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## \_Retail Trade

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The year 2024 was marked by the gradual recovery of the economy and the easing of inflationary pressures, which had a positive effect on consumption and turnover in retail trade. The concentration of market share of leading retailers continues to increase.



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# Main sector indicators

Trade<sup>1</sup> is an important economic activity that has a significant impact on economic growth, employment, and generation of income. In the value added chain, it represents an intermediary and has a strong influence on the manufacturing industry and consumption, and retailers offer a large selection of products and services, and thus meet the needs of consumers. According to data of the Croatian Bureau of Statistics (CBS), in 2024, the share of trade in the gross domestic product (GDP) expressed in market prices was 24.6 percent,<sup>2</sup> in the employment of legal entities 15.3 percent, and in the number of active legal entities 14.5 percent [CBS, 2024d, 2025b, 2025c]. Trade is an activity in which changes are dynamic. Although there are signals that point to recovery, one cannot speak of stable growth because inflationary pressures still exist and the environment is dynamic under the pressure of geopolitical tensions and possible restrictive trade policy measures [Deloitte, 2025a], which has an impact on economic and trade trends. Nowadays, retail trade is under pressure to adapt to economic fluctuations and changing consumer preferences, to better control costs, effectively apply new technology, and increase competitiveness [Deloitte, 2025b].

This publication analyzes the situation, trends, and business events in the retail trade sector (division G47). In addition to the analysis of the baseline indicators of the sector and indicators in the macroeconomic environment, an overview of the financial indicators of the leading retail companies in Croatia is given, as well as a comparison of Croatian trade and trade in the European Union, including forecasts for the economy and trade. The final part of the analysis includes concluding considerations and recommendations for the further development of this activity.

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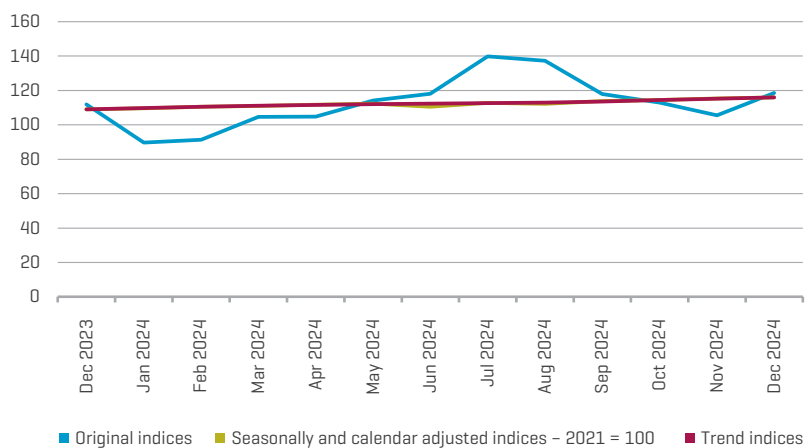
1 According to the European Classification of Economic Activities (NACE 2007; Official Gazette, 58/2007), trade is classified in section G as wholesale and retail trade; repair of motor vehicles and motorcycles. Trade G includes division 45 (wholesale and retail trade and repair of motor vehicles and motorcycles), division 46 (wholesale trade, except of motor vehicles and motorcycles), and division 47 (retail trade, except of motor vehicles and motorcycles).

2 According to the European Classification of Economic Activities (NACE 2007; Official Gazette, 58/2007), activities G (wholesale and retail trade), H (transporting and storage), and I (accommodation and food service activities) are included.

Retail trade turnover is a key indicator of the success of the sector, economic activity, and consumer trends. Methodologically speaking, the most important indicator is the real turnover in retail trade, which includes the correction of turnover for inflation. In 2024, the real turnover in retail trade cumulatively increased by 7.7 percent year-on-year and grew throughout the year in all months. At the same time, the nominal turnover, which shows the total value of turnover in current prices, amounted to 9.8 percent, while the price component amounted to 2.1 percent. The data indicate that the retail market has stabilized and that in 2024 the main driver of retail growth was a higher volume of products and services purchased, and not just an increase in prices. Consumer activity was positive throughout the year, indicating a good economic situation, growing purchasing power of citizens, and increased spending. This is also indicated by the increase in seasonally adjusted and trend series by 7 percent in December 2024 compared to the same month of the previous year [Figure 1].

**Figure 1**  
**Real turnover in retail trade – seasonally adjusted and trend series, 2021 = 100**

Source: CBS [2025a].



An increase in nominal turnover in retail trade was achieved by all trade professions [CBS, 2025a]. The largest increase in turnover was achieved by sales in pharmacies [22.0 percent, with a price increase in the health category by 5.4 percent], sales of motor vehicles, parts and accessories for motor vehicles, motorcycles and motorcycle parts [17.4 percent, with a price decrease in the motor vehicle category by 1 percent], and sales in other non-specialized stores [11.2 percent]. In the food sector, where the inflation rate was 3.9 percent, non-specialized stores selling mainly groceries achieved a turnover increase by 8.5 percent, while specialized grocery stores achieved a turnover increase by 7.8 percent. These trends indicate a change in the structure of consumption and consumer preferences towards health and the purchase of motor vehicles and consumer goods, with a stable real increase in food retail.

The next important sector indicator is the number of retailers, because it directly affects growth, employment, and competition on the market. From a methodological point of view, the statistics follow the trend in the

## THE NUMBER OF ACTIVE LEGAL ENTITIES IN RETAIL TRADE DECREASED BY 1.8 PERCENT.

number of legal entities and the number of craftsmen. In 2024, the number of active legal entities in trade decreased by 1.8 percent (468 in absolute amount), and the number of craftsmen increased by 0.8 percent (72 in absolute amount), which resulted in a decrease in the number of retailers. These trends indicate the closure of uncompetitive stores, but also the opening of small craftsmen who have recognized their opportunities in the market. However, in the last five years, the number of active legal entities in trade decreased by 11.6 percent (3,428 in absolute amount), and the number of craftsmen by 5.3 percent (485 in absolute amount), while the number of legal entities (21,256 in absolute amount) and craftsmen (19,102 in absolute amount) in the economy has increased. As a result of these trends, the share of trade in the number of entrepreneurs decreased from 12.9 percent in 2023 and 15.9 percent in 2019, to 12.3 percent in 2024 (CBS, 2025b). The decline in the number of retailers is a result of growing market pressures and costs, which lead to market consolidation and increasing concentration of market share of leading retailers. At the same time, changes in consumer preferences strongly generate changes in the structure of consumption towards specific market niches.

“Employment among active legal entities in retail trade increased by 3.7 percent.

Retail trade employs a large number of people, especially in urban areas. In 2024, employment in legal entities in trade (G) increased year-on-year by 3.7 percent (7,958 persons employed in absolute amount), in retail trade (G47) by 3.7 percent (4,424 in absolute amount) (CBS, 2025c), and in craft trade by 10 percent, while employment in the economy grew at a rate of 14 percent (CBS, 2025d). Due to economic growth and the purchasing power of the citizens, the demand for goods and services is increasing as well, thus creating a need for more persons employed in retail. Trade is a seasonal activity and therefore the increase in employment is slower than that in the economy. In 2024, the Croatian retail sector faced challenges in finding an adequate workforce. The combination of demographic changes and increased demand for employees, especially during the season, has resulted in the need to hire pensioners, students, and foreign workers. A record number of 32,573 pensioners working in retirement was recorded at the end of July, and the majority of them (around 5,500) are employed in trade. Working part-time in retirement is an option that is being used by more and more pensioners (O23.hr, 2024). An increasing number of foreigners are employed in retail trade in Croatia, and employers have also increasingly hired students, since the flexibility of student work allows employers to respond to seasonal and occasional labor needs.

A specific feature of retail is also that it traditionally employs a significant number of women (71.8 percent of retail employment in 2024), which is associated with traditional jobs in the sector, such as sales, working at the cash register, work in stores, and jobs that require communication and organizational skills. In 2024, the number of women employed in retail increased compared to the previous year.

