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RETAIL ANALYSIS WITHIN THE EUROPEAN UNION

The overall economic performance is to a large extent influenced by the situation in retail trade. Many experts and analysts from the field agree that specifically retailing is a reflection of the entire commerce segment prosperity. This applies not only at the level of individual national economies, but also for the economy, which is envisaged as a whole consisting of the European Union Member States. The main source of relevant information is therefore the statistical office Eurostat, covered by the European Union. It provides extensive and high-quality European countries' statistics for many areas.

Retail approach to consumer. There exist various types of approaches to consumers, according to which the enterprises may direct their activities. Kita et al. (2005) distinguish the following main variants:

- production approach,
- product approach,
- approach focused to sales,
- marketing approach,
- social marketing approach.

The first of the above listed approaches assumes that consumers will favor more available and affordable products. It means they will prefer articles actually placed on the market with available price in compare with their incomes. The production attitude is implemented in two types of situations. The first type occurs when product demand exceeds supply. The second situation is characterized by too high production cost. It is unavoidable to increase productivity for reducing the costs.

The product approach deduces that consumers require goods with higher quality (excellent mechanical efficiency, less disorders, solid materials, better surface treatment and likewise). Company therefore undertakes actions for continuous products improvement in the first place.

The approach oriented to sale fits the best for retail trade. Enterprise is focused on the selling in circumstances where its only purpose is to achieve the sales targets. This direction is much more common than it would be expected. It is often applied by small and medium enterprises. For mentioned businesses, it is not uncommon to have a family character. Scenario based on sale is specific by idea that consumers will not buy sufficient quantities of products without firm's intensive efforts undertaking relying on the large-scale sale and promotion.

The sale is seen as the best means of achieving tangible business objectives rapidly. In fact, the selling tendency may result to a temporary loss in the short term. The small and medium-sized enterprises can rarely afford such situation. From this point of view intended approach is frequently used also by large companies. In connection with the aggressiveness of listed form of market orientation they are trying to prevent the entry of new competitors on the market.

Marketing oriented firm produce outcomes meeting the needs of the market and is able to offer a satisfaction of those needs through more efficient forms than competitors. It starts with precisely defined market, concentrates on the customer needs, coordinates all marketing activities affecting consumers and makes a profit by creating taker satisfaction. Surprisingly, this orientation is relatively young business philosophy. Companies carrying out marketing approach generate what consumers want, and thus suit their requirements and ensure own gains.

Social marketing variant is one of the most recent concepts. Under named approach the enterprise should be conversant with preferences, necessities and interests of target markets and meet them more effective way than rivals. The point is maintaining respectively increasing the welfare of customers and society. Marketing of the society expects managers' concertation of the three aspects:

1. corporate earnings,
2. wishes of consumers,
3. societal interests.

In analyzing the market demand (Lisý et al., 2003), there can be seen some specific purchasers' reactions. The cause is their expectations affecting decision making. A numerous cases are known where the prices growth is accompanied by increases in the requested commodities quantity. The standard situation is exactly the opposite - price increase causes a drop in the demanded amount of goods. The reason is an expectation of another price rises. The consumer wants to buy an article at a lower price. Firm's impacts could be measured by profit maximization models (Šebo et al., 2013).

Retail trade composition. The structure of the total retail (Eurostat, 2015) is generally defined by the classification:
1. food, drinks, tobacco,
2. non-food products:
   - footwear, textiles, clothing,
   - furniture and electrical goods,
   - books, computer equipment and other,
   - medical and pharmaceutical products,
   - mail orders and internet,
3. automotive fuel.

The arrangement above provides a detail description for summary retail items. It is used to create a concrete idea about each of the subsegments. The aim can be ordinary current situation assessment, finding the negative development causes or predictions determining.

Actual state of the retailing in the European Union. Figure 1 presents a transparent summary of the retail through graphical representation for each year from 2005 to 2014 which constitutes the latest published data.
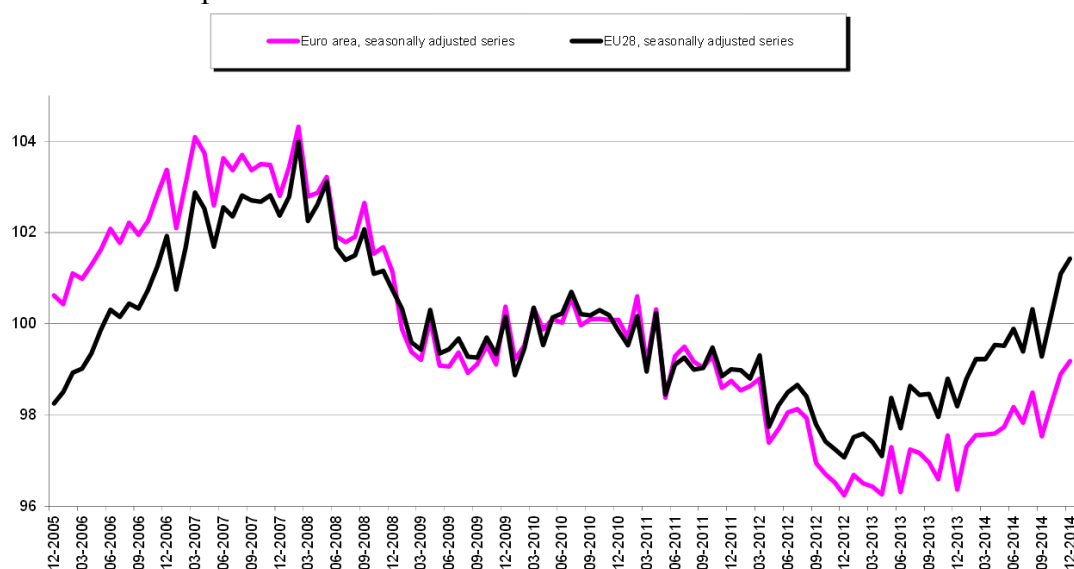

Figure 1 Overall retail trade (deflated turnover)
Source: Euro indicators (2015)

Graph is created on a quarterly fundament. It allows more precise evaluation of achieved outcomes in compare with annuals data. The year 2010 is considered as the base period. It means the assignment of the value 100 to this year. Data pertaining to other periods are compared with this specified level.

