

Vladimir Matović<sup>1</sup>  
Miroslav Knežević<sup>2</sup>

JEL: D30, D400, K200, K230,  
DOI:10.5937/industrija44-11011  
UDC: 346.54(497.11)  
338.439.5(497.11)  
Original Scientific Paper

## The Impact of Legislation on Retail Food Prices in Serbia

*Article history:*

Received: 26 May 2016  
Sent for revision: 6 June 2016  
Received in revised form: 25 August 2016  
Accepted: 20 September 2016  
Available online: 30 December 2016

**Abstract:** *The aim of the article was to find a link between the impact of legislation and retail prices of food products in Serbia. We have analyzed the whole domestic retail market of five main food groups, keeping in focus the largest retail companies and their portfolio of retail formats, and we have scanned the prices in 210 stores in 108 cities in Serbia.<sup>3</sup> The research was conducted before the introduction of the Regulation on limitation of margins on basic foodstuffs and also during its application, thus obtaining fully comparable data, having in mind that the same structures and product categories were observed. We got the expected results, meaning that the legislation has a direct impact not only on the amount of the sales price but also on its range within various retail formats, on compliance by format categories and regional compliance as well as overall price policy of trade companies and their way of negotiating with suppliers. The importance of this paper is reflected in the fact that a full study of the retail network of the largest trading companies has been conducted for the first time and their price formation policy of food products has been analyzed in conditions of their free formation as well as the conditions in which the methodology is prescribed by the state. Based on previous research, it has been proven that the prices of some food products were not formed on an economically justified level.*

**Keywords:** *the impact of legislation, retail, prices, food products*

---

<sup>1</sup> Economics Institute, Belgrade

<sup>2</sup> University Singidunum, Belgrade, [mknezevic@singidunum.ac.rs](mailto:mknezevic@singidunum.ac.rs)

<sup>3</sup> Retail prices were analyzed at facilities in different retail formats (hypermarket, supermarket, minimarket) in order to see the range of prices of identical products in the framework of one trading company but also within the same sales format in order to see a consistency in pricing policy, or the lack of it

## Uticaj zakonske regulative na maloprodajne cene prehrambenih proizvoda u Srbiji

**Apstrakt:** Cilj članka je bio da pronađemo vezu između uticaja zakonske regulative i maloprodajnih cena prehrambenih proizvoda u Srbiji. Analizirali smo celokupno domaće maloprodajno tržište pet osnovnih grupa životnih namirnica, uzeli u fokus najveće maloprodajne kompanije i portfolio njihovih prodajnih formata, skenirali cene u 210 prodajnih objekata u 108 gradova u Srbiji. Istraživanje smo sprovodili pre uvođenja Uredbe o ograničavanju marži na promet osnovnih životnih namirnica i tokom njene primene i time dobili potpuno uporedive podatke budući da su posmatrani isti objekti i kategorije proizvoda. Dobili smo očekivane rezultate u smislu da zakonska regulativa ima direktan uticaj ne samo na visinu prodajnih cena već i na njihov raspon u okviru različitih prodajnih formata, usaglašenost po kategorijama formata i regionalnu usaglašenost kao i na ukupnu politiku cena trgovačkih kompanija i njihov način ugovaranja sa dobavljačima. Značaj ovog rada ogleda se u tome što je po prvi put urađeno kompletno istraživanje maloprodajne mreže najvećih trgovinskih kompanija i analizirana njihova politika u formiranju cena prehrambenih proizvoda u uslovima njihovog slobodnog formiranja kao i u uslovima u kojima se metodologija propisuje od strane države. Na osnovu prethodnog istraživanja dokazano je da su se cene nekih prehrambenih proizvoda formirale na ekonomski ne opravdanom nivou

**Ključne reči:** uticaj zakona, maloprodaja, cene, prehrambeni proizvodi

### 1. Introduction

The abolition of the Law on Prices<sup>4</sup> (Official gazette of the Republic of Serbia, No. 79/2005) and a set of complementary laws such as the Law on Trade<sup>5</sup> (Official gazette of the Republic of Serbia, No. 53/2010 and 10/2013), the Law on the conditions for trade in goods, services in the movement of goods and inspections etc., which was replaced by the new Law on trade, the prices of food products in the Serbian retail sales have showed tendencies, which cannot be said to be economically justified.

