














# VALICON Consumer Insight

August, 2023

**Consumers in the Southeastern European (SEE) region remain cautious but increasingly optimistic. Positive trends are expected to continue in the next quarter, but only if there are no significant changes in the environment.**

## VALICON Consumer Insight, August 2023

 <p><b>The perception of a deterioration in the financial situation and the decline in consumption volumes continue to gradually ease.</b> While both indicators are still negative, the difference with the previous quarter, <b>and especially with the last quarter of 2022</b>, is notable. The exception is BiH, where the assessment of the financial situation deteriorated slightly again in the last quarter.</p>	 <p><b>The perception of price increases is still present in all four markets.</b></p> <ul style="list-style-type: none"> <li>While the perception of price increases has been steadily decreasing in Slovenia and Serbia, this time an improvement is also observed in BiH.</li> <li><b>The outlook is most optimistic for Slovenia</b>, but remains unclear for Croatia.</li> </ul>	 <p><b>However, optimism can be detected both in Croatia and in BiH</b>, where the scope for savings has increased. In Slovenia and Serbia, there is a slight upward trend in the increase in savings.</p>	 <p><b>More frequent shopping for cheaper and on sale products and in cheaper shops persists in all countries.</b></p> <ul style="list-style-type: none"> <li>In Slovenia, significantly fewer consumers are postponing major purchases and investments and forgoing non-essential products and services.</li> <li>In Croatia, there are typically fewer people starting to give up memberships and selling assets.</li> </ul>	 <p><b>We still expect a decline in consumption in the food ordering and sports equipment shopping categories.</b></p> <ul style="list-style-type: none"> <li>The most optimistic trend this time is in Croatia, as spending is expected to grow in all other categories.</li> <li>In Serbia, there is more optimism for the categories of buying clothes and footwear and attending events.</li> </ul>
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 <p><b>BOSNIA AND HERZEGOVINA</b></p> <ul style="list-style-type: none"> <li> significant increase in the share of the "attentive".</li> <li> significantly higher price increase expectations for all categories.</li> </ul>	 <p><b>CROATIA</b></p> <ul style="list-style-type: none"> <li> significant decrease in the share of the "attentive" segment, non-significant increase in the share of the "cautious" segment.</li> <li> significant increase of maintaining the scale of savings.</li> <li> significantly higher price increase expectations for all categories.</li> </ul>	 <p><b>SLOVENIA</b></p> <ul style="list-style-type: none"> <li> significantly lower expectation of price increases for non-food items and utilities.</li> <li> and significantly higher for the category of fuel and transport costs.</li> </ul>	 <p><b>SERBIA</b></p> <ul style="list-style-type: none"> <li> significant increase in the share of "provided".</li> <li> significantly higher price increase expectations for the categories utilities and fuel and transport .</li> </ul>
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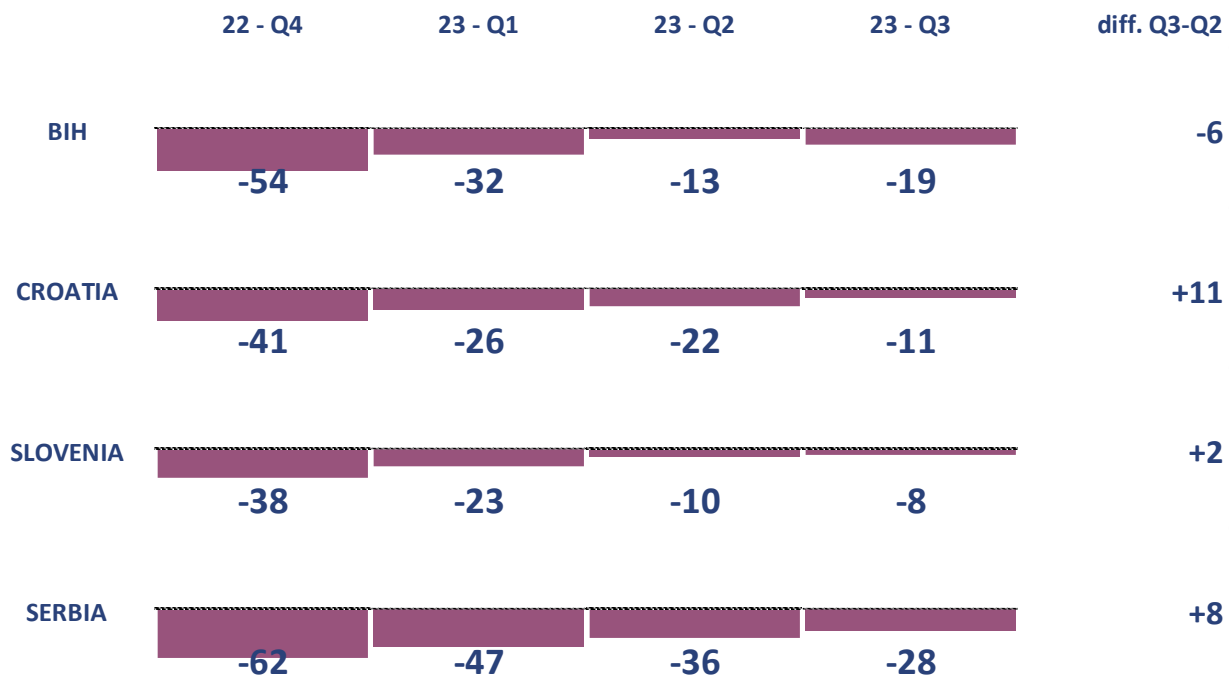
The #Newnormal research. Online survey Jaz/Vem/JaZnam web panel, representative sample, 18-75 years. Survey Duration and Sample Size: 2023 - Q3: 18.-20.8.2023; Bosnia and Herzegovina (n=510), Croatia (n=528), Slovenia (n=514), Serbia (n=510).

