

# Organizational and Structural Changes in Retail Trade in Croatia

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Organizational and structural changes in retail trade in the Republic of Croatia are viewed in the sense of the change of quality as the reflection of the attained level of development. In this paper, the author first explains the retail trade and its structure. In the analysis of organizational and structural changes in retail trade in Croatia, the author starts from the growth/decline of retail trade (indicators of the physical volume of realized turnover, the number of shops, capacities and number of employees), and then analyzes its development (qualitative changes) in last 20 – 30 years (structural changes in the realized turnover - concentration tendencies, in the forms of retail trade, in the formats of shops, development of co-operative forms, etc.). Structural changes in the Croatian retail trade have also been reflected in the development of new forms of firms/companies, new formats of shops, vertical integration of wholesale and retail trade, as well as on the new relations of cooperation of trade companies (e.g. of retail chains) with manufacturers.

**Key words:** retail trade, concentration, shop, type of shop, retail form, the Republic of Croatia

## Organizacijske in strukturne spremembe v maloprodajni trgovini na Hrvaškem

Organizacijske in strukturne spremembe v maloprodajni trgovini v Republiki Hrvaški so obravnavane v smislu spremembe kakovosti kot posledice dosežene ravni razvoja. V svojem prispevku avtor najprej razloži maloprodajno trgovino in njeno strukturo. V analizi organizacijskih in strukturnih sprememb v maloprodajni trgovini na Hrvaškem avtor izhaja iz rasti/ upada maloprodajne trgovine (pokazatelji fizičnega obsega realiziranega prometa, števila trgovin, obsega in števila zaposlenih) in zatem analizira njen razvoj (kakovostne spremembe) v zadnjih 20-ih do 30-ih letih (strukturne spremembe v realiziranem prometu – osrednje težnje v obliki maloprodajne trgovine, v formatu trgovin, razvoju kooperativnih oblik itd.). Strukturne spremembe v hrvaški maloprodajni trgovini se prav tako odražajo v razvoju novih oblik podjetij/ družb, novih formatov trgovin, vertikalni integraciji trgovine na debelo in trgovine na drobno kot tudi v novih odnosih sodelovanja med trgovskimi podjetji (tj. med prodajnimi verigami) in proizvajalci.

**Ključne besede:** maloprodajna trgovina, koncentracija, trgovina, tip trgovine, maloprodajna trgovina, Republika Hrvaška.

## 1 Introduction

Changes in Croatian retail trade since the end of the 1990s have been strong and rapid. They have been conditioned by the transition into a new social-economic system, as well as by dramatic changes in global retail trade. This analysis of quantitative and qualitative changes in retail trade in the Republic of Croatia is intended, on one hand, to explain the attained level of development, and on the other hand, to try to assess the needs and possibilities of future development. Since there are already analyses of the attained level of development and of the importance of retail trade in the quantitative sense in the national economy of the Republic of Croatia (Nušinić/Anić, 2003; Segetlija, 2003b), in this work we want to analyze the development of retail trade in the Republic of Croatia

in the sense of emerged structural (qualitative) changes.

## 2 Methodological Approach

The development retail trade in this work will be considered to be qualitative (structural) changes, while is growth (or decline) to be the expression of merely quantitative changes (Ruža, 1989: 121). While the economic growth can also be viewed as a short-term process, development is always a long-term process (cf. Nušinić, 1989:6).

In this paper, the development of retail trade in the Republic of Croatia will be evaluated on the basis of changes in its structure. Our analysis starts from quantitative changes (changes in the realized traffic and the number of employees; changes in the number of companies

and retail shops) and attained levels of development; following that the organizational and structural changes of retail trade in the Republic of Croatia will be analysed. As indicators of development of retail trade in this work, we have chosen (in: Segetlija, 1999): (a) the number of people per shop, and (b) the selling area in m<sup>2</sup> per inhabitant, as well as some structural indicators.

Changes in the above indicators can be better explained through the analysis of the structural changes in retail trade (cf. Mason/Mayer, 1990: 5). In the analysis of structural changes, we will take into consideration changes in (cf. Aiginger et al., 1999: 800):

- (a) the number, structure and size of business entities in the trade
- (b) the concentration of the realized turnover
- (c) the concentration of sales areas
- (d) the change in the form structure of retail trade companies and business units.

