stores with food, beverages and tobacco predominating.

The inquiry covered over 5.5 thousand retail stores. Based on the collected and processed data, it could be noted that a great number of “traditional”, smaller stores up to 200m² of sales area were the predominant feature of the retail trade sector in the previous period, which were the highest revenue-earning trading formats in this trade segment in the territory of the Republic of Serbia over the three-year period observed.

The analysis of the market power of undertakings was performed based on three criteria: revenue generated, number of retail stores and their sales area. The results have identified two undertakings, *Delhaize Serbia doo* and *Mercator-S doo*, as two leading companies over the three-year period observed, regardless of the observation criteria. The inquiry has demonstrated that there are marked differences between leaders and “satellites” at the national level in terms of market shares, and particularly in terms of revenues and sales area of retail stores, given that market shares of surveyed undertakings ranked 11th position and lower are less than 1%. The average share of the top ten undertakings on the market of the Republic of Serbia over the three-year period observed, by the three criteria aforementioned, is presented in Chart 76:

Chart 76 – Share of the top ten undertakings in the territory of the Republic of Serbia

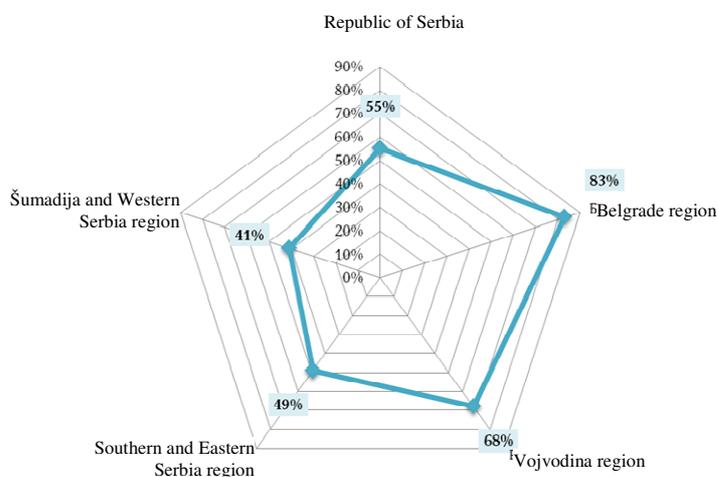


Source: Data provided by undertakings

In order to give a clearer picture of the level of development of retail trade, and particularly in view of its pronounced “local” nature, a further segmentation was

performed which has provided a comparative overview, presented in Chart 77, of the share of the top ten undertakings at the national and regional levels by sales revenue:

Chart 77 – Comparative analysis of the share of the top ten undertakings by sales revenue



Source: Data provided by undertakings

Notwithstanding the marked differences in the share of the top ten undertakings, it is important to mention that among the top ten companies observed at regional levels, and regardless of the fact that the aforementioned two undertakings have kept their regional leading positions as well, the position of so-called “regional leaders” is also noticeable. This clearly indicates that the full “mirroring” of conditions prevailing on the national level into regional levels has not occurred, whereas the differences would be even more pronounced if the analysis would be focused on the individual municipality level since there are communities where “local leaders” are viewed as leading businesses.

The comparative analysis has demonstrated that the structure of the top ten undertakings, observed at all levels, has not considerably changed throughout the years, and that the majority of undertakings, apart from companies from the Southern and Eastern Serbia region were as much as four retailers have seen a drop in revenue, have recorded a growth in revenue in absolute terms. Given the Commission’s previous activities, it is important to identify one undertaking, company *Aman doo Surčin*, that increased its market share also owing to the business expansion implemented by acquisition of control over company *Interex* and business operations of seven retail stores owned by trade chain *IDEA* during 2015, as well as over *Višnjica dućani* trade chain in 2016.

As outlined, trade is one of the generators of economic growth, while indicators of its development (level of market saturation, average purchases...) in combination with other statistical indicators such as, for example, average income, testify to the development of a region or country in general. All presented indicators have shown a greater level of development of the Belgrade region and Vojvodina region, and somewhat of an underdevelopment of the other two regions.

The other part of the inquiry was dedicated to the analysis of relations between retailers and suppliers, that is, assessment of their bargaining power. The analysis was

performed from several angles, that is, based on multiple indicators that can be classified into two groups: the so-called “hard indicators” that include the concentration of supply, average gross profit margin, average payment period to suppliers, and “soft indicators” that include the subjective assessments and evaluations of bargaining power and the possibility of an impact on certain variables. Also, particular caution is called for when interpreting the assessments of bargaining power of both categories since they, although partly reflect the reality, also contain a certain dose of bias. The main underlying issues with realistic ranking may be the misunderstanding of a context to which the reply should refer, or accidental or intentional disingenuous responses. However, given the bias issue, it is noted that for the majority of defined product categories, the bargaining power of retailers in negotiations with large suppliers has been mostly set in the range from “there are no differences” to “weak position”, while the bargaining power of retailers in negotiations with small suppliers has ranged from “there are no differences” to “strong position”. On the other hand, the subjective evaluations of undertakings have also indicated that suppliers, regardless of the product category, do not have a strong “power” given that they have only been moderately capable to define the commercial and/or financial conditions of supply for the majority of product categories, or that their impact on the size and shelf placement and retail prices was very limited.

[...].