“ Nominal net wages per person employed in legal entities in retail trade increased by 14.0 percent.

Wages are extremely important in retail as a factor that allows retailers to attract and retain qualified workers, motivate employees, and increase labor productivity. In the context of labor shortages and intense market competition, competitive and fair wages become essential for the long-term sustainability and success of trade. Statistical data show that nominal gross and net wages in trade have increased in the last three years. In 2024, average monthly gross wages per person employed in legal entities in retail trade (G47) increased by 13.8 percent, and net wages by 14.0 percent (CBS, 2024e). In the same period, at the level of the economy in legal entities, gross wages per person employed increased by 15.0 percent (11.7 percent in real terms), and net wages per person employed increased by 14.7 percent (11.5 percent in real terms). Increased inflationary pressures are influencing employers to increase wages, especially in the context of labor shortages, to attract employees, especially in trade where jobs are poorly paid. Statistical data show that wages in retail trade are low compared to trade and the economy and that there are wage gaps between men and women. In 2024, net wages in retail trade were lower by 9.3 percent compared to trade and lower by 18.9 percent compared to the economy. Furthermore, men had 18.1 percent higher net wages per person employed in legal entities than women (CBS, 2024c). Low wages increase labor turnover and reduce motivation and productivity of employees.

# Macroeconomic indicators

The macroeconomic environment has a strong influence on retail trade given that it determines the purchasing power of consumers, the investment opportunities of entrepreneurs, and the general stability of the market. The main macroeconomic indicators that have an impact on retail trade are GDP, inflation, interest rates, unemployment, and wages. The main trends in the macroeconomic environment in Croatia in the period from 2022 to 2024 are shown in Table 1.

GDP trends show that after a decline in 2023, in 2024, the economy recovered slightly. Household consumption has also increased, indicating stronger purchasing power. Foreign trade is recovering through imports and exports, while gross investments have remained at the same level. At the same time, there have been positive trends on the labor market in terms of employment increase, unemployment decrease, and increase in real net wages, which has a positive impact on demand and turnover in retail trade. Financial market trends show that interest rates have increased slightly and that consumer loans have increased as well. Loan growth means consumers have extra money to spend, which can support retail trade in the short term.

“Inflation was 3.0 percent, and the main source of price increases was food prices, which increased by 3.9 percent.

Trends in 2024 also indicate a slowdown in inflationary pressures. In that year, consumer price increase was 3 percent, and since this was a period after high inflation, this is a sign of stabilization. The increase in consumer prices is lower than the increase in wages, which means that the real purchasing power of consumers has increased. There are, however, differences between individual product categories. In 2024, the increase in consumer prices for food and non-alcoholic beverages was 3.9 percent, and for tobacco it was 2.9 percent. Within the food and non-alcoholic beverages category, certain products experienced high price increases, such as olive oil (42.6 percent), cocoa and chocolate powder (25.9 percent), chocolate (18.1 percent), wine (14.1 percent), sweets (8.3 percent), coffee, tea and cocoa (7.3 percent) (CBS, 2025e, 2025f). Among other product categories, the prices of footwear increased by 4.1 percent, clothing by 0 percent, while motor vehicle prices decreased by 1

**Table 1**  
**Trends in the macroeconomic environment in Croatia, in 2022, 2023, and 2024**

Indicator	2022	2023	2024
Gross domestic product, market prices, real growth rates	7.3	3.3	3.8
Household consumption, constant prices, real growth rates	6.9	3.2	5.8
Government consumption, constant prices, real growth rates	2.2	7.1	4.5
Gross fixed capital formation, constant prices, real growth rates	10.4	10.1	9.9
Imports of goods and services, constant prices, real growth rates	26.5	-5.3	5.3
Exports of goods and services, constant prices, real growth rates	27	-2.9	0.9
Total consumer price index, previous year = 100	10.8	8.0	3.0
Consumer price index – food and non-alcoholic beverages, previous year = 100	15.9	12.7	3.9
Consumer price index – alcoholic beverages and tobacco, previous year = 100	3.6	5.6	4.0
Consumer price index – clothing and footwear, previous year = 100	7.1	8.2	1.0
Prices of the manufacturing industry (C according to NACE), domestic market, change compared to December of the previous year	12.5	0.0	0.3
Volume of industrial production in the manufacturing industry, index compared to the average of the previous year	1.4	-0.2	-1.5
Average monthly real net wage per person employed, year-on-year changes	-3.1	4.6	11.5
Registered unemployment rate, the ratio of the number of unemployed to the total active population, in December	6.8	6.5	5.1
Number of persons employed in legal entities, year-on-year changes	1.3	1.0	1.6
Persons employed in crafts and liberal professions, year-on-year changes	2.2	3.1	4.6
Overnight stay of tourists in commercial accommodation, year-on-year changes	28.3	2.6	1.4
Tourist arrivals in commercial accommodation, year-on-year changes	39.1	9.7	3.9
Foreign direct investment in trade, assets, in millions of euros	-13.4	256.6	182.5
Foreign direct investment in trade, liabilities, in millions of euros	447.1	336.3	375.8
Interest rates of credit institutions on kuna loans to households, consumer loans, in percentages, in December	4.65	4.69	4.93
Consumer loans in millions of euros, in December	0.5	0.3	2.6
General-purpose cash loans, in millions of euros, in December	7,209	7,992	9,194
Real turnover in retail trade, year-on-year changes	1.8	3.7	7.7

Source: Author's calculation based on data from the CBS and CNB [HRK exchange rate, interest rates, and foreign direct investments].

percent, and household appliances by 0.6 percent. Fuel prices increased by 1.5 percent. Rising prices for these products negatively affect demand and reduce purchasing power, as these are inelastic products. It is also noted that the consumer price index has grown faster than manufacturing industry prices, which means that products that reach consumers are ultimately becoming more expensive, and possible reasons for this include trade margins, taxes, distribution costs, as well as increased demand.

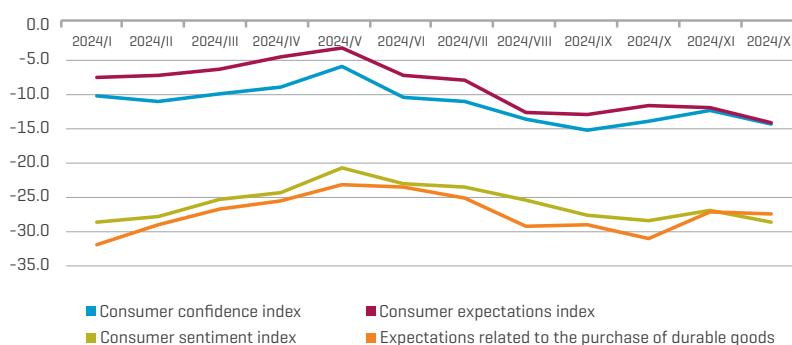
Current macroeconomic trends have also had a strong impact on consumer perceptions [Figure 2]. In December 2024, compared to the same month of the previous year, the consumer confidence index deteriorated by

“In 2024, the consumer sentiment index improved.

1.9 percentage points. This means that consumers perceive that their household’s financial situation has somewhat improved, but they also expect the economic situation in Croatia to worsen and that they will purchase slightly more durable goods in the next twelve months. The consumer expectations index has deteriorated by 3 percentage points, which means that consumers do not expect an improvement in the financial situation of their households or the economic situation in Croatia. At the same time, the consumer sentiment index improved by 3.5 percentage points, meaning that consumers perceive that the financial situation of households and the economic situation of Croatia have somewhat improved and that now is the right time to purchase durable goods (an improvement by 5.4 percentage points) [CNB, 2025a]. Consumers are aware that the financial situation of their household and the economy has improved, but they are uncertain and lack confidence in the economy in the future.

Figure 2  
Indices of confidence, expectations, and sentiment of consumers in 2024

Source: CNB [2025a].