Only large trade operating units and large trade companies and their co-operative formations have significantly benefited from contemporary technical and technological progress.

Concentration, incidentally, is a significant social-economic regularity. Concentration in the retail trade can be understood as the process of above-proportional growth of large companies in relation to small ones, so that the total number of retail companies is decreasing (cf. Ahlert, 1985: 116). This means that the development of the concentration process can be observed in the increase of market share of a smaller number of companies.

### 3 Retail Trade and its Structure

Retail trade includes all transactions in which a buyer intends to use a product through personal, family and home use (Dibb et al., 1995: 334). In the marketing system, retail trade is also important because it is the most dynamic marketing subsystem (Berkowitz et al., 1997: 487). The most important part of the retail trade is that which is still largely performed in shops as "stationary" retail operating units; however there is also a growing development of out-of-shop operating units: (a) movable retail trade, and (b) remote retail trade.

Many authors have tried to identify and classify the characteristics of retail operating units (Berekoven, 1986: 29). On the basis of their classifications, we could make the following list of characteristics of the retail operating units:

- (a) size (employees, area, traffic, supplies etc.)
- (b) assortment and diversity
- (c) characteristics of location
- (d) form of contact with the buyer
- (e) form of serving and payment
- (f) legal form and financing

- (g) characteristics of the company or co-operative creation to which the shop belongs
- (h) conceptual characteristics of the instruments of marketing policy.

Therefore, today the position of the retail format and its differentiation from the competition can be expressed by means of the following characteristics (Hasty & Rear-don, 1997: 255):

- (a) merchandise
- (b) exterior design
- (c) location
- (d) prices
- (e) shop lay-out
- (f) visual merchandising
- (g) promotion
- (h) interior design
- (i) publicity / advertising
- (j) personal selling
- (k) services.

The above characteristics of retail operating units are mutually interwoven and there is no general principle for their grouping. Aside from this, these characteristics are mainly not permanent; therefore the structure of the retail formats changes, thanks to the development of new formats and adaptation of already existing ones. In this connection, it is possible to distinguish only "formats", i.e. "types" of retail operating units, which simultaneously comprise all main characteristics. When the existing formats of retail operating units in some country are classified according to their main characteristics, the result is the principal characteristic of the structure of retail trade.

From the standpoint of a single business entity, the design of retail operating units is considered the central task of strategic planning in retail trade (Berekoven, 1990: 417), and this choice of the format of the operating unit and of the company, of course, belongs to general, constitutive decisions (Müller-Hagedorn, 1984: 59).

Formation of retail operating units can be observed from three points of view, so that the format of the retail operating unit is, actually, an integrated result of decisions (Lerchenmüller, 1992: 235 and 238):

- (a) about functions (based on tasks)
- (b) about instruments of market politics (the politics of marketing)
- (c) about organization of business process factors.

In this connection, significance lies with: developmental tendencies of those functions of trade, with which the insufficient market transparency is overcome<sup>1</sup> (especially the development of its information function), development of e-marketing instruments and development of modern computer-supported business processes and the replacement of particular business process factors with the "information" factor (Segetlija & Lamza-Maronić, 1999).

However, in stationary retail trade there is the rule that the costs per unit of sold merchandise are decreasing

<sup>1</sup> In: Buddeberg, H.: Betriebslehre des Binnenhandels, Wiesbaden, 1959, according to: Falk/Wolf, 1991:46, 47

with the growth of the scope of variations of the characteristics for the design of retail operating units (Merkel & Heymans, 2003).

## 4 Attained Level of Development

In the analysis of the attained level of development, we shall first observe the growth/fall as the condition of development, i.e. of trends in the realized turnover and number of employees.

### 4.1 Dynamics of the Realized Turnover and of the Number of Employees

The dynamics of the Realized Turnover in the retail trade in the Republic of Croatia from 1989 to 2003 is presented

in the Figure 1. The dynamics of turnover should be considered within the unfavorable general economic trends, since industrial production has reached only 68.6 % of pre-war production levels (those of 1989). It is well known that the stagnation in the economy of Croatia began after 1980.

