



## Croatia

### The Crisis in Croatia and its effects on Private Labels

Just as is the case in the global market, we, the consumers, are aware that recession in 2009 is unavoidable. The crisis in Croatia started in December 2008. In recent years, the Croatian market has undergone some changes: from expansion to concentration and consolidation. And with the current crisis we can expect further changes in trends on the Croatian market.

In terms of the public aspect of the crisis, we can see that Croatian households have already implemented some measures to be able to cope with the ongoing crisis. One of the effects of these changes in the market is a growth in the share of Private Labels (PLs) within the Croatian market.

#### Purchases of private label products

Let us take a closer look at this situation by comparing the trends for PLs in the fourth quarters (Q4) of 2008 and of 2007.

Household consumption of PL products has increased and as a result the share taken by PLs has grown. Private label products have demonstrated significant growth in Q4 2008 compared to the same period for the previous year. Overall, the share for PL products grew from 10.7% in Q4 2007 to 13% for the same period of 2008. Needless to say, all the regions are following the same trend. The most significant growth in baskets is to be found for the food basket, from 12.3% in Q4 2007 to 17.7% in Q4 2008 and the household care basket, from 7.1% in Q4 2007 to 11.6% in the same period of 2008.

In January 2009 this situation is even more apparent. In this period, the share of private label products has increased from 10.9% in January 2008 to 13.9% in January 2009. Taking into consideration that, comparing Q4 2007 and Q4 2008, we see a growth in PL products from 10.7% to 13.0%, we can conclude that the ongoing crisis has caused Croatian households to be more price-oriented than ever. Again, as is to be expected, all the regions are following the same overall trend and are seeing an increase in the share of private label products. In this period the greatest growth of PL products is to be found in the food basket with the share rising from 12.6% in January 2008 to 16.0% in January 2009.

From all the changes described above, we can see that the start of 2009 has also brought some practical changes to the everyday consumption habits of the Croatians. In general, Croatians tend to worry a lot about financial instability and one of the ways of dealing with such a situation is likely to be increased spending on low cost products. This means that we can expect even higher growth in the share of private label products.

#### **Contact:**

Sanja Dumanic  
Consumer Tracking

**GfK Croatia**  
Draskoviceva 54  
10000 Zagreb  
Croatia

Tel. +385 (1) 4921222-140

Fax +385 (1) 4921223

[sanja.dumanic@gfk.com](mailto:sanja.dumanic@gfk.com)

[www.gfk.hr](http://www.gfk.hr)