## VALICON Consumer Insight

### Financial Situation and Consumption Level

In all countries in the region, **consumers still expect their personal financial situation to worsen rather than improve**. Unlike in the previous measurement, **when the growth of optimistic expectations was present in all four countries**, this time the situation in Bosnia and Hercegovina has deteriorated slightly. The most negative rate is recorded in Serbia, while the most optimistic rate is recorded in Slovenia. The largest increase is observed in Croatia and Serbia.

Figure: Personal Financial Situation Assessment:

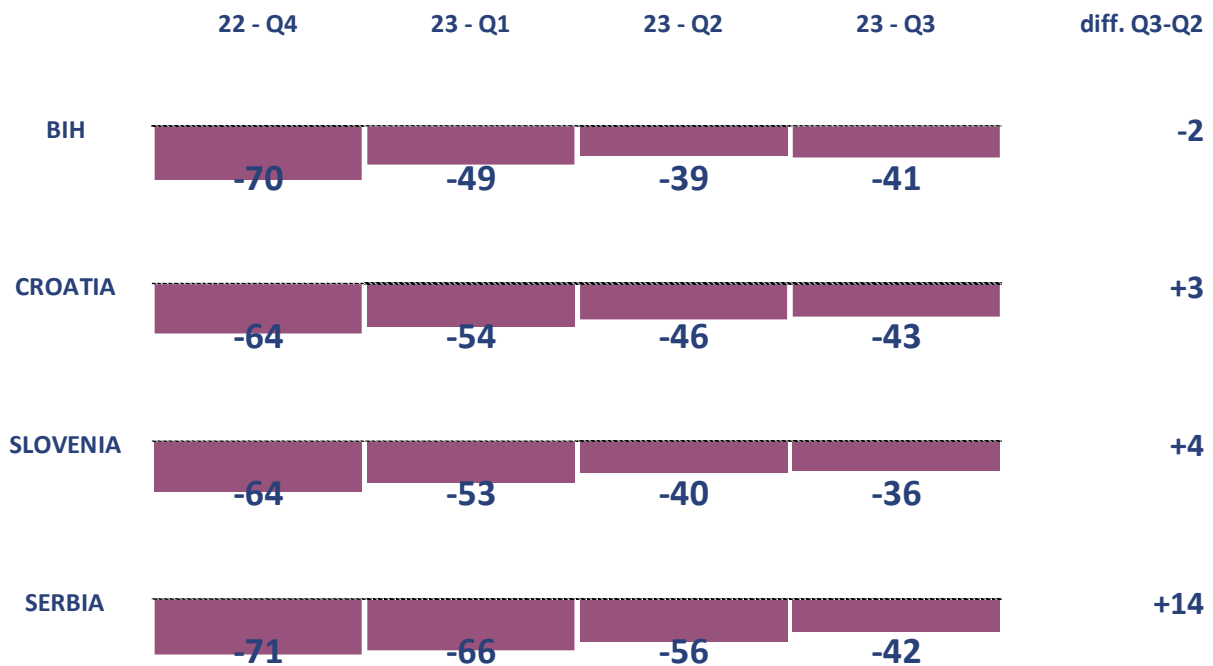


*What is your overall financial situation today, compared to six months ago - taking into account all your sources of income, savings, etc? (worse than six months ago / same but expect to get worse / same, do not expect to get worse / better than six months ago) RATING = difference between the sum of the proportions of the same with no decline and better and the sum of the proportions of the same with decline and worse.*