Aligning business conditions more closely to the current business environment in European Union countries, the harmonization and alignment of legislation, the introduction of new institutes and changes in the legal framework have directly affected the level of retail prices of food products. It seems that instead effectiveness of the future legislation and its compatibility

---

<sup>4</sup> Adopted on Sept. 16th, 2005 and lasted until Jan. 1st, 2011

<sup>5</sup> Adopted in 1993 and amended in 1994

with the overall legal framework, the emphasis is on efficiency or even more on the speed of adoption of new Laws and amendments to existing ones, thus creating a blank, unregulated space that until recently had failed to regulate a closed and centralized market. Having identified market anomalies, the government often reacts by using by-laws - Regulations and thus, intentionally, attempts to partially amend a particular area, with no systematic solution. The paper also analyses the failures to define systemic solutions on the example of the Law on Trade, while the connection between the legislation and the fluctuation of food prices will be determined based on the analysis of secondary legislation - Regulations.

## **2. Theoretical background and literature review**

The relationship between retailers and manufacturers, their interaction and joint action, competitive struggle and the struggle for predominance in the mutual relations are presented in the concept of marketing channels, which are wider concepts compared to distribution channels due to the fact that in addition to the flow of goods and services, they also include the flow of information (Coughlan et al., 2001; Rosenbloom, 2011; Palmatier et al., 2014). The world economy is currently in the phase of retailer domination (Loebbecke, 2005) primarily retail trade, compared to other members of the marketing channel (McGoldrick, 1998; Lovreta et al., 2000). Retail has gained this status on the basis of proximity to customers (Martínez-Ruiz et al., 2010) and with this availability of adequate information, positioning itself as their agent, with its capital intensity and disposition of currently the most rudimentary resource in the market - place on the sales aisle.

Both retailers and manufacturers are driven by the pursuit (Dong, Guo, & Turcic, 2016) of profit maximization (Tsay, 2002; Patrick R. & Michael D. W. (2013)). In modern business (Granovetter, 1995), marketing orientation leads to long-term maximization of profits through customer satisfaction (Fullerton et al., 1988; Korschun et al. (2014)). The same task, neither merchants nor manufacturers disclaim their personal goals (Beu & Buckley, 2004) because value is created in marketing channels, as the difference between the cost price and the final sales price (Kothandaraman & Wilson, 2001). In this regard, there is a constant struggle for greater participation in the value created as described above. While it is important for a trader to establish cooperation with a manufacturer of branded products who is able to deliver goods in continuity and is positioned well in the minds of consumers, manufacturers prefer solvent-based traders with a widespread sales network and an efficient and attractive retail assortment (Lewis & Lambert, 1991; Lu, 2010; Anđelko & Peković, 2012). By establishing cooperation, which is based on the belief that the easiest way to fulfil their primary function will be by

acting jointly, dealers and manufacturers establish marketing channels (Kotler et al., 2015). The range of specific forms of cooperation is very broad and extends from pure sales relationships to strategic partnerships, alliances and implementing the concept of key customers (Key accounts) (Mosmans & van der Vorst, 1998; Capon, 2001; Kowalkowski et al., 2013).

A number of factors affect the possibility of companies, both retailers and manufacturers, to operate effectively and efficiently, some of which can be controlled by the company itself, while the other either cannot be controlled or can but not sufficiently (Jobber & Fahy, 2006; Christopher, M., 2016) The previously stated represents a criterion for distinguishing between internal and external factors. While the internal factors include customers, suppliers and competitors, external factors include economic, legal, political, demographic and others (Johnston & Marshall 2016). The next paragraph will provide overview of legislation, as a factor of the external environment of a company and its impact on the price policy of market participants.

### **3. The lack of adequate system solutions**

By changing the legal framework in the sphere of trade, important changes have been introduced compared to the previously valid legal solutions primarily in the area of free pricing and market performance. The Law on Trade was passed by the National Assembly of the Republic of Serbia at a session of the fourth ordinary session and was adopted on July 28th, 2010 and entered into force on January 1st, 2011. In addition to the freedom of market participants to form prices of their products / services, the Law provided for a number of system solutions which were intended to ensure:

1. Establishment of an information base for adequate sector policy-making – the obligation of traders to submit information on their operations as of March 31st of the current year, for the previous year.
2. Establishment of a control body through which the Government and the line Ministry could affect the improvement of the trade sphere - the formation of a center for trade development.
3. Mechanisms for targeting the expansion of the sales network in order to ensure adequate coverage of the market – the obligation of preparing a study of influence on the structure of the market.