Figure 1 shows annual changes in the growth and fall of turnover and the number of employees in the retail trade of the Republic of Croatia. Growth of Croatian retail trade begins only after 1999 and, with regard to the earlier fall (until 1993) and stagnation, it is still at a relatively low level of realized turnover. The statistically encompassed turnover in the retail trade – similar to the industrial production – in 2004 reached only 65.5 % of that from 1989.

However, in the retail trade turnover, one should also take into consideration illegal trade (the underground economy) and purchasing abroad. Such trends are expressions of maladjustment between demand and offer of

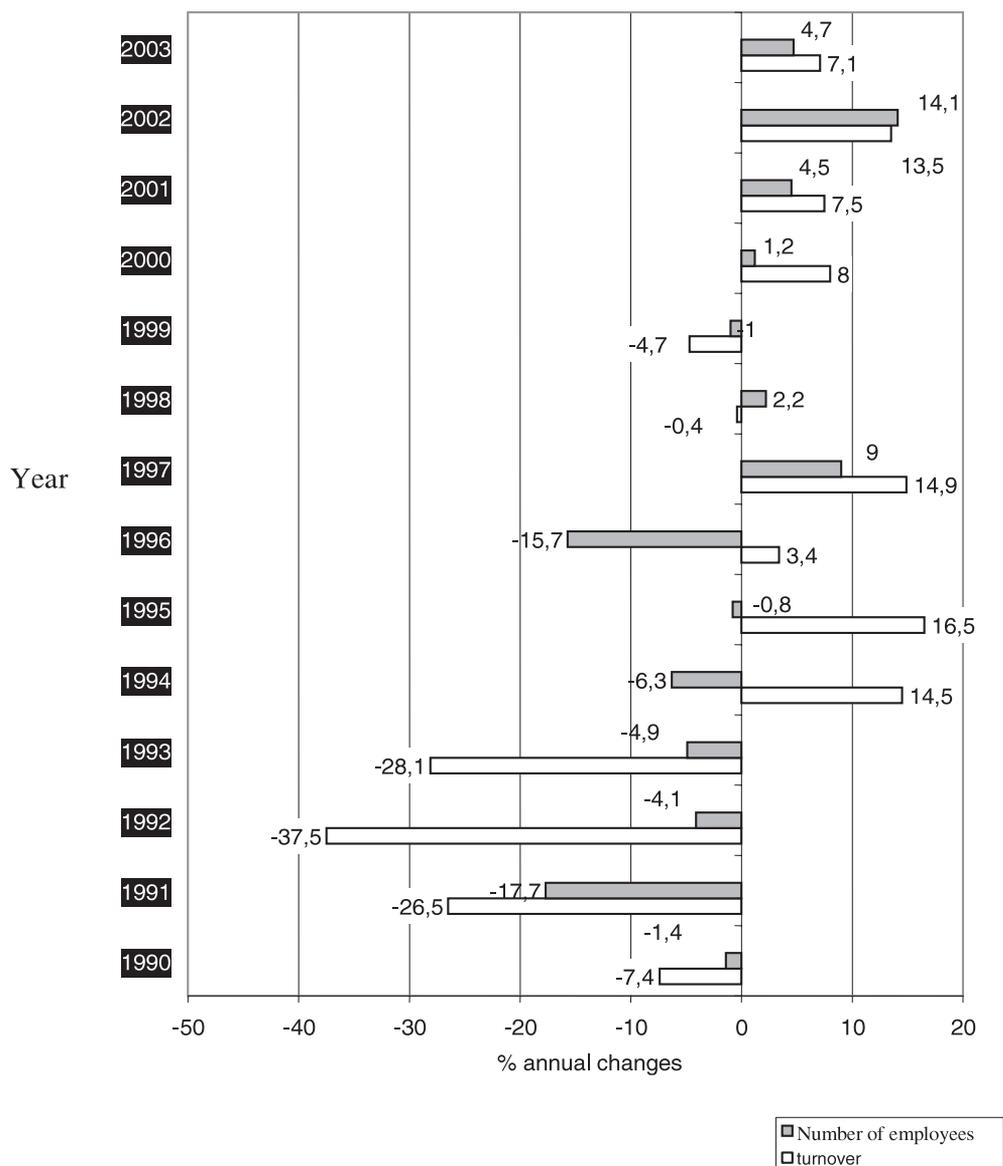


Figure 1: Chain indexes of turnover and of the number of employees in the retail trade of Croatia. Source: Monthly statistical reports of the State Bureau of Statistics (calculated from chain indexes).