Based on the presented historical data, the forecasts of future development trends in retail trade relating to sales in non-specialized stores with food, beverages and tobacco predominating can be also conducted. The results of the inquiry have indicated that undertakings have not identified barriers to entry, which is expected given the maximum streamlined and accelerated procedure for company registration, while the low purchasing power of population, consumer habits that are difficult to change – mostly relating to smaller purchases and purchases in smaller stores, as well as lack of available space for the opening of new retail stores are seen as the only market barriers. Arguments in support of this relate to data that show no increase in sales turnover in the largest retail stores with sales area over 2,000m² in 2016, regardless of the increase in the number of such stores.

The comparative analysis has demonstrated that no significant changes in the structure of the top ten undertakings have occurred at the regional and national level during the observed period. However, the constant increase in the number of retail stores, insufficient development of trade in individual regions and current events indicate that there is room for further development of this market. This is also supported by the fact that a new undertaking, company *Lidl*, has arrived on the market. During the inquiry, the Commission has collected data on store locations owned by this trade chain and their sales area and, based on the available data on turnover, sales area and geographical dispersion of retail stores of other undertakings, has assessed the market power using the retail gravity model and established that the market share of this undertaking, provided that all stores are opened according to the planned schedule, could range from 5% to 7% in 2018.

Finally, it is important to consider that modern trade is characterized by two unavoidable trends – mergers and modernization. As mentioned earlier, the modernization of trade practices in terms of increased share of larger trading formats

is a process that still has not come to the fore in the Republic of Serbia. On the other hand, the modernization of trade practices can be indirectly observed based on the changes to the supplier and consumer relationship management concept. Namely, the “category management” is becoming a concept that, although present in a small number of undertakings, increasingly gains in importance in terms of supplier relationship management. Therefore, it should be noted that the supply could represent an important generator of competitive advantage, implying that potential modalities should be carefully chosen – limited (smaller)/increased number of suppliers, long-term partnership with suppliers/re-exposure to new suppliers. On the other hand, the presence of private label products in product portfolios gives a very good chance and creates possibilities for undertakings, meaning that they are less dependent from brand producers owing to the discretion to select trusted manufacturers, while are also more capable to create own price strategies, in addition to being legally authorized not to disclose the supplier declaration on own products, which can contribute to the increased consumer loyalty, building positive image on the market and, at the same time, promotion of own private label and trade chain.

The main reach of the retail sector inquiry into the sale in non-specialized stores with food, beverages and tobacco predominating is the creation of a trade company base, which may represent a good starting point for future research. Also, and equally important, is the creation of a supplier base of food and non-food products as part of the product portfolios of trade chains.

The exceptional value of this trade segment, marked market dynamics, and restrictions related to the identification of undertakings, have led to the adoption of the following recommendations by the Commission:

- continuous monitoring of the trade sector implies the existence of precise statistical records on the number of stores, their locations, sales area, number of employees and sales turnover. Therefore, the Commission notes the importance of cooperation of all competent state authorities in order to establish a public registry of trade companies.
- having regard to the importance of regulation in this sector, the Commission also notes the importance of cooperation with competent state authorities in terms of submission of all relevant laws and regulations for the delivery of its opinions.

In the light of all the foregoing, the Commission will continue to monitor the behavior of undertakings with utmost attention in the coming period as well, in addition to circumstances that might point to violations of the Law, and to that effect will continue to analyze the state of competition on the retail market in the segment of sale in non-specialized stores with food, beverages and tobacco predominating.

ANNEX 1

Undertaking	Company number
Delhaize Serbia doo	17569171
Mercator-S	06886671
DIS d.o.o.	07617003
Aman doo Surčin	06048064
UNIVEREXPORT doo	08207259
GOMEX DOO	08652163
METRO Cash&Carry doo	17482700
QVATTRO COMPANY DOO	17355724
AD BB TRADE ŽITIŠTE	08038791
VEROPOULOS doo	17330012
AD PODUNAVLJE	08005834
SOULFOOD DOO	20000724
EUROPROM DOO	07396635
DOMAĆA TRGOVINA D.O.O.	20438819
AD SENTA-PROMET	08720100
Prima nova doo	20165260
TEKIJANKA DOO TEKIJA	07416695
Medius doo	08539707
LUKI-KOMERC DOO	08213348
TRANSKOM 94 DOO	17009893
FORTUNA MARKET DOO	20219955
MIKROMARKET NS DOO NOVI SAD	20585480
TSV BRAVE DOO BEOGRAD	17218956
LEON CONDITORS DOO VRANJE	17129546
ORION DOO LESKOVAC	17370642
VP - DIMA DOO	17534726
ČUTURA SZTR	52339723
E.S.-KOMERC DOO	07827784
PRIVREDNO DRUŠTVO RIČ DOO	07852568
Trgovina Lilić	07655886
NS-BOMI DOO	17136291
METALAC-PROLETER AD	07176929
TPC ORAŠAC DOO	20476834
VUM DOO	06257283
SHORTY DOO	17237560
ZAM DOO INĐIJA	08336121

KASTRUM DOO	17435116
Undertaking	Company number
KTK-KOMERC DOO	07852398
MILE PROM DOO	06833136
NECA-TTPP d.o.o.	21122866
Marmil doo	06622453
MORAVA DOO	06337856
AC Velpro doo	21267422
Alfa doo	17215264
STR DUCKO MARKETI	61479198
LJUPKA KOSTIĆ JOVANČEVIĆ PR ZTR KOSTIĆ RUMA	50860060
SKROZ DOO VELIKA REKA	20742739
BRAĆA POPOVIĆ DOO	07847076
STUR ŠARIĆ SRĐAN ŠARIĆ PREDUZETNIK	56657002
FAMILY ĐUROVIĆ DOO	20746297