In recent years, there has been a significant increase in online sales in Croatia, reflecting global digitalization trends and changes in consumer habits. In 2024, online shopping increased (9.8 percent). Research by the Croatian Bureau of Statistics shows that 52 percent of users purchased goods and services online that year, which is an increase by 2 percent compared to the previous year. The most common purchases were clothing and footwear, event tickets, telecommunications services, and cosmetic products [CBS, 2024a]. Given the relatively good supply of households with computers and the internet (88 percent of households have internet access, and 75 percent of households have a personal computer) and the percentage of people who shop online, it can be concluded that this sales channel is underutilized. Internet users are mainly under the age of 44, employed, pupils and students, and the internet is mostly used for sending messages, searching for information about products, reading newspapers and magazines, and watching videos [CBS, 2024a]. This sales channel is underutilized, even considering that almost all businesses in the retail sector have access to the internet, and 77 percent of them have a website, but the volume of e-commerce compared to conventional retail is still low [CCA, 2024]. Online sales account for only 19 percent of total sales of goods and services [CBS, 2024b].

# The largest companies

FINA data were collected in order to analyze the operations of the largest retail companies. The latest available data are for the year 2023.<sup>3</sup> Table 2 shows selected indicators in the retail trade activity [G47].

**Table 2**  
**Average values of selected indicators in retail trade [G47], 2021–2023**

	2021	2022	2023	Index 2023/2022
<b>Sales revenue (in billion EUR)</b>	14.7	16.7	17.9	107.5
<b>Cost of goods sold (in billion EUR)</b>	10.6	12.1	12.5	103.4
<b>Gross margin (in billion EUR)</b>	4.1	4.6	5.5	118.1
<b>Gross margin as % of revenue</b>	26.2	26.1	26.6	101.7
<b>Staff costs (in billion EUR)</b>	1.4	1.6	1.8	114.4
<b>Profit before tax (in billion EUR)</b>	0.6	0.6	0.8	138.5
<b>Profitability of sales (in %)</b>	4.1	3.9	4.7	113.2
<b>Fixed assets (in billion EUR)</b>	5.7	6.2	6.7	108.5
<b>Stocks of merchandise (in billion EUR)</b>	1.7	2.0	2.1	104.5
<b>Number of persons employed</b>	113,336	116,150	117,631	101.3
<b>Labor productivity (in thousand EUR)</b>	129.4	143.8	152.6	106.1

Notes: The table covers the division G47 – retail trade, except of motor vehicles and motorcycles. Profitability of sales = profit after tax / sales revenue \* 100. Labor productivity = sales revenue / number of persons employed (sales per person employed).

Sources: FINA and author's calculation.

In 2023, companies in retail trade [G47] achieved a nominal increase in sales revenue by 17.9 percent. This increase was influenced by inflationary trends (the consumer price index in that year was 8 percent, and the increase in food prices was 12.7 percent). Costs of goods sold increased by 3.4 percent, and as they increased slightly less than sales revenue in absolute amounts, gross margins increased as a result (18.1 percent). Profit before tax (the difference between gross margin and operating expenses) increased by 38.5 percent. The data show that during times

<sup>3</sup> As the official currency in Croatia since January 1, 2023 is the euro, the data are expressed in that currency, and for previous years the data were converted from HRK to EUR according to the fixed exchange rate of 1 EUR = 7.53450 HRK.

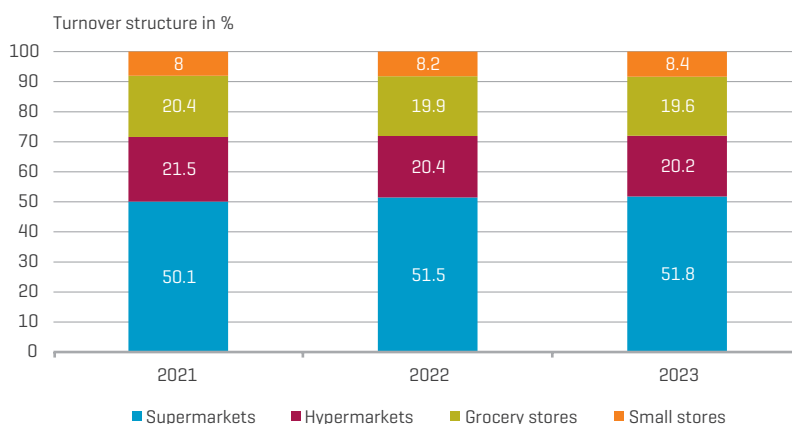
of high inflation, with an increase in revenue and profit, retailers had the capacity to open new stores or expand existing ones, as indicated by an increase in fixed assets (8.5 percent) and new employment (1.3 percent). Ultimately, sales revenue grew faster than new employment, leading to an increase in labor productivity.

In order to get a more detailed insight into the operations of the largest retailers, a survey of retail grocery stores for 2023, conducted by the Croatian Competition Agency on a sample of 44 largest retailers, was used. The mentioned research shows similar trends identified in FINA data. That year, the surveyed entrepreneurs (n = 44) achieved a nominal increase in revenue by 16.1 percent (due to inflationary pressures), an increase in the total number of retail outlets by 2.9 percent, and an increase in the net commercial surface area by 3.8 percent compared to the previous year (CCA, 2024). Looking regionally, surveyed retailers generated the highest revenue in the City of Zagreb (17.1 percent), i.e., the largest city and the largest market in Croatia, followed by Split-Dalmatia County (13.3 percent), Primorje-Gorski Kotar County (8.8 percent), Istria County (7.9 percent), Zagreb County (6.5 percent), Zadar County (6.8 percent), and Osijek-Baranja County (5.2 percent) (CCA, 2024).

In the structure of turnover of mixed goods, mainly food, beverages, and household hygiene products of retailers in the sample (n = 44) with regard to the type of retail store, all types of retail stores achieved an increase in revenue due to high inflation (CCA, 2024). In 2023, the largest part of turnover was realized in large stores, i.e., in supermarkets (51.8 percent) and hypermarkets (20.2 percent), which together account for 72.0 percent of turnover (Figure 3). The remaining turnover was achieved in grocery stores (19.6 percent) and small stores in the neighborhood (8.4 percent). In the period from 2021 to 2023, supermarkets and small stores increased their market share while hypermarkets and grocery stores decreased it. In principle, it can be said that in the last three years, the turnover structure according to the type of retail stores has been relatively stable. It seems that for small purchases consumers prefer quick and convenient shopping in small stores close to home or work. For large purchases they prefer supermarkets, which provide them with a wide range of products and services at competitive prices. According to the number of stores, most of them were grocery stores (2,182), small stores (1,985), and supermarkets (824), and the least were hypermarkets (149). In 2023, the number of supermarkets increased by 5 percent, the number of grocery stores by 3.6 percent, and the number of small stores by 1.5 percent, while the number of hypermarkets remained the same. From a methodological point of view, the sample did not include retail outlets of small artisan stores, and if they were included, the share of small stores and grocery stores in the number of retail stores would be higher (CCA, 2024).

**Figure 3**  
Turnover structure by type of retail grocery stores, mainly food, beverages, and household hygiene products in Croatia in the period from 2021 to 2023, in %

Source: CCA [2024].



The total available net commercial surface area in all retail outlets of the surveyed companies amounted to 1.59 million square meters, which is an increase by 59,049 square meters compared to the previous year. In the structure of the retail outlets, supermarkets have the largest share [49.1 percent], followed by hypermarkets [21.6 percent], grocery stores [21.8 percent], and small stores [7.5 percent] [CCA, 2024]. To gain a more detailed insight, the financial position of the leading ten retailers in the retail trade sector was analyzed according to FINA data. The leading retailers were identified according to their sales revenue in 2023 [Table 3].