Until the amendment of the Law on Trade, none of the above mentioned system solutions have been implemented even though they represented legally prescribed obligations. The Law on Amendments to the Law on Trade has been adopted by the RS National Assembly at the session of the Second Extraordinary Session on January 30th, 2013 and entered into force on

February 7th, 2013. The most important changes include the elimination of all the foregoing system solutions and include: Centre for Development of Trade, the obligations of commercial firms to submit information on their operations and development of the study of influence on the structure of the market.

The Centre for the development of trade was supposed to represent the organizational unit in which all the necessary data relating to trade in the RS would be collected. The law stipulated its formation on the proposal of the relevant line Ministry while the decision on the establishment would be made by the Government. In the initial stages of development, the Centre for the development of trade would be located in the Ministry that would provide all necessary support in the formation and funding, whereas within the planned deadline the Centre would get separated from the Ministry and become independent. The data collection mechanisms were also planned by the Law on Trade, as the importance of trade was recognized both in terms of participation in the GDP and in terms of employment of mainly lower skilled and medium-skilled workers as well as the female population. However, the formation of the Centre for the development of trade as well as information and professional basis for proposing legislative solutions and system management of this part of the economy has never occurred.

The obligation to submit data as of March 31st of the current year, for the previous year was a mechanism to obtain the necessary information base for policy-making of the department. It was envisaged that all the data should flow into the Centre for Development of Trade and from there be distributed to the Ministry and the Government. Essentially, with the abolition of legal obligations, the relevant Ministry loses mechanism of information about the structure and dimensions of the trade sphere. Data collection has never come to life due to then still undefined electronic signature, the way of turning in the required documents (in hard or soft copy), the problem of defining what can be considered a business secret, statistical monitoring and the nomenclature of trading activities in order to compare the collected data with existing statistics, etc.

The Study of influence on the structure of the market represents another legal guideline that existed in the initial form of the Law on Trade and which was abolished by the Law on Amendments to the Law on Trade. The study envisaged the obligation of commercial enterprises to deliver a Study of influence to the Ministry before expanding its sales network i.e. the opening of a new facility, which will show how such activity affects the competition, market coverage, supplying consumers etc. While the Study was aiming to the sales network to spread evenly and predicted the discretion of the Ministry to change the desired location of the facility in order to gain better coverage (directed towards rural areas outside the city cores where coverage is good, etc.) the idea had serious disadvantages:

- If the detailed city plan can be used for building a retail facility and obtaining all necessary permits for it, how would this be prevented by the decision of the Ministry of Commerce?
- How to unify the methodology used for the creation of the study when it is not prescribed in advance but it is only stated in the Law that the Study should be made by a renowned institution with experience in these matters?
- What qualifies Ministry staff to decide whether to accept the Study or not and on what basis and which parameters is the decision made?

This legal provision, as well as the previously mentioned ones, was not respected even when it was valid. Thus, from the larger facilities, a company called Metro had opened its facility on the exit on the Ibar highway without submitting a Study. On the other hand, even though it was present on our market, Lidl had not announced that it was opening retail facilities until the obligation to draw up a Study on the structure of the market was removed from the enactment of the Law Amending the Law on Trade. The foregoing is not surprising because the aforementioned company by its business policy opens, when entering a new market, 10 to 15 facilities at once – on the same day, which was impossible in the conditions of existence of the aforementioned obligation.

### **3.1. The consequences of the lack of system solutions**

In Serbia, today, no one is in a position to answer with certainty the question of how many trading companies exist? The Business Registers Agency could have been able to answer that question before the Amendments to the legislation which simplified the registration of business entities and determined that a special permit needs to be requested only for certain specific activities, such as the sales of weapons and similar. This makes it possible for a company to register for one activity and receive a larger share of the proceeds realized from a completely different activity, for example a company registered for consulting which is actually engaged in trade and so on. If we take into account the ownership structure i.e. form of organization which is a special base and special criteria of search, the situation further complicates.

On the contrary, in respect of data on the number of commercial facilities the situation is not even slightly better. Centralized data on the number and type, let alone trade format, does not exist. Therefore, it is not possible to measure the efficiency of trade because the data on the realized turnover per square meter of retail space can not be obtained, except from the traders themselves, but this has no legal basis.

Currently there is no Strategy of trade development for the RS, which should define strategic objectives and on the basis of which an action plan should be made that would limit the time of realization of the planned activities and bring in the required chronology. The previous strategy was published in the RS Official Gazette no. 15/2009 of February 2<sup>nd</sup>, 2009. With the projection of 4 years it ceased to be valid. Serbia has not had a new strategy for two years already. Its development is in progress.