Table 1: number of shops and selling area in Croatia 1963 – 2003

Year	Number of shops	Selling area in m <sup>2</sup>	Population around the middle of the year in 000	Number of people (population) per 1 shop	Selling area in m <sup>2</sup> per 1 citizen
1963	11,093	433	4,220	380	0.10
1988	19,659	1.720	4,757	242	0.36
1990	22,088	...	4,778	216	...
2002	38,617	3.700 <sup>a</sup>	4,443	115	0.83
2003	38,568	...	4,442	115	...

Source: (a) SGH, various years of issue, (b) SLJH various years of issue, (c) Monthly Statistical Report, No. 3/2004, State Bureau of Statistics of the Republic of Croatia: 13, (d) Monthly Statistical Report, No. 1/2005, State Bureau of Statistics of the Republic of Croatia: 13  
<sup>a</sup> author's estimation.

goods and services of retail trade on the domestic market. Purchasing abroad has been caused mostly by price relations, although other characteristics have been included as well. Therefore, the inescapable conclusion is that Croatian retailers could have realized better business results and faster development on the basis of the imported goods (In: Segetlija, 2003a).

The number of employed persons has been declining more slowly than the realized turnover, since after 1990 many small business owners have entered retail trade and they have realized lower labor productivity.

## 4.2 Indicators of the Development Level

Table 1 shows the changes in the number of shops and areas of selling area from 1963 to 2003. As was the case with the number of retail trade companies, in the new economic system after 1990 the number of retail shops increased considerably, especially upon the entry of craftsmen and small private trade companies.

Until 1998 these figure do not include pharmacies and the number of shops in 2000 - 2003 refers to firms/companies/craftsmen. For firms/companies, the number of shops according to their predominant activity and activity, and without shops/services from the following lines of work: "cars and motorcycles maintenance and repair" and "repairs of object for personal use and household", as well as without shops with predominant activity "retail trade outside of shops"; for craftsmen without shops/services from the predominant lines of work: "motor vehicles maintenance and repair", "out-of-shop retail trade" and "repair of object for personal use and household". However, only upon the entry of foreign retail chains and as growing of a part of domestic trade, were conditions created for the faster development of large shops and shopping centers.

Selling areas in year 2002 can be estimated at approximately 3.7 million m<sup>2</sup>. This means that per inhabitant there are 0.83 m<sup>2</sup> of space, which is approximately at the level of Poland (IRWIK for the Ministry of Economy Poland, 2002), and considerably lower than, for example, in Austria where in 2001 there were 1.6 m<sup>2</sup> of selling space

per inhabitant (Statistik Austria - Statistisches Jahrbuch 2003).

## 4.3 Number of Business Entities and Importance of Retail Trade in the Republic of Croatia

In spite of the level of realized turnover in retail trade, which is still lower than in 1989, the importance of retail trade in the economy of the Republic of Croatia has been doubled compared to earlier periods. This is clearly shown by the indicators in Table 2 (share of trade in the total number of business entities).

Unfavorable development of production sectors (industry and production handicraft), and to some extent also of the service sector, could be stated as the main reasons for such growth of the number of business entities in retail trade (from 1971 to 2003 it has grown by a multiple of 35) and for the growing importance of trade in the national economy of Croatia.

## 5 Analyses of Structural Changes

### 5.1 Number of Business Entities – Concentration and Distraction

As was the case in the whole of Yugoslavia - of which Croatia was a part - after 1945, trade in Croatia has passed through several stages of concentration (growing) and distribution (creation of a number of smaller organizations). However, with the transition to a new social-economic system, the number of business entities in general, and especially in the sphere of trade, has grown beyond any expectation (Table 2).