## VALICON Consumer Insight

Excluding Slovenia, the assessment of consumer spending in the other three countries is at a similar level. The most pessimistic view of the situation is somewhat more prevalent in Croatia this time, while it is least present in Slovenia. In Bosnia and Herzegovina, the assessment of consumer spending has decreased slightly, while in the other countries, the situation continues to improve, with the most positive shift being recorded in Serbia.

Figure: Consumption Level:

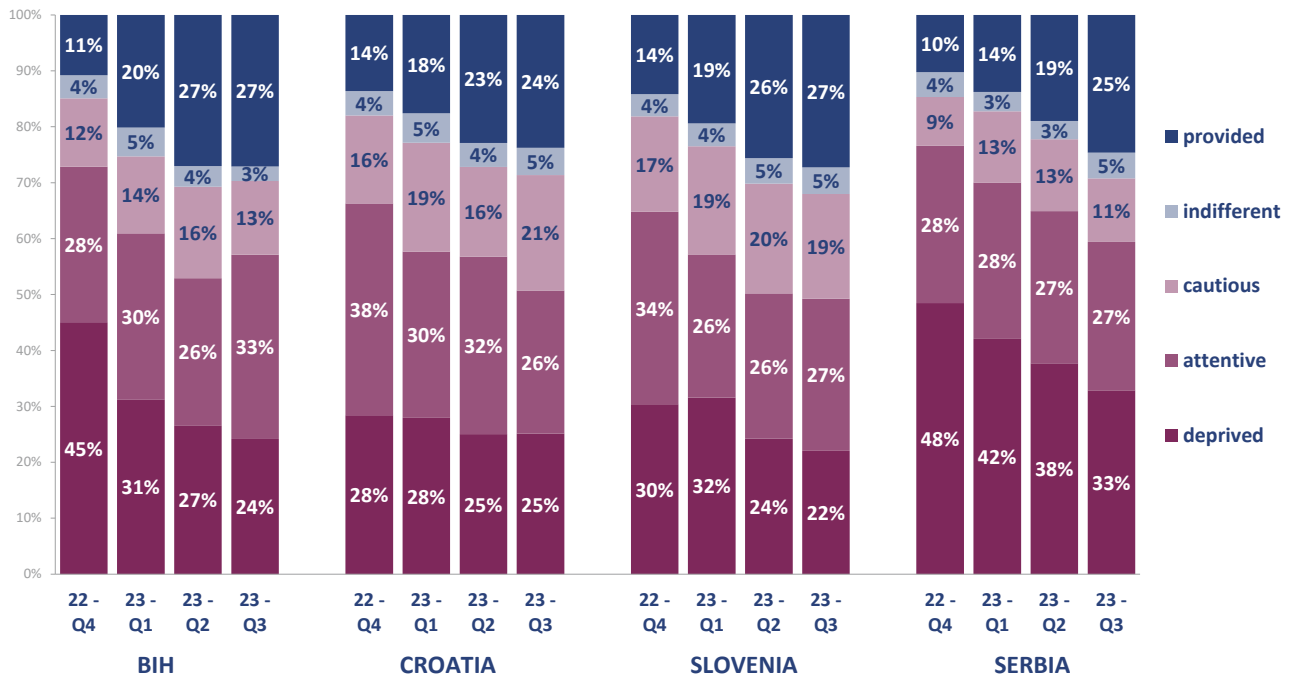


*Would you say that you have changed your consumption (the amount of stuff you buy) in the last six months? (yes, I buy less now / no, but I think I will buy less in the coming months / no, and I don't expect any changes / yes, I buy more than before) LEVEL = difference between the sum of the proportions yes, I am buying more and no, no change, and the sum of the proportions no, I am buying less in the coming months and yes, I am buying less*

## VALICON Consumer Insight

The trend of **declining size in the "cautious" and "deprived" segments**, which are indicators of negative market conditions, **continues** in Croatia, Slovenia, and Serbia. Meanwhile, in Bosnia and Herzegovina, the trend has **reversed** due to those who expect a deterioration in financial conditions and, consequently, a decrease in future consumer spending. On the other hand, the trend of **growth in the "provided" segment**, which is a reliable indicator of market growth - "provided" individuals are those who do not reduce their spending and do not have negative expectations about their financial situation - has slowed down slightly in Bosnia and Herzegovina, Slovenia, and Croatia, but continues at an unabated pace in Serbia. **Nevertheless, the relationships between the individual segments are still much closer to the situation characteristic of a recession period than a period of economic growth**, with Serbia being the most notable example.