Instead of the Law on Trade being an "umbrella" law, all the cases that are characterized by a certain specificity are especially designed and regulated by special laws or regulations, such as transport of electricity and electricity pricing, the pricing of medicines, defining minimum prices in intercity transport and minimum prices of technical inspections of vehicles etc. These Laws and Regulations either represent exceptions or are completely contrary to the Law on Trade which can be best seen from the example of defining the minimum price. Using the by-laws is not a priori a bad methodology. However, it should be noted that it is the only legal act lower than the Law that can prescribe a sanction of Regulations and only in the event that the sanction provided for in the Law. For Rules, Decisions, Conclusions and other acts that are lower than Regulations it is not possible to prescribe a sanction and therefore undesirable market operation are unable to be prevented.

Even though for many years there has been a practice of labeling of certain food products with determinants such as "expiration date" and "best used before", in Serbia only the first is present, which in itself causes a considerable number of problems from a number of aspects. From the aspect of consumer protection, it is not logical, nor is it justified, that the product is paid at the same price both in the case when it is freshly produced and in the case that is approaching its expiration date. From the aspect of relations between producers and retailers, the term "unconditional return of goods" is present in almost all Contracts that the biggest domestic retailers sign with their producers. In other words, if the goods, which the retailer ordered, is not selling at the appropriate speed, the producer is obliged to grant a discount to the retailer so that it could further lower the price of products with unsatisfactory turnover ratio. If a sale doesn't happen even after this, the producer must take over the goods at its own expense. From the price aspect this practice of protecting the interest of retailers and transfer of risk to the producer leads to the formation of prices at a higher level because producers must calculate the total potential transfer to the retailers and future potential cost of returning the goods and their destruction in accordance with the law. With the introduction of the guideline "best used before", developed Western economies, realizing the above-described problems, have enabled the traders to reduce risk and producers to relax the calculation of prices. Specifically, we are dealing with certain product categories (frozen products, chemicals, etc.), whose use is not harmful, even after the expiry of the specified time period

with the difference that the manufacturer does not guarantee that all the performances (organoleptics, the intensity of color and fragrance etc.) are at the highest possible level. Such products are sold at a reduced or a symbolic fee, donated to soup kitchens or given away with another purchased product.

Finally, in accordance with the above, there are certain segments of doing business for which it is not legally possible (bearing in mind the Commission for Protection of Competition) nor are popular to be legally regulated, therefore they should go in the direction of social and corporate responsibility of companies and good business practice. By introducing the concept of the social basket and signing of the Code of socially responsible behavior of trading companies, serious steps were made towards finding a solution to the recommendations instead of standardization.

#### **4. The impact of legislation on the manner of price formation**

##### **4.1. Regulation on mandatory production and trade of bread flour type T500**

The impact of legislation on the manner of formation of sales prices can best be seen in the case of the Regulation which regulates the sale of bread and the Regulation which regulates the sale of certain types of goods. Both Regulations take the legal basis for the adoption from Article 42, Paragraph 1, of the Law on Government and Article 46 of the Law on Trade, which provides that the Government is working to prevent disturbances on the market in terms of supply of goods and services vital to human life and health and can determine the temporary measures relating to certain types of goods and services, a certain category of traders or consumers, etc. The analysis showed that there were no restrictions in the market related to the conditions of supply both in terms of product availability and in terms of their quality, but the goal of both Regulations was limiting the increase in price. In the first case this completely succeeded, whereas in the second case the effect was limited.

The following are regulated with the first Regulation relating to the trade of bread:

1. The producing price,
2. Mandatory production and trade of bread flour, type T500,
3. Maximum margin,
4. Returns from agents and
5. Payment deadlines.



The government has issued a total of nine successive Regulations coming into effect from October 28th, 2010 to December 31st, 2015.

The last Regulation provided:

1. The obligatory placement of bread flour type T500 on the market from at least 40% of the daily production of all types of bread.
2. The minimum weight of a loaf of 500g with the following mandatory ingredients: 370g of flour, 7.4g of salt, 9.25g of yeast and 1.48g of additives.
3. The highest calculated margin which is part of the wholesale price of bread, loaves weighing 500g can not be higher than 2%.
4. The maximum retail margin, which is part of the retail price of bread, loaves weighing 500g can not be higher than 6%.
5. The highest overall margin rate, i.e. the cost of the turnover (including all kinds of discounts, discount for paying in cash etc., can not be higher than 8.12% in relation to the producer price of bread.
6. The producer's price is calculated in the amount of 38.68 RSD per loaf of bread.
7. Traders must have at least 40% of bread flour type T500 in their offer structure.
8. Retailers may return to the manufacturer a quantity of bread up to 5% (remittance) of the quantities purchased on a daily basis.
9. The deadline for payment to the manufacturer can not be longer than 20 days from the date of receipt of the invoice for the supplied bread.