**Table 3**  
Selected indicators for ten leading companies in retail trade [G47], 2021–2023

	2021	2022	2023	Index 2023/2022
Sales revenue (in billion EUR)	5.7	6.6	7.8	118.2
Share of sales revenue in G47 (in %)	38.8	39.5	43.6	110.4
Cost of goods sold (in billion EUR)	4.2	4.8	5.7	118.8
Gross margin (in billion HRK)	1.5	1.8	2.1	116.7
Gross margin as % of sales revenue	26.3	27.3	26.9	98.5
Staff costs (in billion EUR)	0.5	0.6	0.7	116.7
Profit before tax (in billion EUR)	0.2	0.2	0.3	150.0
Profitability of sales (in %)	3.5	3.0	3.8	126.7
Fixed assets (in billion EUR)	2.8	3.2	3.7	115.6
Stocks of merchandise (in billion EUR)	0.5	0.7	0.7	100.0
Number of persons employed (in thousands)	39.6	40.9	43.6	106.6
Labor productivity (in thousand EUR)	144	161	178	110.6

Notes: The analysis covers the division G47 [retail trade, except of motor vehicles and motorcycles] without G47.3 activity [retail sale of automotive fuel in specialized stores]. The leading retailers in that industry are identified in the FINA database according to the amount of sales revenue in 2023. The group of leading retailers includes Konzum plus d.o.o., Lidl Hrvatska d.o.o., Spar Hrvatska d.o.o., Plodine d.d., Kaufland Hrvatska k.d., Tommy d.o.o., Studenac d.o.o., Pevex d.d., dm-drogerie markt d.o.o., and Tisak plus d.o.o. Gross margin is calculated as the difference between sales revenue and cost of goods sold. Profitability of sales = profit after tax / revenue from sales \* 100; labor productivity = business revenue / number of persons employed.

Sources: FINA and author's calculation.

“The concentration of market share among leading retailers continues to grow.

The analyzed leading retailers increased sales revenue by 18.2 percent year-on-year. As revenues in retail trade increased by 7.5 percent that year, the market share of leading retailers increased and amounted to 43.6 percent in 2023. In other words, more than one third of retail trade is realized in the stores of the ten leading retailers, i.e., in the retail sale of food products. Previously mentioned research conducted by the Croatian Competition Agency on a sample of 44 largest retailers shows a higher concentration of the market share in the market of mixed goods, mainly food, beverages, and household hygiene products. Thus, in 2023, the share of the top ten retailers was 86.7 percent (86.4 percent in 2022), while the top five retailers have a market share of 66.4 percent (66.2 percent in 2022) [CCA, 2024]. The difference in the FINA and CCA data can be attributed to coverage. From a methodological point of view, the CCA's data include mixed goods sales revenue, mainly food, beverages, and household hygiene products, while FINA data include not only food, but also non-food activities [except G47.3 Retail sale of automotive fuel in specialized stores]. The increase in market share of leading retailers can be attributed to a more efficient sales network and economies of scale, a better sales offering, more competitive prices, stronger bargaining power in the distribution chain, business expansion, and consumer loyalty.

The gross margin of the ten leading retailers, as the next important indicator in retail trade, increased by 16.7 percent in 2023, as sales revenue increased more than the cost of goods sold in absolute amount. Data from the CCA [2024] show that the highest margins were in the following categories: meat and meat preparations (23.7 percent), poultry meat and eggs (24.1 percent), bakery products – bread and pastries (37.2 percent), milk and dairy products (21.4 percent), fresh fruit and vegetables (29.9 percent), non-alcoholic beverages and water (25.9 percent), confectionery products [biscuits, chocolates, candies, 31.7 percent], basic food products – flour, sugar, rice, noodles, edible oils (24 percent). The increase in margins has allowed retailers to cover operating expenses while generating profit. Furthermore, the leading retailers have increased their revenue more than the number of persons employed and therefore labor productivity has increased. In 2023, they employed an additional 2,742 employees, but they also invested in fixed assets (increase by 15.6 percent).

Table 4 shows the results of the leading ten retailers in 2023 individually. In that year, Konzum plus was the leading retailer in Croatia, with sales revenue of EUR 1.83 billion. Konzum is part of the Fortenova Group, which was ranked 221st out of the 250 leading global retailers [Deloitte, 2025a]. According to FINA data, it increased sales revenue by 16.5 percent, fixed assets by 4.3 percent, and employment by 0.9 percent, but reduced profit before tax by 3.9 percent. Konzum was the leading retailer in the City of Zagreb and six counties [Zagreb, Krapina-Zagorje, Varaždin, Karlovac,

**Table 4**  
**Selected performance indicators of the ten leading retailers in 2023**

	Sales revenue (in billion EUR)	Gross margin (in % of sales revenue)	Profitability of sales (in %)	Debt ratio	Current ratio	Average period of payment of liabilities to suppliers (in days)
<b>Konzum plus</b>	1.83	27.0	1.11	0.82	0.53	50.3
<b>Lidl Hrvatska</b>	1.18	25.0	5.92	0.47	0.67	45.7
<b>Spar Hrvatska</b>	0.92	22.0	0.15	0.78	0.80	39.5
<b>Plodine</b>	0.80	23.0	8.02	0.59	0.58	58.7
<b>Kaufland Hrvatska</b>	0.72	27.0	2.39	0.37	1.41	24.4
<b>Tommy</b>	0.61	28.0	3.87	0.79	0.82	48.1
<b>Studenac</b>	0.61	25.0	1.09	0.85	0.75	76.8
<b>Pevex</b>	0.43	33.0	12.76	0.25	5.59	18.3
<b>dm-drogerie markt</b>	0.38	35.0	3.47	0.80	1.14	33.3
<b>Tisak plus</b>	0.29	22.0	1.70	0.69	0.78	46.2

Notes: The table covers the division G47 without G47.3 activity (retail sale of automotive fuel in specialized stores). Profitability of sales = net profit after tax / business income \* 100; debt ratio = total liabilities / total assets; current ratio = current assets / current liabilities. Average period of payment of liabilities to suppliers = 365 / liabilities turnover ratio; liabilities turnover ratio = sales revenue / liabilities to suppliers.

Sources: FINA and author's calculation.

Lika-Senj, and Osijek-Baranja County), just like the previous year [CCA, 2024]. In that year, it had 637 retail outlets [nine more than the previous year] on 320 thousand square meters of sales space [6,300 square meters more than the previous year]. According to the structure of stores, Konzum operates with all types of stores, both small stores and supermarkets and hypermarkets, and 50 percent of turnover is achieved in supermarkets. Konzum also generates sales via online sales through its own online platform [CCA, 2024].

The second retailer was Lidl. In that year, it increased sales revenue by 14.3 percent, fixed assets by 7.0 percent, the number of persons employed by 4.9 percent, and profit by 8.5 percent. The significant increase in sales revenue can be attributed to the fact that this retailer offers its customers a wide range of fresh and quality products in a modern and pleasant space in accessible locations. Lidl has been operating in Croatia since 2006, and today it has 109 discount outlets and two logistics and distribution centers [CCA, 2024]. Another member of the Schwarz Group is Kaufland, which in 2023, with 48 discount stores, increased sales revenue by 16.4 percent, fixed assets by 8.7 percent, and the number of persons employed by 4.4 percent, according to FINA data. Together, these two retailers have higher revenue than Konzum. The Schwarz Group [Schwarz Unternehmenstreuhand KG] from Germany is the fourth largest retailer in the world and operates dominantly with a chain of discount outlets. It operates in 32 countries and generated 177.009 billion dollars in sales revenue in 2023, with an achieved sales revenue increase of 9.4 percent [Deloitte, 2025a].

“Several local retailers continue to grow.

The members of the Schwarz Group were leaders in two counties. Lidl is the leading retailer in Koprivnica-Križevci County, while Kaufland is the leading retailer in Brod-Posavina County. The situation has not changed compared to the previous year [CCA, 2024].