Figure: Segments of Expected Financial Situation and Consumption:



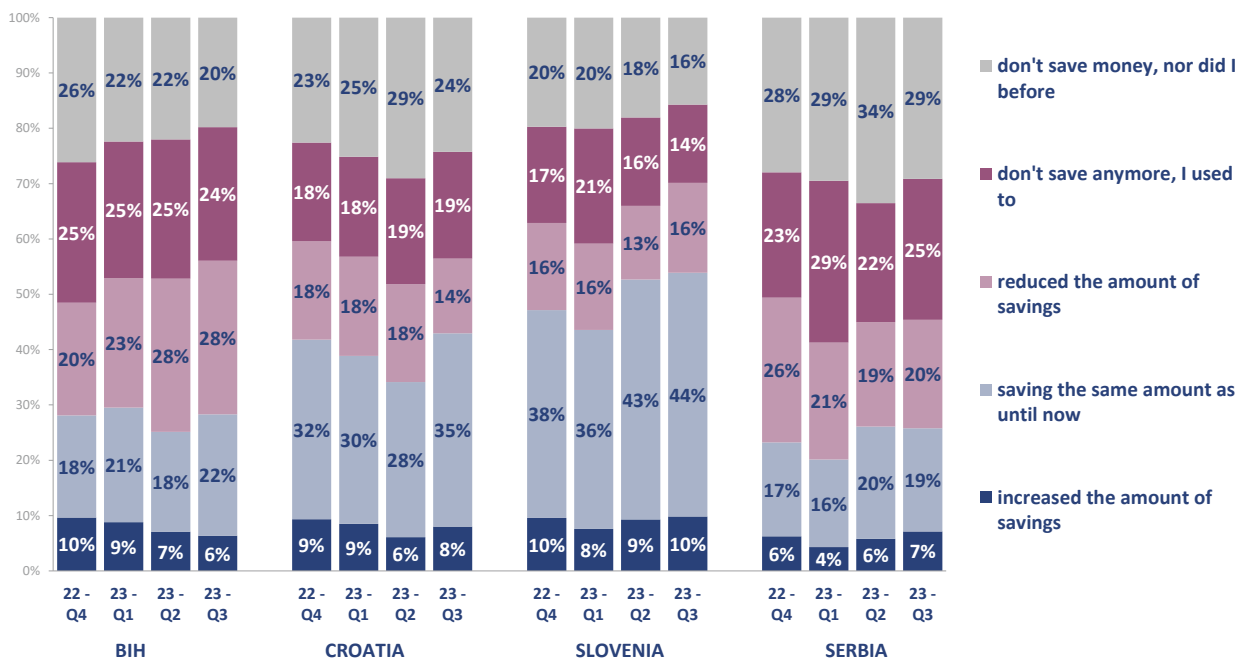
**PROVIDED:** Financial condition and consumption levels remain unchanged. **INDIFFERENT:** They expect a deterioration in financial condition but do not intend to reduce their consumption levels. **CAUTIOUS:** They do not expect a deterioration in financial condition but have already or plan to reduce their consumption levels. **ATTENTIVE:** They expect a deterioration in financial condition and have already or plan to reduce their consumption levels. **DEPRIVED:** Financial condition is worse, and consumption levels are reduced.

## VALICON Consumer Insight

### Saving

Compared to the previous measurement, the maintenance of savings rate has increased in **Bosnia and Herzegovina** and **Croatia**, especially in **Croatia**. In **Slovenia** and **Serbia**, it remains at a similar level, but there is a trend indicating a slight increase in savings. Therefore, this consumer segment indicator also suggests a **gradual easing of critical market conditions as a result of inflation**.