Therefore, with the creation of a new social-economic system, after 1990, a number of small business owners entered the trade business, but only a few very large ones have developed successfully. Because of such tendencies in the new economic system, both the average number of

Table 2: Indicators of importance of retail trade in the republic of Croatia - shares in the number of business entities

Year	Number of economic entities <sup>a</sup>	%	Economic entities in trade <sup>b</sup>	%	Economic entities in retail trade	%
1971	2,782	100.0	478	17.2	205	7.4
1991	16,504	100.0	6,586	39.9	2,666	16.2
1995	59,913	100.0	24,007	40.0	7,508	12.5
2003	88,793 <sup>c</sup>	100.0	33,993 <sup>c</sup>	38.3	7,168 <sup>d</sup>	14.4 <sup>e</sup>

Sources: (a) SGH 1973: 32 and 132, (b) Data provided by the Social Accounting and Auditing Service of the Republic of Croatia on expense reports for 1991 and 1992, Zagreb, 1993, (c) SLJH 2004: 411, (d) Information about basic financial results of business operations of entrepreneurs from the Republic of Croatia for the period I - VI 1995 – according to the data from the half-yearly statistical reports, National Audit Office of the Republic of Croatia, Zagreb, 1995, (e) Structure of business entities according to activities and areas of NKD in September 2003. 2, [http://www.dzs.hr/hrv/2003/11-1-1\\_3h2003.htm](http://www.dzs.hr/hrv/2003/11-1-1_3h2003.htm) (8th May 2005.)

<sup>a</sup> 1971 "the number of organizations"; in 1991 and 1995 number of business entities that have handed in their annual expense reports (the real number is larger); in 2003 active business entities

<sup>b</sup> retail trade, wholesale trade, foreign trade, trade services, business associations

<sup>c</sup> active economic subjects in September 2003 (in trade: wholesale trade and retail, repair of motor vehicles and motorcycles, and objects for personal use and household)

<sup>d</sup> 31st December 2003.

<sup>e</sup> estimation.

shops and the average number of employees per each retail trade company have decreased considerably. However, concentration develops thanks to the growth of the share of large retail trade companies and their co-operative formations in retail trade circulation in the Republic of Croatia.

The data in Table 2 leads to the conclusion that until 1990 (in former social-economic system) retail trade organizations were more uniform in size and, on the average, they were larger. Aside from this, for an integral evaluation of average sizes of retail trade organizations it would be necessary to take into consideration the forms in which the observed organizations were united (in the time self-managing socialism, these forms were: the working organization (RO), complex organizations of associated labor (SOUR) and business community (PZ)).

After 1990, the up-to-then existing forms of "organizations of associated labor" were abolished and the entry of private sector resulted in opening of a multitude of small businesses. In later concentration processes after 1990 until today, a few large trade organizations and co-operative formations have emerged, for example Konzum (more than 500 shops), CBA Hrvatska (around 400 shops), the Ultra group (around 360 shops), Diona (more than 100 shops), and around ten other companies with approximately 100 shops each. However, it must be emphasized that the larger part of these great retail trade organizations were not able to restructure in a satisfactory manner in the processes of transformation of ownership (after 1991).

The analysis of trade organizations according to size shows that in 1986 there were only two organizations with 2,000 employees or more and one trade organization with approximately 1,000 employees (but there were many trade organizations with 200 – 500 employees). Unlike such a structure, in 2003, large trade organizations and/or co-operative formations are even larger (for example Konzum had more than 6,000 workers, Getro 1,429, Tisak 2,534 etc.), but there are not so many of them. Although comparisons of trade organizations from 1986 and 2003 according to number of employees is not entirely possible – because in 1986 it would be necessary to add to the employees of the organizations of associated labor (OOUR) as well as the employees working in the then so-called work communities of joint services (RZZS) – it is clear from the data that in 1986 trade organizations in Croatia were on average larger and that, according to their size, they were more uniform. This was in keeping with the then problems of a divided and fraction retail market, insufficient specialization of individual trade organizations and the so-called communal reproduction complexes.