Among the top ten retailers in Croatia is Spar Hrvatska, which is part of the Spar Holding AG group from Austria, which was ranked 77th among the 250 largest retailers in the world [Deloitte, 2025a]. This group operates dominantly with supermarkets in eight countries and, in 2023, it had sales revenue of 16.3 billion dollars, an increase by 7.1 percent compared to the previous year, with a net profit margin of 1.1 percent [Deloitte, 2025a]. According to FINA data, in 2023, Spar Hrvatska was in third place in Croatia in terms of sales revenue, which amounted to EUR 0.9 billion, with an increase by 21.1 percent compared to the previous year. This retailer increased fixed assets by 14.2 percent and the number of persons employed by 3.6 percent. Spar has 138 retail outlets across 19 counties and in the City of Zagreb. It is in the second place in the City of Zagreb, where it also has the largest number of retail outlets [CCA, 2024].

Plodine is in fourth place in terms of sales revenue of EUR 0.8 billion. In 2023, this retailer increased sales revenue by 13.1 percent, fixed assets by 21.3 percent, and the number of persons employed by 11.2 percent. According to FINA data, it operated with a profit. In the observed year of 2023, Plodine had 131 large-format sales outlets [supermarkets and hypermarkets] and was in the first place in the native Primorje-Gorski Kotar County as well as in the Istria County [CCA, 2024].

In 2023, among the leading retailers are Tommy, Studenac, Pevex, dm-drogerie markt, and Tisak plus. Studenac has 1,257 sales outlets and, according to FINA data, achieved an increase in sales revenue by 47.9 percent [part of which can be attributed to the takeovers of smaller retailers in 2023], fixed assets by 61.9 percent, and an increase in employment by 38.5 percent. This retailer holds the first place in Bjelovar-Bilogora County and Dubrovnik-Neretva County. Tommy generates the most income and is the leader in Split-Dalmatia County, Šibenik-Knin County, and Zadar County [CCA, 2024].

In 2023, Pevex was in eighth place among the ten largest retailers. It had a sales revenue increase by 17.0 percent, an increase in fixed assets by 10.5 percent, and an increase in employment by 5.2 percent, and made a profit. Among the top ten retailers are dm-drogerie markt and Tisak plus, i.e., retailers that sell non-food items. While dm-drogerie markt had a double-digit increase in sales revenue and employment, Tisak plus reduced the number of persons employed [-3.9 percent], but had

## THE MAJORITY OF LEADING RETAILERS STILL HAVE PROBLEMS WITH DEBT AND MAINTAINING LIQUIDITY.

an increase in revenue by 6.2 percent and a slight decline in fixed assets by 1.0 percent. Both retailers made a profit in 2023. Dm-drogerie markt is part of an international chain from Germany, which is ranked 105th in the world. It operates with drugstores in 13 countries and had a revenue of 12.2 billion dollars, an increase in revenue by 4.7 percent and a profit margin of 1.3 percent [Deloitte, 2025a]. Significant regional retailers include Boso, Ribola, Mlin i pekare, Trgovina Krk, Trgočentar Zabok, and Gavranović [CCA, 2024].

The results of the analysis of the operations of the ten leading retailers in Croatia show that the majority still have a problem with debt and maintaining liquidity. In 2023, the average debt ratio of the top ten retailers was 0.641, while the current ratio was 1.307.<sup>4</sup> The current assets of the leading retailers [1.4 billion EUR] were smaller than the current liabilities [1.7 billion EUR], so the financial risk associated with the leading retailers is still relatively high. Lidl, Kaufland, and Pevex had a debt ratio of less than 0.5, and the highest debt ratio was recorded for Studenac [0.85] and Konzum plus [0.82]. Leading retailers are trying to partially solve liquidity with short-term financing from suppliers. The higher the debt ratio, the longer the period of payment of liabilities to suppliers [correlation coefficient]. Among the leading retailers, Studenac [76.8 days] pays its suppliers the latest, while other retailers have an average payment period of less than 60 days.

<sup>4</sup> It is generally considered that a company is relatively indebted if the debt ratio is greater than 0.5. The company has a problem with current liquidity if the current ratio is less than 1.5.

# Retail trade in the EU and Croatia

— The retail trade sector in the EU is important in terms of entrepreneurship development [3.3 million enterprises], employment [16.5 million persons employed], and revenue [3,411.0 billion EUR]. Today, retail trade in the EU is a sector that is experiencing slow growth rates. Eurostat data show that turnover in retail trade in the EU-27 [G47 except of motor vehicles and motorcycles, calendar-adjusted indices compared to the same period last year] increased in real terms by 1.3 percent in 2024 compared to the previous year [Eurostat, 2025a]. The turnover of food products increased by 0.6 percent, and the turnover of non-food products [excluding fuel retail] by 2 percent. There are significant differences between EU countries. The highest increase in turnover was recorded in Luxembourg [16.1 percent] and Romania [8.1 percent]. Croatia's trading partners recorded slow or negative rates of real turnover in retail trade: Hungary [2.6 percent], Germany [1.0 percent], Austria [0.5 percent], Italy [-0.3 percent], and Slovenia [-0.5 percent] [Eurostat, 2025a]. Although turnover in retail trade increased slightly, in 2024, the number of persons employed in retail trade in the EU-27 decreased by 0.3 percent compared to the previous year [Eurostat, 2025b]. Most countries had stable labor market trends in retail trade, while Estonia [-4.7 percent], Finland [-2.8 percent], and Germany [-2.2 percent] experienced a decline in employment.

In most countries, economic growth, although at low growth rates on average, had a positive impact on turnover in retail trade. In 2024, the real gross domestic product expressed in market prices compared to the previous period increased in the EU-27 by 1.0 percent [Eurostat, 2025d]. The highest GDP growth was recorded in Malta [6.0 percent], Croatia [3.8 percent], Cyprus [3.4 percent], Spain [3.2 percent], and Portugal [2.9 percent]. Croatia's important trading partners had low GDP growth rates that year [Slovenia 1.6 percent, Italy 0.7 percent, Hungary 0.5 percent] or negative growth rates [Germany -0.2 percent and Austria -1.2 percent] [Eurostat, 2025d]. It can be said that the European economy avoided recession in 2024, although Germany continued to experience negative trends. That year, Croatia was among the countries with the highest year-on-year GDP growth. It is also worth mentioning that, at the same time, personal household consumption in the EU-27 countries slightly increased

## CROATIAN RETAIL TRADE IS BEHIND THE EU AVERAGE IN PERFORMANCE INDICATORS.

by 1.3 percent, while investments decreased by 1.8 percent. Exports of goods and services increased by 1.1 percent, and imports of goods and services by 0.4 percent [Eurostat, 2025d].

In 2024, the price increase in the EU slowed down, which increased the purchasing power of EU citizens. In 2024, the harmonized index of consumer prices was 2.6 percent, in 2023, it was 6.4 percent, and as much as 9.2 percent in 2022 [Eurostat, 2025c]. The highest price increase was recorded in Romania (5.8 percent), Iceland (4.5 percent), Belgium (4.3 percent), Estonia, Hungary, Poland (3.7 percent), and Slovakia (3.2 percent). Compared to other EU countries, Croatia had an inflation rate higher than the EU average and was in the group of countries with the highest price increase (4.0 percent) [Eurostat, 2025c]. In 2024, in the EU-27, food prices increased by 2 percent, those of beverages, tobacco, and narcotics by 5.6 percent, while clothing and footwear prices increased by 1.6 percent. In terms of food prices, Croatia was again among the countries with the highest price increases (3.6 percent), while the price increases for alcoholic beverages, tobacco, and narcotics (5.4 percent), and clothing (0.8 percent) were below the EU-27 average [Eurostat, 2025c]. Prices are high in Croatia due to a combination of factors, including import dependence, high taxes, spillover of inflation from abroad to Croatia and disruptions in global supply chains, a small market and lack of economies of scale, rising business costs, and seasonal tourist demand. The introduction of the euro also made it easier to increase prices.

“Croatia is in the group of countries that have a consolidated retail trade.