Figure: Scope of Savings:

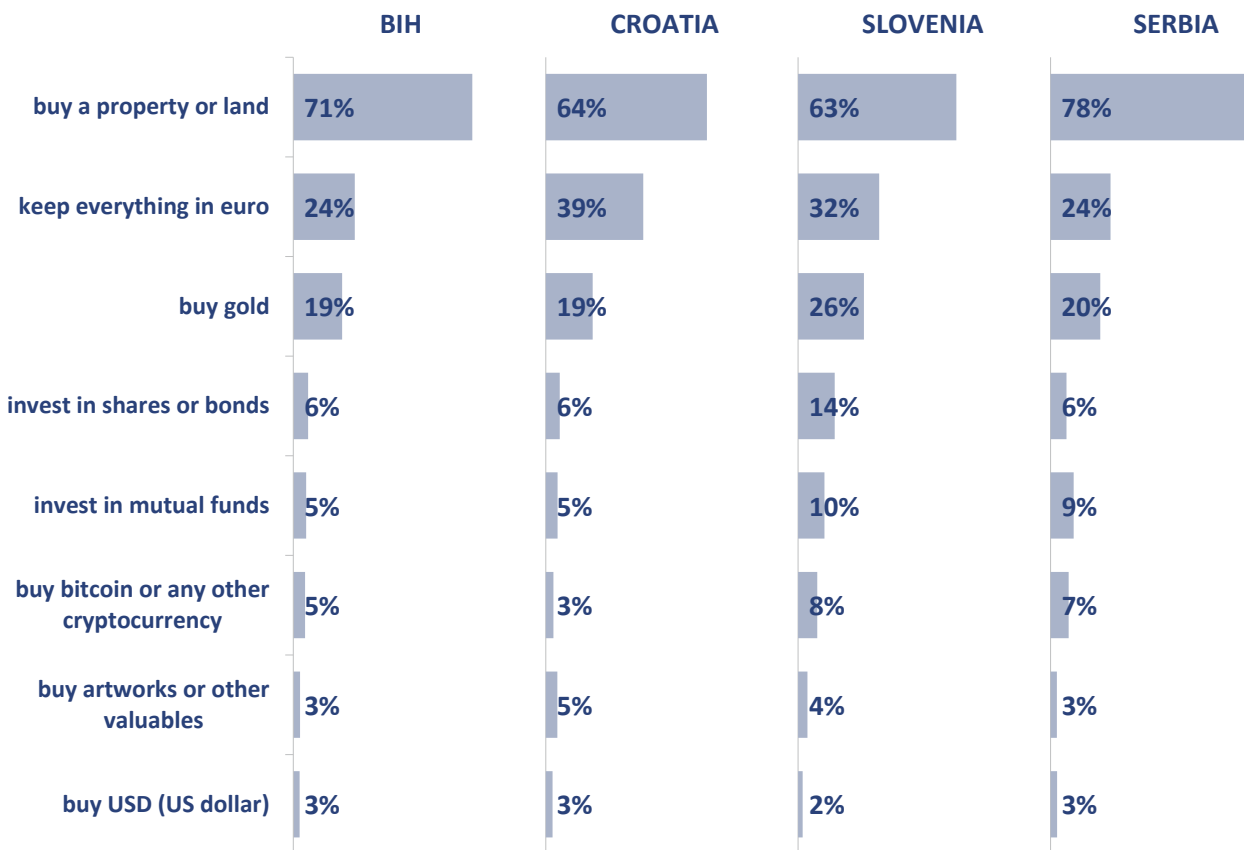


Have you changed the scope of your savings (assets you regularly "put aside") recently, i.e., in the last three months?

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In the event of receiving a larger sum of money (e.g., €100,000), survey respondents in all **four countries would prefer to invest in real estate or land**. The second most popular "investment" choice is to keep the entire mentioned amount in Euros.

Figure What Would you do with €100.000?