The euro area (National Bank of Slovakia, 2015) includes all countries that have adopted the euro currency. To date, it represents 19 states. Namely, the Belgium, Germany, Spain,

France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland, Greece, Slovenia, Cyprus, Malta, Slovakia, Estonia, Latvia and Lithuania. The latter named country joined the euro area on 1 January 2015. The graph depicts the situation by the end of the year 2014. It concerns therefore 18 countries. The Lithuania is not a part of representation.

European Central Bank (2015) states the following countries belonging to the European Union (EU28) at present: Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

In Figure 1, the term deflated turnover (European Commission, 2015) represents a modified turnover - price variations adjusted. It is thus possible to follow: „the evolution of the total amount of goods sold". Illustrated total retail trade is also without seasonal influences and includes only working days.

It is evident that the retailing condition comparing the countries with euro and the European Union as an entirety is more favorable to the EU28 in recent years. Approximately in the middle of 2012, the observed variable decreased in the euro area below the EU28 development. This retail trade position has not changed till now. One of the main reasons is certainly negative situation by looking at the euro exchange rate. It affects the states that have adopted the euro currency. Overall, however, the rise was monitored in both cases (euro area, EU28) last two years and has continued the upward trend.

Monthly comparison of the overall retail trade. Table 1 and Table 2 relate to retail for the past year. They notice the last quarter of the 2014. They consequently describe the last part of the graph shown above, in the previous section.

The increase 0.3% (Table 1) was reported in the seasonally adjusted retail trade in December 2014 as compared to November 2014. This applies to the 18 countries paying in euro as well as to the 28-member European Union. In November, considering October, overall retail uprose by 0.7% in the euro area and by 0.9% in the EU. The same percentage evaluation refers for the comparison of September and October 2014.

Table 1

Change in total retailing in relation to the previous month

		euro area	EU28
Total retail trade	October 2014	0,7 %	0,9 %
	November 2014	0,7 %	0,9 %
	December 2014	0,3 %	0,3 %

Source: Author's own adaptation, Eurostat (2015)

The interannual percentage comparison of the equal factor is listed in Table 2.

Table 2

Change in total retailing in relation to the similar month of the year 2013

		euro area	EU28
Total retail trade	October 2014	1,6 %	2,2 %
	November 2014	1,6 %	2,6 %
	December 2014	2,8 %	3,2 %

Source: Author's own adaptation, Eurostat (2015)

Monthly comparison of the individual retail items. As in the previous circumstances analysis is based on the last three months period of 2014. Table 3 and Table 4 discuss about each of the main retailing sectors.

Above-mentioned 0.3% retail trade growth in the euro area in December 2014, the most recent data, is caused by increase:

- food, drinks and tobacco - 0.3%,

- non-food sector - 0.3%,
- automotive fuel - 0.4%.

The same total number corresponding to the European Union's states is possible to characterize by the following changes (enlargements) in the various subheadings:

- food, drinks and tobacco - 0.4%,
- non-food sector - 0.2%,
- automotive fuel - 0.7%.

Table 3

Particular retail segment's transformations according to the previous month

		euro area	EU28
Food, drinks, tobacco	October 2014	0,0 %	0,1 %
	November 2014	0,2 %	0,3 %
	December 2014	0,3 %	0,4 %
Non-food outcomes	October 2014	1,1 %	1,4 %
	November 2014	1,5 %	1,7 %
	December 2014	0,3 %	0,2 %
Automotive fuel	October 2014	0,5 %	0,5 %
	November 2014	0,4 %	0,5 %
	December 2014	0,4 %	0,7 %

Source: Author's own adaptation, Euro indicators (2015)

Looking at Table 4 it is feasible to observe economic development of the individual retail trade segments. Comparing December and November, there was a progress relative to the previous annual evaluation (November with October) on a global scale. The only exception is the non-food products unit, from 4.6% decrease to 4.0%, for EU28.

Table 4

Particular retail segment's transformations according to the similar month of 2013

		euro area	EU28
Food, drinks, tobacco	October 2014	0,1 %	0,7 %
	November 2014	-0,2 %	0,5 %
	December 2014	1,6 %	1,8 %
Non-food outcomes	October 2014	2,6 %	3,5 %
	November 2014	3,2 %	4,6 %
	December 2014	3,5 %	4,0 %
Automotive fuel	October 2014	0,9 %	0,4 %
	November 2014	0,2 %	0,1 %
	December 2014	2,3 %	2,0 %

Source: Author's own adaptation, Euro indicators (2015)

Conclusion. The article dealt with analysis of the retail trade current situation in the European Union. It discussed at first retail approaches to consumer. The variant oriented to sale was considered as the most suitable. In the next part the retail trade composition was provided and individual retail items were described. The article further gave the actual state of the retailing in the European Union. The analysis was focused on the euro area as well as on the EU consisting of the 28 member states. The attention was aimed on the monthly comparison and annual comparison. The article analyzed retail from the overall point of view and also examined the main retailing sectors. The situation, in general, is possible to consider as positive in the retail trade field in the context of the European Union. The trend of development can be assessed as favorable too.

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