In order to compare retail trade in Croatia and the EU, we collected Eurostat data on EU companies, such as number of companies, number of persons employed, turnover, cost of goods sold, and productivity [Eurostat, 2025e]. Methodologically speaking, the last available year with a full set of data that can be analyzed for G47 activity (retail trade, except of motor vehicles and motorcycles) is the year 2023, while for some indicators there is data only for the year 2022. According to the indicator of the number of persons employed per company, Croatia was in the group of countries with consolidated retail trade (Figure 4). In 2023, it had almost twice the number of persons employed per company (10) than the EU-27 average (5). The largest companies (measured by the number of persons employed per company) were in Northern European countries: Denmark (14), Germany (12), Ireland (10), Luxembourg (9), and Austria (8). Slovenia (8) and the

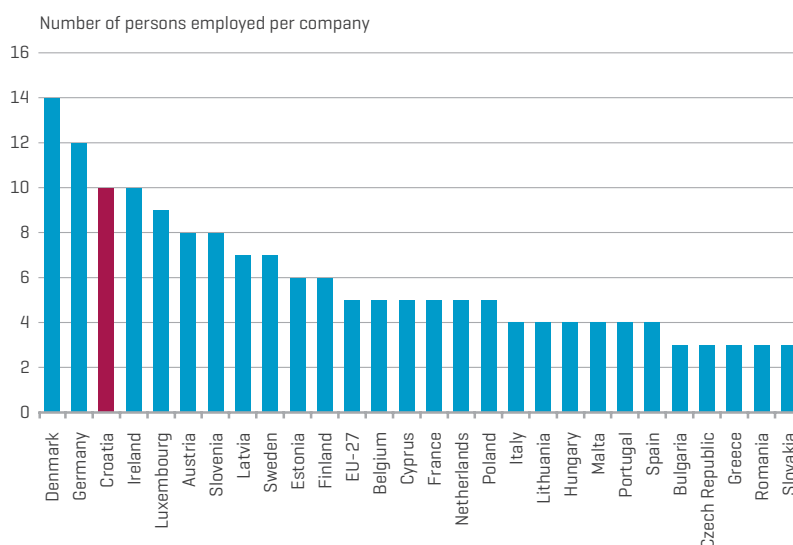
IN THE EU-27, THERE IS A SLOWDOWN IN PRICE INCREASE, WHICH, IN 2024, WAS 2.6 PERCENT, AND CROATIA WAS AMONG THE COUNTRIES WITH THE HIGHEST INFLATION.

Baltic countries also have consolidated retail trade. Thus, Estonia and Latvia have 6 and 7 persons employed per company, respectively, while Sweden has 7, i.e., above the EU-27 average. On the other hand, Mediterranean countries such as Italy [4], Greece [3], Portugal [4], and Spain [4], but also some Central and Eastern European countries such as Slovakia [3], the Czech Republic [3], and Bulgaria [3], had a more fragmented retail structure with a larger share of companies employing a smaller number of persons employed (Figure 4). Both models of retail trade trends have their advantages. Thus, stores with a large number of persons employed per company (larger and large companies) have greater economies of scale, more efficient operations, logistics and distribution, and more competitive prices, while small retailers have an advantage in finding specific niches, specialization, and personalization of services.

**Figure 4**  
**Number of persons employed per company in the EU-27 in 2023**

Note: G47 activity (retail trade, except of motor vehicles and motorcycles).

Source: Eurostat [2025e].



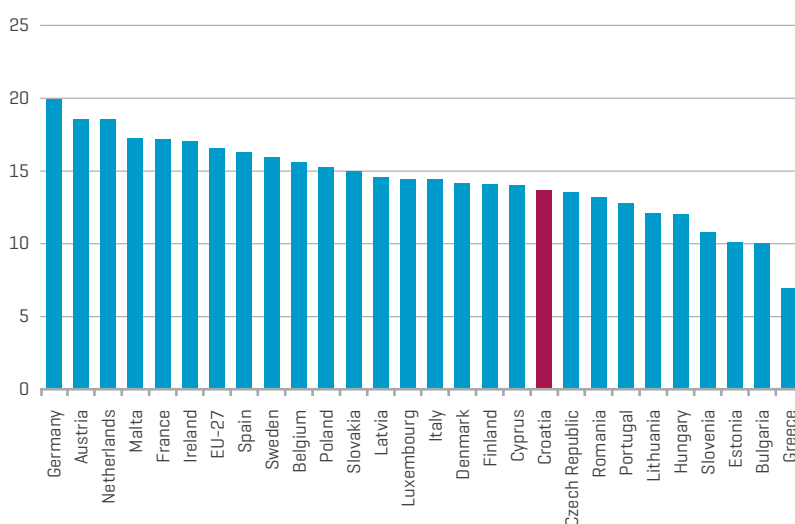
However, Croatia is behind the EU-27 in gross margins, labor productivity, and wages. Gross margins of retailers (the percentage difference between sales revenue and cost of goods sold in sales revenue) in Croatia are lower than in the EU-27 (Figure 5). In 2022, the share of gross margin in sales revenue in Croatia was 13.7 percent, while in the EU-27 it was 16.6 percent. The largest share of margins was recorded in Germany, Austria, the Netherlands, Malta, France, and Ireland. Compared to more developed European markets, the purchasing power of Croatian consumers is lower, which limits margin levels because retailers cannot pass on high costs to end customers. Retailers in Croatia have higher import costs and lower

## CROATIAN RETAIL TRADE OPERATES WITH LOW MARGINS, I.E., LOWER THAN THE EU-27 AVERAGE.

procurement volumes, and face a lack of economies of scale and higher distribution costs due to the size of the market and logistical challenges. Lower margins in Croatia, coupled with higher procurement costs due to lower bargaining power and smaller procurement volumes, reduce profits after covering operating expenses. Profitability of sales [the share of profit in sales revenue] was 6 percent in Croatia, while the EU-27 average was 6.7 percent.

**Figure 5**  
Gross margins in the EU-27, expressed as a percentage of realized turnover in 2022

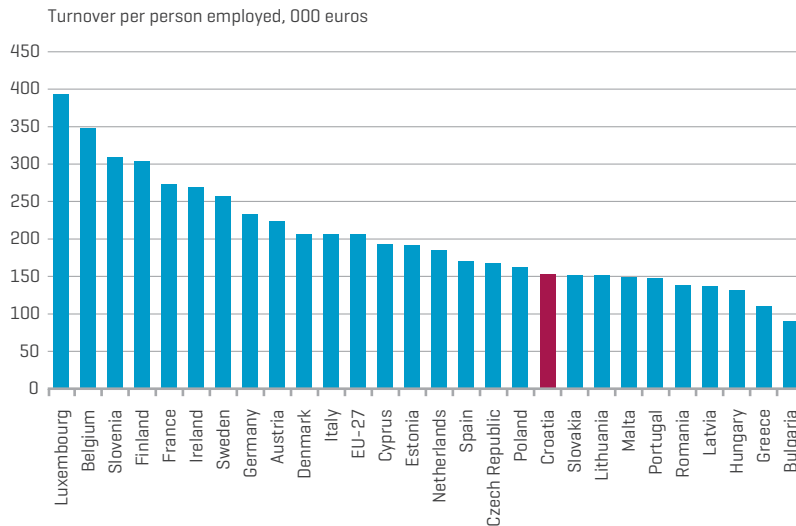
Source: Eurostat (2025e).



Due to low gross margins, retailers in Croatia need to increase sales volume to make a profit, which requires high labor productivity. However, retail trade in Croatia has lower labor productivity. In 2022, the turnover per person employed was lower by 25.9 percent, and value added per person employed was lower by 43.7 percent than the EU-27 average. The highest turnover per person employed in retail trade was achieved by Luxembourg, Belgium, and Slovenia [Figure 6], and the highest value added per person employed was achieved by Belgium, Luxembourg, and Italy [Figure 7]. Croatia is among the countries with the lowest labor productivity among EU countries. One of the causes of low labor productivity in Croatia is low wages. According to Eurostat data, in 2022, average monthly staff costs in Croatia were 32.3 percent lower than the EU-27 average [Figure 8]. Although they are a cost for employers, low wages reflect low margins and low purchasing power and can have negative consequences for retail trade. More precisely, they can reduce employee motivation and satisfaction, which can lead to higher employee turnover and less engagement at work. They can also make it difficult to attract skilled employees.