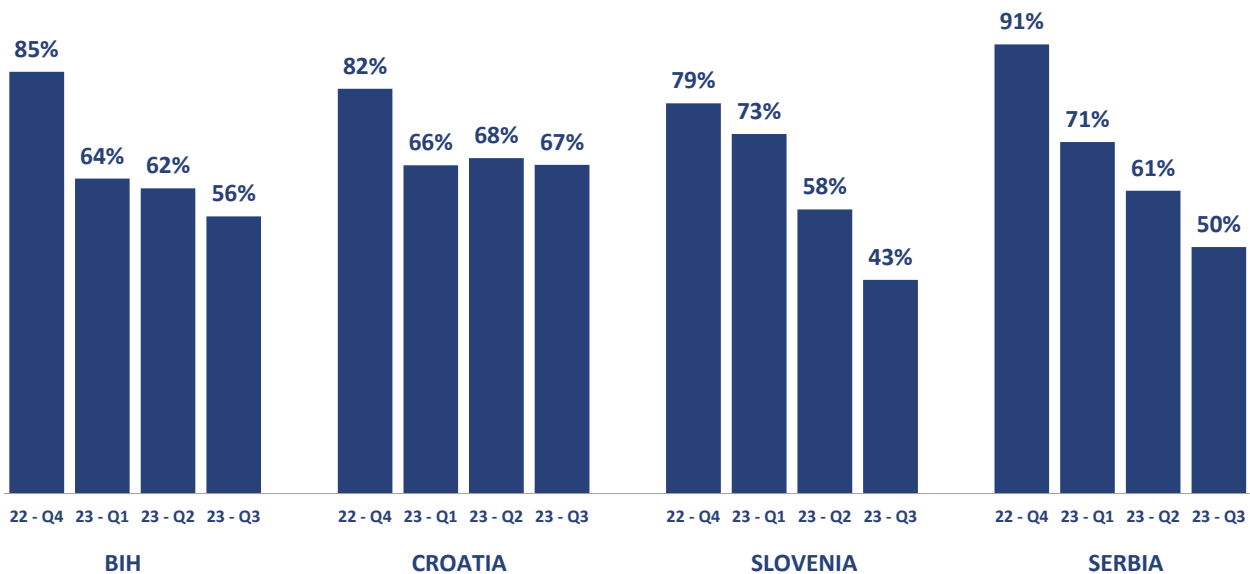
Imagine you were given a larger sum of money, i.e., €100,000. Which of the following would you be most likely to do today?

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### Perception of Inflation

On all markets, consumers continue to perceive a significant increase in the prices of products they typically purchase. **However, the perception of changes in prices in the latest measurement is the lowest so far**, except in Croatia. A decrease in the perception of future price increases is expected in Slovenia and Serbia, where Bosnia and Herzegovina also joins them in this measurement. Prospects for Croatia still remain unclear.

**Figure:** Perception of Price Change - Share of Respondents Who Perceive Prices to be Significantly Higher:



*In the last month or two, have you noticed any changes in the prices of the products you usually buy?*

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In the coming months, consumers still expect further price increases, especially in the **category of food and basic necessities**. The rising cost of living represents the main personal concern for consumers, especially in Croatia and Bosnia and Herzegovina, where, compared to the previous measurement, the expectation of price increases is significantly higher in all four categories. **An encouraging indicator is that the expectation of additional price increases in all countries is still lower than what has already been perceived**; the situation is most promising in Slovenia.

Figure: Price Change of Basic Household Goods:

		expecting price increase
BIH	Basic food and necessities	61%
	Non-food products	42%
	Utility costs of living ("deposits")	39%
	Costs of transport, fuel	47%
CROATIA	Basic food and necessities	61%
	Non-food products	46%
	Utility costs of living ("deposits")	44%
	Costs of transport, fuel	57%
SLOVENIA	Basic food and necessities	53%
	Non-food products	37%
	Utility costs of living ("deposits")	39%
	Costs of transport, fuel	51%
SERBIA	Basic food and necessities	68%
	Non-food products	55%
	Utility costs of living ("deposits")	62%
	Costs of transport, fuel	60%

*How have the costs for the following basic goods in your household changed in the past three months? The costs for... are now... How do you expect the costs for the following basic goods in your household to change in the next three months? I expect the costs for...*



## VALICON Consumer Insight

### Changes in Purchasing Habits

The more frequent shopping for cheaper and discounted products and shopping at cheaper stores remains a practice in all four countries. Approximately half of consumers still refrain from subscriptions and memberships. In the latest measurement in Slovenia, the proportion of consumers who postpone larger purchases and investments and forgo non-essential goods and services has significantly decreased compared to the previous measurement. In Croatia, on the other hand, fewer people are giving up memberships and selling property.