## 5.2 Concentrations of Realized Turnover

In Figure 2, the concentration of realized turnover in the retail trade in the Republic of Croatia in the years 1986, 1995 and 2003 is presented. According to the sources for Figure 2, in Croatia 465 basic organization of associated labor (short: OOUR – the most basic organization form) in the field of retail trade, wholesale trade and foreign tra-

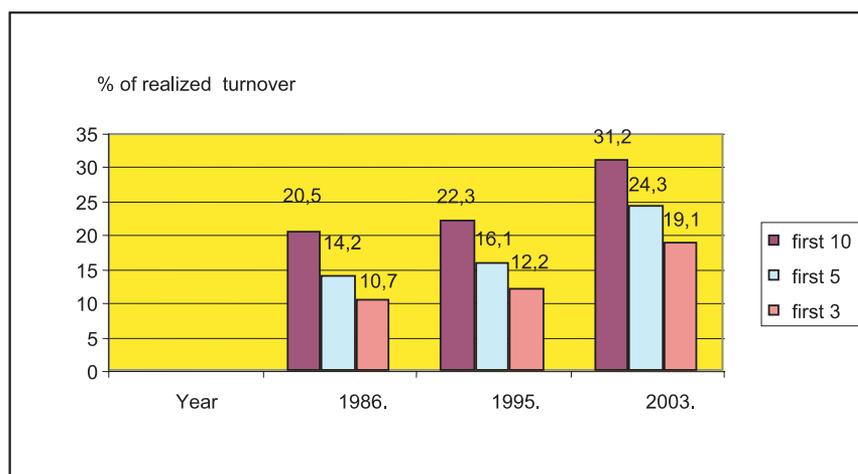


Figure 2: Concentration of realized turnover in retail trade in Croatia. Sources: (a) Analysis of business results and realized relations in the arrangement of income and net income of trade in the SR of Croatia for the period January - June 1986, Progres, Zagreb, September 1986, (b) SLJH 1997: 346, (c) 400 Greatest, Special issue of Ekonomski vjesnik, Zagreb, and National Audit Office of Croatia, Zagreb, Vol. 42, No. 2964 from 15th October 1996, (d) 400 Greatest, Special issue of Ekonomski vjesnik, Zagreb, and Financial Agency FINA Vol. 51, No. 3355 from 9th June 2004, (e) <http://www.cba-zg.hr/onamaRezultati.html> from 14th April 2004, (f) <http://www.cba-zg.hr/news.asp?ID9=> from 17th June 2004, (g) Monthly statistical report, No. 3/2004, pp. 68 and 69

Remarks: \*in the total revenues of group 52. Retail trade, except motor vehicles and motorcycles (and without repair of objects for personal use and household); companies and craftsmen classified according to their predominant activity. In 2003, Getro Sesvete (although it is otherwise classified in the wholesale trade) and the groups CBA – Croatia (approximately 3 billion kunas of turnover) and “Ultra”- group (approximately 1.7 billion kunas of traffic) were included.

de were included. Regarding the level of their total income, the first ten basic organization of associated labor<sup>2</sup> (from the total of 244) in the retail trade had a share of 20.5 % (4.10 % of the total number of basic organizations of associated labor), first five had a share of 14.2 %, and the first three a share of 10.7 %.

Until recently it has been asserted that the fragmentation of retail trade companies in the Republic of Croatia was due to their insufficiently rational organizational structure, insufficiently fast development and the like. The largest retail chains have only been of regional importance. Among the largest twenty companies in 1995, there were three from the field of retail trade.

Because of the accumulated problems of insolvency and operating losses, some of these companies started to fall apart. Diona is still bankrupt, and NaMa Zagreb, which in 1996 was still one of the largest department store chains in the Republic of Croatia with 17 department stores in its structure, has been considerably reduced. Concentration processes in the Republic of Croatia have been initiated by foreign retail chains. The entry of foreign retail chains and growth of the other part of Croatian retail trade (after 1998) has resulted in the creation of new successful retail chains and co-operative formations.

Nevertheless, the attained level of concentration in the retail trade in the Republic of Croatia is still considerably lower than in market-developed countries. For

example, the first five companies in the retail trade in the sector of nutritional goods and domestic necessities in Germany had a market share of more than 60 % (Wortmann, 2003: 3). In the year 2000, these market shares have been as follows: in Norway 98.6 %, in Denmark 75.5 %, in Austria 77.0 %, in Belgium 75.4 % (<http://www.kamcity.com/WOR/Europe/demark.htm> from 8<sup>th</sup> April 2004).