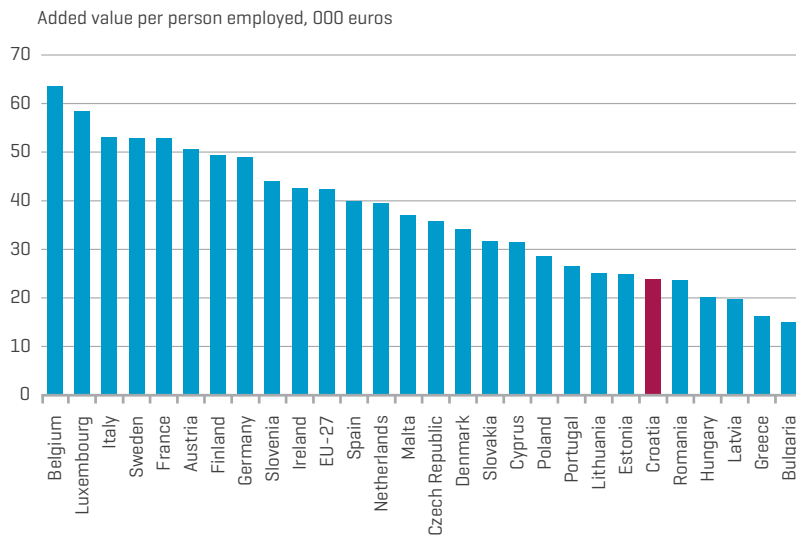
**Figure 6**  
**Turnover in retail trade per person employed in 2023, in thousands of euros**

Source: Eurostat [2025e].



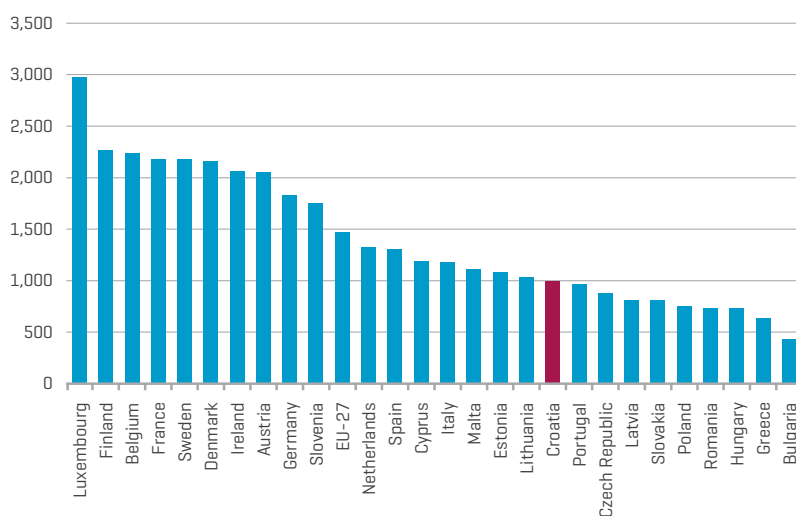
**Figure 7**  
**Value added in retail trade per person employed in 2022, in thousands of euros**

Source: Eurostat [2025e].



**Figure 8**  
**Monthly wage expenditure in retail trade per person employed in 2022**

Source: Eurostat [2025e].



# Expectations

This chapter provides the projections of macroeconomic trends that attempt to predict and understand the future state of the economy and the trends in economic growth, price increases, wages, unemployment, and retail trade in Croatia and the EU. Table 5 presents the projections of the Croatian National Bank for Croatia and the European Central Bank for the eurozone for 2025 and 2026.

“Croatia is forecast to see a higher price increase than the EU-27 average.

In Croatia, a slight recovery of the economy (3.2 percent in 2025) and consumption (4.6 percent) is forecast in the coming period, which should have a positive impact on retail trade. Positive trends in the labor market are forecast as well. However, a higher increase in food prices (4 percent) and energy (5.8 percent) is also predicted, which again reduces consumers' purchasing power. The slowdown in rates of price increase is a positive signal for retail trade growth.

It should also be noted that during January and February 2025, there was a boycott of retail chains in Croatia as a reaction to rising prices of basic products. The first boycott took place on January 24, prompted by an initiative by the consumer platform called “Halo, inspektore”, which called on citizens not to buy anything that day, except in emergency situations. The boycott had a short-term negative impact on retail sales. After the first boycott, additional boycotts followed throughout January and February. The boycott had a short-term impact on a decline in turnover in stores, which further reduced retailers' revenue. According to data from the fiscalization system, the number of invoices issued on January 24 was lower by 44 percent compared to Friday a week earlier [January 17], while the total number of invoices declined by 53 percent. Although the boycott created pressure on the retail industry, its impact on price reductions was limited and focused more on calls for price cuts than on concrete changes. In most cases, retailers responded with special offers and promotions, but there were no significant price reductions at the market level [Smiljanić Grubišić, 2025]. It is assumed that the boycott of stores was temporary in nature and it is expected that the boycott is limited and that there should

THERE ARE SEVERAL RISKS IN THE ENVIRONMENT THAT NEGATIVELY AFFECT GROWTH AND INFLATION, INCLUDING THE WAR IN UKRAINE, GEOPOLITICAL TENSIONS BETWEEN THE US, RUSSIA, THE EU, AND CHINA, AND MORE RESTRICTIVE INTERNATIONAL TRADE.

Table 5  
Expected trends in the macroeconomic environment in Croatia and the EU, projections

	2025	2026
<b>Croatia*</b>		
Gross domestic product, real [percentage change]	3.2	3.0
Personal consumption	4.6	3.9
Gross fixed capital formation	4.3	3.3
Export of goods and services	2.3	2.4
Import of goods and services	4.6	3.2
Harmonized index of consumer prices – HICP [percentage change]	3.7	2.6
HICP excluding food and energy	3.2	2.8
HICP food	4.0	2.2
HICP energy	5.8	2.5
Unemployment rate	4.7	4.5
Number of persons employed [% change]	2.5	1.8
Real gross wages [% change]	5.5	3.3
<b>EU (eurozone)**</b>		
Gross domestic product, real [percentage change]	0.9	1.2
Personal consumption	1.4	1.2
Investments	1.2	1.7
Export	0.8	2.3
Import	1.9	2.6
Harmonized index of consumer prices – HICP [percentage change]	2.3	1.9
HICP excluding food and energy	2.2	2.0
HICP food	2.8	2.6
Employment	0.4	0.4
Unemployment rate	6.3	6.3

Sources: \* CNB (2025b), \*\* European Central Bank (2025).

## IT IS TOO EARLY TO SAY THAT WE CAN EXPECT A STABLE ECONOMIC RECOVERY.

be an increase in turnover in retail trade at the end of the year. In January 2025, turnover in retail trade increased by 4.1 percent in real terms, and all trade professions had a nominal increase in turnover [CBS, 2025g].

Future retail trends are significantly influenced by global trends, which have worsened due to geopolitical instability, tensions between the US, EU, Russia, and China, and more restrictive international trade. Negotiations to end the war in Ukraine could have a positive impact on prices, but the prices of agricultural raw materials, especially cocoa and coffee, show an increasing trend due to supply-side constraints caused by weather conditions [CNB, 2025b].

In 2025, President Donald Trump's administration significantly stepped up its trade policy by imposing comprehensive tariffs that caused global economic disruption. On April 2, 2025, Trump declared the so-called "Liberation Day", announcing a universal 10 percent tariff on all imports into the US, with additional tariffs reaching up to 145 percent for certain countries, including China. These measures led to the largest one-day decline in the US stock market in history, with a loss of USD 6.6 trillion in market value. Although there are still many unknowns regarding the continuation of the US administration's tariff measures, their negative effects on economic activity could be felt around the world, and global price pressures will depend on countermeasures from trading partners, including the European Union [CNB, 2025b].