Figure: Changes in Consumer Behaviour - Proportion of "This Already Applies for Me" Responses:

	BIH				CROATIA				SLOVENIA				SERBIA			
	23 - Q3	23 - Q2	22 - Q1	22 - Q4	23 - Q3	23 - Q2	22 - Q1	22 - Q4	23 - Q3	23 - Q2	22 - Q1	22 - Q4	23 - Q3	23 - Q2	22 - Q1	22 - Q4
more frequent purchases of cheaper products	54%		▼	▲	70%				62%		▼	▲	63%			▲
shopping in cheaper stores	55%			▲	62%				58%		▼		64%			▲
cancellation of subscriptions	52%		▲		56%				54%			▲	51%			
cancellation of membership fees	48%			▲	47%		▼		47%			▲	49%			
postponement of larger purchases	43%				49%		▼	▲	41%		▼	▲	49%			▲
giving up products that are not necessary	36%				42%				44%		▼	▲	41%			
search for more favorable prices for services	30%		▼		42%				42%			▲	43%			
reducing the scope of insurance	31%		▲	▼	25%			▲	22%				31%			
buying large amounts products of daily use	14%		▲		30%				27%		▲		18%			▲
sale of property, real estate, land, valuables	16%				11%		▼	▲	8%				12%			

As a consumer, have you, or will you, do something to change your buying habits, behaviour and money management in general? Please tick which of the following applies to you. (this already applies to me/thinking about it/not applicable) Arrows indicate statistically significant differences from the previous measurement.

## VALICON Consumer Insight

In the categories of food delivery and sports equipment purchases, a decline in consumer spending is still expected in all four markets. The most optimism is currently observed in Croatia, as expected growth in spending volume is anticipated in all other categories. In Serbia, the categories where growth is expected include clothing and footwear purchases and attending events.

**Figure:** Change in the Scope of Spending Purposes:

	BIH	CROATIA	SLOVENIA	SERBIA
trips, vacations	-14	3	-2	-12
visiting bars, restaurants	-7	3	-15	-16
ordering meals at home (Wolt, Glovo,...)	-24	-14	-11	-23
buying clothes, shoes	-6	6	-10	2
buying sports equipment	-23	-9	-19	-17
purchase of home and household equipment	-15	4	-9	-16
visiting cultural, sports, entertainment events	-9	0	-10	0

*Estimate the extent of the following spending intentions compared to six months ago. Are there more, less or the same things in your life now than six months ago? What do you think will be the extent of your lower spending intentions in the next six months? Will there be more, less or the same amount of spending in your life today? The result of the assessment for the next 3 months is shown, i.e. the difference between the sum of the shares of equal, slightly and significantly more and the sum of the shares of slightly and significantly less for the last measurement.*

## VALICON Consumer Insight

### Survey Data

Valicon, through the #Novanormalnost research, provides a detailed monthly insight into consumer responses and behavioural changes in the current circumstances in the region. The research was conducted within the online panel of respondents called Jazvem/JaZnam. The results are representative of the online population aged 18 to 75, considering factors such as gender, age, education, and region.

### Survey Duration and Sample Size:

- 2022 - Q3: 20.-22.8.2022; Bosnia and Herzegovina (n=516), Croatia (n=516), Slovenia (n=512), Serbia (n=508)
- 2022 - Q4: 18.-21.11.2022; Bosnia and Herzegovina (n=513), Croatia (n=522), Slovenia (n=520), Serbia (n=510)
- 2023 - Q1: 17.-20.2.2023; Bosnia and Herzegovina (n=519), Croatia (n=523), Slovenia (n=521), Serbia (n=525)
- 2023 – Q2: 19.-22.5.2023; Bosnia and Herzegovina (n=527), Croatia (n=518), Slovenia (n=517), Serbia (n=519)
- 2023 – Q3: 18.-20.8.2023; Bosnia and Herzegovina (n=510), Croatia (n=528), Slovenia (n=514), Serbia (n=510)

### About Valicon

The company Valicon has been actively monitoring public opinion and events in the social environment in Slovenia since 1996 (under the name CATI before 2007). In recent years, Valicon has paid special attention to building an online panel of respondents and developing methods to monitor the moods of citizens or voters.

Valicon is one of the leading marketing consulting and research companies in Southeastern Europe. Valicon specializes in small markets, customized solutions for clients, advanced methodology, and in-depth insights into the client's field of operation. The company's core activity is marketing consulting based on marketing research. The knowledge and skills of its employees encompass disciplines such as brand management, management consulting, innovation, media, trend forecasting, and online strategies. Valicon currently provides its services to clients throughout the former Yugoslavia and, through selected partners, in other countries in Southeastern Europe.



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