

Bosnia-Herzegovina

The Crisis in Bosnia & Herzegovina and its Effects

The Household Consumption Index in Bosnia & Herzegovina

We have separated three subgroups from the wide GfK basket, which comprises over 50 product groups from everyday consumption products and which is used to calculate the household consumption index. Doing this enables us to also interpret changes in the purchases made by Bosnian households and to monitor the changes caused by the ongoing crisis. These subgroups are: basic food products (milk, edible oil, roasted coffee); personal care products (laundry and dish-washing detergents, soaps (hard and liquid), tooth paste, shampoos and household cleaning products) and non-essential products (instant coffee / cappuccino, fruit juices, CSD, water, ice tea, fermented milk products, milk desserts, chocolate, margarine, mayonnaise, ketchup and mustard).

The data collected over the period from 2005-2008 has been compared and some interesting changes in these three baskets have been identified.

Bosnian household consumption index – Consumer goods basket



Basic food products

If the year 2005 is taken as the starting point (index = 100), it can be seen that there has been little escalation in the index showing volume consumption. It has risen from 95.1% in 2006 to 97.3% in 2007 and 100.2% in 2008. The frequency index, on the other hand, has demonstrated a continuous decreasing trend showing that households in Bosnia & Herzegovina have reduced the number of shopping trips over the years. It fell from 96.8% in 2006 to 93.1% in 2007 and 89.4% in 2008. The price index and the value index demonstrate totally opposite trends from that of the volume index. They grew significantly over the period being studied. The value index rose from 104.7% in 2006 to 111.4% in 2007 and as high as 139.6% in 2008 whilst the price index followed an almost identical trend: from 110.0% in 2006 to 114.5% in 2007 and 139.4% in 2008. This shows that households in Bosnia are buying in more or less the same volume as in 2005 but shop less frequently and are spending 40% more with prices being 39% higher than in 2005.

Bosnian household consumption index – Basic food products



Personal care products

The changes in the personal care basket are not as dramatic as those in the basic food products basket. In comparison to 2005, in the year 2006 the indices were at almost the same level. The volume (97.1 %), value (97.5%) and frequency (91.0%) indices started to decline somewhat in 2007 whilst the price index (100.4%) rose slightly. In 2008, the volume and frequency indices fell even further with the volume index at 98.3% and the frequency index at 90.5%. On the other hand, after a slight decline in 2007, the value index rose to 102.1% with the same happening to the average price index at 103.9%. This shows that from 2005, households in Bosnia & Herzegovina were buying less frequently and at a lower volume but at a higher price. Again, the movements in the volume, value, frequency and price indices were not as dramatic as those seen in the basic food basket.

Bosnian household consumption index – Personal care basket



Non-essential products

During 2006, the volume index was the only index to show a slight decreasing trend (98.9%) for the non-essential products basket. The indices for the other three indicators all rose, the increase for frequency being greatest (104.6%). In 2007, the frequency index suffered a notable downturn (98.6%) with the average price index following a similar trend (from 101.5% in 2006 to 99.3% in 2007). The value and volume indices rose in 2007: the value index from 100.3% in 2006 to 104.2% in 2007 and the volume index from 98.9% in 2006 to 104.9% in 2007. The only index showing a downturn in 2008 was the frequency index which fell to 95.9%. The average price index rose again to 103.7%, the volume index to 107.0% and the value index to 110.9%. These figures indicate that Bosnian households bought less frequently but at higher prices and in greater volume.

Contemplation of the figures quoted thus far leads us to conclude that the ongoing crisis has not yet caused significant changes in the Bosnian market. The most important fact we can identify as a consequence of the crisis is that, compared with 2005, Bosnian households are buying in same volume but at much higher prices and to a higher value.

Bosnian household consumption index – Non-essential products basket



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