The European Central Bank predicts a GDP increase in the eurozone by 0.9 percent and an increase in personal consumption by 1.4 percent. Positive trends in the labor market are predicted in terms of an increase in the number of persons employed and unemployment [European Central Bank, 2025]. The forecasts for Croatia are better than the forecasts for the eurozone. However, in 2025 and 2026, higher food and energy prices are expected in Croatia, and Croatia will again be among the EU countries with the highest price increases in the next two years. Risks that could cause higher price increase rates include geopolitical tensions, tariffs, and increased defense funding, which could result in higher prices for energy and other raw materials, as well as trade barriers, adverse weather conditions, and stronger wage increase [CNB, 2025b; Deloitte, 2025b].

In the context of US tariffs, Croatia as a country is not directly affected, but there are indirect effects. Trump's tariffs on Chinese and European products could increase the prices of imported goods in the EU. Croatian retailers, who often purchase goods through distributors from other EU countries, could face higher purchase prices, which could lead to an increase in retail prices. In addition, disruptions in global supply chains and reduced demand in key export markets may negatively impact Croatian exporters, which may indirectly weaken domestic consumption and the stability of the retail trade sector.

Other major trends that will impact retail and that retailers need to adapt to in the coming period are cultural and demographic changes [aging population, migration, rural depopulation, multiculturalism, and a higher number of singles]. In the future, much attention will be paid to sustainable development and competitiveness in terms of prices and the application of new technologies in the field of artificial intelligence, the search for personalized experiences and sensations, shopping via mail order, the internet, mobile phones, and social networks [Berthiaume, 2025; Deloitte, 2025b].

# Conclusion and recommendations

— In 2024, the economy recovered and retail trade grew. Real turnover in retail trade cumulatively increased by 7.7 percent year-on-year and increased in all months of the year. The increase in turnover enabled the creation of new jobs in retail trade (3.4 percent; 4,424 in absolute amount). At the same time, strong competition and market consolidation are leading to a further decrease in the number of active legal entities in retail trade (-1.8 percent). Although wages in retail trade have increased, they are low relative to the economy and are not motivating enough to attract talent and experts to the sector, and have a negative impact on service and satisfaction.

In 2024, the macroeconomic environment had a positive impact on retail trade in Croatia. GDP growth (3.8 percent) had a positive impact on an increase in employment (1.6 percent) and wages (11.5 percent), which, along with slowing inflation (3.0 percent), increased household disposable income. Consumption (5.8 percent) grew faster than GDP, which means a greater propensity to consume, more purchases of products and services, and higher turnover in retail trade (7.7 percent). The overall price increase (3.0 percent) was significantly lower than in previous years, and the main generator of price growth was the increase in food prices (3.9 percent). This increase in food prices has somewhat reduced the purchasing power of households, especially since food makes up a large part of the consumption basket. Available statistical data also show that final prices of products for consumers (those paid by customers in stores) increased faster than prices in the manufacturing industry, which suggests that the price increase has been passed on to consumers and industry to some extent.

FINA data for 2023, at a time of high inflation in Croatia, show that leading retail chains achieved an increase in turnover, which influenced the further increase of market share concentration among leading retailers from 39.5 percent to 43.6 percent in 2023. In absolute amount, gross margins (the difference between sales revenue and cost of goods sold) increased, while in relative terms as a percentage of sales revenue, they slightly decreased.

“In the coming years, retailers need to keep prices under control, increase resilience in supply chains, increase business sustainability, and increase the use of modern technologies and offer a greater shopping experience in stores.

FINA data also show that costs have increased, but despite this, the profit of leading retailers has increased. During a time of high inflation, leading retailers in Croatia continued to invest in fixed assets and increased the number of persons employed and labor productivity. The largest retailer in Croatia is Konzum plus, which has managed to consolidate its market position ahead of Lidl, a member of the Schwartz Group. In 2023, there was also talk about a relatively stable turnover structure, given that the highest turnover in Croatia was achieved in the City of Zagreb [17.1 percent], and by type of retail store in supermarkets [51.8 percent] and hypermarkets [20.2 percent].

Retail trade in the EU is characterized by strong competition and slow market growth. In 2024, turnover in retail trade increased in real terms by 1.3 percent compared to the previous year – turnover in food products by 0.6 percent, and turnover in non-food products (excluding fuel trade) by 2 percent. There are significant differences between EU countries. Inflation slowed in all EU countries, and Croatia was among the countries with the highest price increases. Compared to EU countries, Croatia is in the group of countries that have a consolidated retail trade, with a higher number of persons employed per retailer. However, in most performance indicators (margins, labor productivity, and wages), it is behind the EU average.

The year 2025 remains highly uncertain due to geopolitical tensions between the US, Russia, China, and the EU, the war in Ukraine, the need for increased defense funding, and possible trade barriers, which creates uncertainty regarding further economic and retail trade growth. The European Central Bank predicts low GDP and consumption growth rates in the eurozone in 2025 and 2026, while Croatia should achieve slightly higher growth rates than the EU average, but also a higher price increase, which again reduces consumer purchasing power. However, these trends should be reflected in the increase in turnover in retail trade.

For further increase in retail trade in Croatia, in light of existing challenges such as low purchasing power, high prices, labor shortages, demographic changes and competition, the following goals are possible for retailers: 1) increasing labor productivity (investing in technology, automation, digitalization, employee education, and training, improving employee working conditions with an emphasis on wages), 2) cost optimization, 3) increase in sales revenue by opening new sales channels or better use of existing channels (e.g., adjusting the offer in accordance with demographic changes by focusing on ecological products, offers for the elderly, singles and foreigners, e-commerce with delivery).

## TRENDS IN 2025 ARE STILL UNCERTAIN.

Similar measures were highlighted by a study conducted by Deloitte [2025a, 2025b], which relate to activities carried out by large global retailers. These activities relate to: 1) increasing business efficiency (e.g., optimizing inventory and controlling costs in the supply chain, implementing new technologies and business automation, implementing practices aimed at sustainable development), 2) transforming business through the use of artificial intelligence [AI], augmented reality [AR] / virtual reality [VR] and the Internet of Things [IoT] (as well as adopting innovative technologies in stores to attract consumers and create excitement), sustainable development, and the circular economy (offering environmentally friendly products, adapting to legal requirements, buyback, repurchase, and repurposing programs), and 3) exploiting alternative purchasing channels (online advertising and sales, company websites, social networks). Other measures by retailers include strengthening loyalty programs, improving the in-store shopping experience, and improving the shopping experience through the use of artificial intelligence [Deloitte, 2025c].

However, in the current environment in Croatia, the priority is to keep the price increase under control. More precisely, uncertainty regarding inflation and consumer behavior remains high. Many consumers have adapted to rising prices by choosing cheaper retailers and cheaper brands of products and by choosing commercial brands [Deloitte, 2025c], which will continue this year. Therefore, in the current situation, price competitiveness is the leading factor in increasing revenue over brand loyalty or business sustainability. One of the more important trends relates to health, healthy eating, and maintaining a healthy lifestyle. Consumers will be older, fatter, multicultural, mobile, skilled in using new technologies, and will have higher expectations, especially regarding health and a healthy lifestyle, and it is important that retailers place greater emphasis on this aspect of business [Deloitte, 2024].

One of the problems that retailers will face is a shortage of labor due to the aging population, emigration, and slowing birth rates, which encourages retailers to look for alternative sources of labor and retraining existing employees. Additionally, retailers will be motivated to invest more in automation and technology that can replace labor and increase productivity.

The introduction of new technologies and new services can contribute to improving the shopping experience. Services that increase personalization, including active seller engagement services, can help differentiate traditional from online stores. Traditional grocery and consumer goods stores will continue to grow and develop, as people need groceries, but these stores will need to offer greater shopping experiences, where consumers can not only see, but also experience and taste the products. Retail stores will also need to become safer to shop in terms of a more flexible return policy and faster and safer payment for goods by introducing more self-service checkouts [Deloitte, 2024].

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