The presented shares would have been even greater, had only the daily consumption goods been taken into consideration. In that case, the shares for 2003 would be (Trgovina, 2004: 6):

1. Konzum 12.5 %
2. CBA 7.5 %
3. Getro 5.0 %
4. Mercator 2.5 %
5. Billa 2.5 %
6. KTC 2.5 %
7. others 27.5 %
8. small retailers 40.0 %.

Thus, in 2003, the first five retailers in market goods of daily consumption held 30 % of the Croatian retail market. Of course, concentrations processes are still going on, so that in the beginning of 2003 another national retail trade chain: Nacionalni trgovački lanac (The National Commercial Chain) – NTL was created (Progressive Magazine, 2004: 8).

<sup>2</sup> If NaMa Zagreb is taken as an ‘OOUR’ (although NaMa Zagreb in 1986 comprised 12 basic organizations of associated labor – department stores)

The development of the concentration process is accompanied by the tendency of vertical integration of wholesale and retail trade. An especially great advance on this plan has been recently made by Konzum and by the newly created formations (CBA – Croatia and other).

In 2001, foreign retail trade chains realized a market share of approximately 10.0% (Trgovina, 1/2002: 7), and for 2004 year it can be estimated that they will double this market share. This is a positive effect of internationalization. Aside from this, large domestic companies of retail trade have been created, which are capable of expanding into neighboring countries and thus opening the market for domestic manufacturers with which they have already established cooperation. For example, Konzum intends to expand across the borders of Croatia (into Bosnia, Herzegovina, Serbia and Montenegro), first with the “Cash and Carry” concept, and the next step may well be supermarkets (Trgovina, 2/2004: 7).

Negative effects of internationalization lie in the decay of domestic retail trade companies and in the loss even of the home market for Croatian manufacturers. Aside from this, Croatian manufacturers have difficulties in adjusting to the altered relations on their selling market and to the domination of large retailers (the power of demand).

### 5.3 Concentration of Selling areas – Development of Emporiums

As it was the case in the developed world, the greatest change in the formats of the retail trade in the Republic of Croatia happened with the introduction of self-service shops in 1956. (Stanje i razvoj (Situation and Development) 1964: 89). This process in the Republic of Croatia has been especially strong in the past decade, so that today it is almost complete in the retail trade of food groceries and domestic necessities (in unspecialized shops). A

considerable growth of the selling area in retail trade in the Republic of Croatia is a result of both rapid growth of the number of shops, as well as of the construction of large area shops, especially by large foreign retail trade chains.

The development of large-area shops refers primarily to the development of self-service shops (supermarkets and hypermarkets). In 2002, there were 371 supermarkets and 88 hypermarkets (Distributivna trgovina u 2002 (Distributive Trade in 2002): 36), while in 1984 there were perhaps 31 supermarkets and 1 hypermarket (Segetlija & Lamza-Maronić, 2000: 78).

Of course there are also other modern formats that are being developed in the Republic of Croatia. However, e - retail trade and e - commerce are still in their beginnings. In 2002 turnover achieved in this way reached 49 million US Dollars ( <http://www.trgovina.com.hr> from 25<sup>th</sup> June 2004).

However, since the early 1990's the process of closing small shops has been in process in the Republic of Croatia. In the year 2000, approximately 6,000 small shops were closed (Večernji list, 15<sup>th</sup> November 2000), and the process continued in 2001 (Vjesnik, 28<sup>th</sup> November 2001).

### 5.4 Changes in the Formats Structure of the Retail Trade Companies and Operating Units

The above analysis leads to the conclusion that there have been great changes in the format structure of companies and in the forms of operating units in the retail trade in the Republic of Croatia.