The reason for the successive prolonging of the validity of the Regulation, i.e. adoption of new Regulations lies in the pursuit of promoters to prevent deformations in the formation of the price of bread, which is an important product for the supply of consumers especially lower social categories. The first time the Regulation was adopted in order to prevent unjustified price increase of the most popular type of bread called "Sava" whose prices in some retail formats had a tendency to reach a level of even 76 RSD for a loaf. The State did not have an adequate response to the two disputed activities of market participants:

1. Rising producer prices and trade margins of products that must be purchased (basic foods) as a way to compensate for the reduced amount of total turnover due to the fall in living standards.
2. The practice in the relations of negotiation between the producer and trader, to choose, rather than the cheapest bids for certain goods, the most expensive ones. The aim of the foregoing is a rapid "building" of the price as an agreement between manufacturers and merchants.

The once adopted Regulation has been successively extended and has been in force continuously for the past 5 years. We can see that the market is not in a position to establish the necessary balance that would lead to forming prices on an economically justified level, whereby each one of the market participants would participate in the profits in proportion to their market power. This is best demonstrated by the analysis of market conditions at the time of the decision to extend a then current Regulation. In fact, during the third week of July 2014, the price of wheat had a decreasing trend by the end of the harvest when a higher offer showed up<sup>6</sup>. In the structure of the price of bread most of the costs are related to the flour so prices should be set in line with movements in prices of cereals. However, whenever the price of wheat is formed at a lower level market participants retain the prices of final products at the current level while in the case of an increase in wheat prices the price of bread automatically increases. The previously mentioned occurs due to the tendency to keep a financially lower turnover on an acceptable level primarily by pricing products that consumers have to buy at a level higher than the economically justified level.

In the mentioned period, wheat was traded at a price of 16.5 to 18 RSD/kg where the parameter of quality to which market participants are most referring to is a hectoliter. Wheat with a hectoliter above 78kg/hl was traded at a price of 17.5 to 18.0 RSD/kg, wheat with a hectoliter of 74 -78 kg/hl had a cost of 17.0 to 17.5 RSD/kg. Wheat whose hectoliter was less than 74 kg/hl was traded at a price of 16.5 to 17.0 RSD/kg. At the same time, the price of flour recorded a slight decrease, and in the third week of July 2014 it was between 25.5 and 30.0 RSD excluding VAT, while in the following week it ranged between 27.0 and 33.0 RSD. In the reporting period, significant increases in other costs involved in the price of bread were not recorded. Bearing in mind the harvest in the current and inventories from the previous year, which are sufficient to cover domestic needs, the proponent has defined a price at a level of 38.68 RSD for a loaf of bread from flour type T500, where the retail price should not exceed 46.0 RSD.

#### **4.2. Regulation on special conditions of trade of certain goods**

The Regulation entered into force on January 1st, 2011. The Regulation defines specific conditions of sale of wheat flour type T400 and T500, edible vegetable oil sunflower, heat-treated cow milk - pasteurized and sterilized and yogurt, crystalline white sugar and fresh pork, beef, chicken and fresh fish. The Regulation limits the maximum overall margin rates, limits the payment deadlines and value of returned goods to suppliers by retailers. The Regulation stipulates that the sum of the individual margin rates in all the

---

<sup>6</sup> According to data from the association "Žita Srbije".

phases of trade compared to the manufacturing cost of the goods (purchase price of dealer) including all the costs of sale and benefits (discounts, cash discount, etc.) stated on the invoice or through credit memo may not exceed 10%. The payment deadline is defined at 60 days from the reception of the invoice for the delivered goods, while the return of goods is limited to 2%.

The adoption of the Regulation was aimed at preventing deformations in the price-structure of certain goods at the stage of retail sale in order to preserve the standard of lower social categories as well as to enable an even supply of the population with basic food products.