In the absence of other data, we have used the data about the change of structure and number of particular formats of shops in the Republic of Croatia. The structure of formats of shops in numerical form (Table 3), howe-

Table 3: Formats of shops in the retail trade in Croatia in the years 2002 and 1984\*

Ordinal Number	Type of shop	2002**.		1984.	
		Number	%	Number	%
1 <sup>st</sup>	«Classical» shop and self-service	17,432	77.3	14,103	76.4
2 <sup>nd</sup>	Department stores	166	0.7	155	0.8
3 <sup>rd</sup>	Minimarkets <sup>a</sup>	1,697	7.5	1,255	6.8
4 <sup>th</sup>	Supermarkets and hypermarkets and discount sales warehouses	820	3.6	303	1.7
5 <sup>th</sup>	Kiosks	1,843	8.2	2,214	12.0
6 <sup>th</sup>	Gas stations	612	2.7	427	2.3
	Total	22,570	100.0	18,457	100.0

\* Only the former social sector, i.e. firms/companies (legal entities)

\*\* Assessment based on the sample

<sup>a</sup> Up to 200m<sup>2</sup>

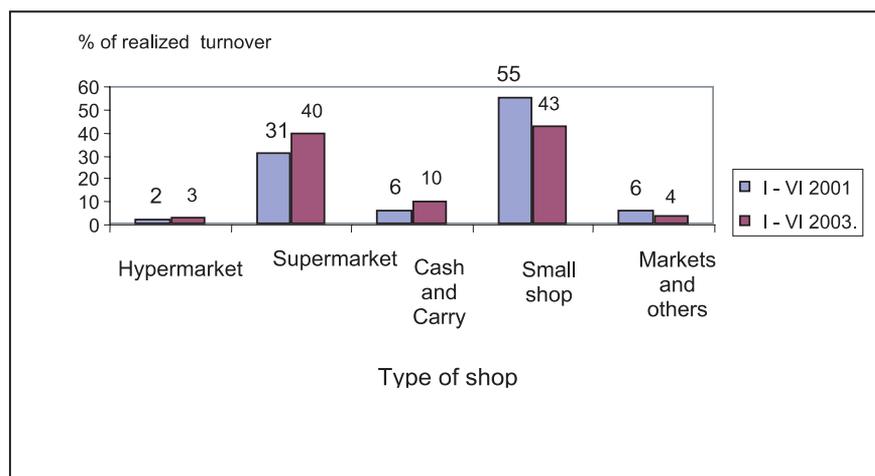


Figure 3: Realized shares in the turnover of "particular" types of shops. Source: Gfk Croatia, <http://www.gfk.hr/press/trgovine.htm> (10<sup>th</sup> May 2005.)

ver, does not reflect the real state of the structure of selling areas or of the realized turnover.

It can be concluded from the table that the number of department stores (166), together with self-service department stores, can hardly catch up with the pre-war number. Reasons for this may be in business difficulties with which trade business entities were confronted, as part of which department stores were operating, so that some of them have put their selling areas out to lease or rented them to small business owners.

Aside from this, department stores in towns and town centers, as well as the other retail trade in them, are endangered by the construction of large area stores in the outskirts of towns, as has happened in the developed world (Aiginger et al., 1999: 798; Wortmann, 2003: 2). This problem in the Republic of Croatia is discussed in the "Report about the Situation in the Space of the Republic of Croatia" (Nacrt, 2003: 78).

Since the number of shops still does not reflect their importance, we shall compare the changes in the structure of retail trade in the Republic of Croatia according to the realized shares in the turnover of particular "types" of shops. (Figure 3). Figure 3 shows the growth of importance of large-area shops, which conforms with our conclusions about the development of the concentration of turnover and selling areas.

## 6 Instead of a Conclusion

Although quantitative changes in the Croatian retail trade in the last twenty years or so have not been favorable, it has developed and grown considerably and has gained on importance in the economy of the Republic of Croatia.

Qualitative changes (changes of structure) in retail trade in the Republic of Croatia are primarily visible in the development of the concentration of turnover and selling areas; in other words, in the considerable rise of the market share of large partnership and co-operative formations and modern forms of large-area stores. The great

enlargement of the number of business entities dealing with the retail trade, and the competition that develops on this basis could also be considered as a qualitative structural change.

Pressed by strong competition of large foreign retail trade chains, domestic chains will have to further concentrate, connect and join into co-operative alliances and introduce modern management technologies. They will have to use opportunities for cooperation with domestic manufacturers (which they have not been sufficiently using so far) as well as for their expansion to other countries.

Concentration on the side of demand of retail trade leads toward the "power of supply" of large retail dealers and their domination in relation to manufacturers. Consequently, manufacturers are interested in new possibilities of cooperation with retail dealers, depending on the balance of powers on the market.

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