#### **4.2.1. The condition prior to the introduction of the Regulation**

It was clear even in 2010 that there is a trend of forming food product retail prices that do not have an economic justification and a manner of constant blame transfer from the manufacturers to dealers and vice versa. One pilot test on sugar as an example was done in late October 2010, and it showed the following results:

In October 2010, the price of 1 kg of sugar, at which the commercial companies could afford it, according to information received from the manufacturer, was 63.50 RSD without VAT. Prices in the region at that time were: Bulgaria from 0.89 to 0.90 euro/kg; Croatia 0.825 eur/kg; Austria 0.824 eur/kg; Romania 0.84 eur/kg, also without VAT. According to information received from retailers, the lowest purchase price of all the respondents was 84 RSD/kg and ranged up to 93 RSD/kg depending on the source of supply i.e. factory, terms of payment and the market power of the customer<sup>7</sup>.

Cash and Carry formats had the lowest margin ranging from 1.2% (package of 1 kg.) to 3.5% (package of 50 kg). The price range was between 93.89 RSD/kg (calculated per 1kg - package of 50 kg) to 104.92 RSD/kg. Hypermarkets had margins ranging from 6.18% to 12%, while margins in minimarkets ranged from 9.15% to 18% where the price ranged from 103.90 RSD/kg to 111.90 RSD/kg.

An analysis has shown that the collected data on profit margins, supply and sales prices obtained by retailers and manufacturers must be taken with a grain of salt. Bearing in mind that in the time of the analysis the VAT rate on sugar amounted to 8%, by using the same rate on retailer's input prices and adding the gross margin rate in most cases a completely different selling price is obtained compared to those that are accounted for by scanning objects.

---

<sup>7</sup> In the overall analysis on which this paper is based the largest trading companies in the Serbian market were examined

There are numerous reasons that lead to the above mentioned, of which the most important are the following:

1. The pricing policy domain is generally treated as confidential and therefore the data may be given tendentiously,
2. The margin is not the only source of income for commercial companies as they, by a general rule, stipulate a methodology of issuing debt on various grounds (sales promotion, joining the promotional activities of traders, listing, positioning). The previously mentioned, is mainly linked to a specific invoice for issued goods and traders cumulatively participate more in the difference between the cost price and selling price.
3. Manufacturers often associate changes in price with developments in the world market even in products for which we are net exporters (domestic production fully meets domestic needs).

In connection with the foregoing, the conclusion that prices in this particular case (sugar) are not formed on an economically justified level, where it is not possible to determine the level of participation of different participants in it, is affirmed by recapitulating the retail prices of sugar in the offer of traders that are ranked by relevance:

*Table 1. Recapitulation by traders - MPC*

	<b>Price range<sup>8</sup></b>	<b>Margin range<sup>9</sup></b>
I	from 102 RSD/kg to 112 RSD/kg	from 7% to 14%
II	fixed price 104.99 RSD/kg	14%
III	from 104.90 RSD/kg to 106.90 RSD/kg	from 6.43% to 7.92%
IV	from 109.99 RSD/kg to 111.99 RSD/kg	from 8% to 14%
V	from 103.61 RSD/kg to 104.92 RSD/kg	from 1.2% to 7.8%
VI	from 103 RSD/kg to 106 RSD/kg	from 5% to 9%
VII	from 103 RSD/kg to 109 RSD/kg	9%

If the VAT rate (8%) is applied to the purchase price of 63.50 RSD and compared with the highest sale price of 112 RSD/kg, an area of almost 50% appears which can not possibly be covered by a margin of the highest recorded 14%.

<sup>8</sup> In the overall analysis on which this paper is based the largest trading companies in the Serbian market were examined

<sup>9</sup> In the overall analysis on which this paper is based the largest trading companies in the Serbian market were examined

The example of sugar trade has pointed out the need to analyze a wider group of food products in order to determine whether we are dealing with a particular case or a larger scale trend. In order to examine as many groups of basic foodstuffs the next step was the scanning of prices in stores, of major retailers. By monitoring the price movements in regular sales the following data was obtained<sup>10</sup>:

- The assumption that goods prices covered by the Regulation are not formed on an economically justified level,
- It turns out that there is no compliance in prices of goods between different retail formats (hypermarkets, minimarkets or supermarkets), because in many cases the prices in hypermarkets are higher than the prices in supermarkets.
- Prices of goods significantly differ in stores of the same type - format that belong to one company.
- In a significant number of cases, it was found that the prices in cities where the source of supply is located are higher than in cities that are located at a significant distance from supply sources and have no possibility of alternative purchases.

In early November 2011 (08.11.2011), in scanning facilities of company I, the price range of pork in the same category ranged from 399.90 RSD/kg to 449.90 RSD/kg. However, in a number of supermarkets the price amounted to 399.90 RSD/kg, while in a number of hypermarkets, which represent a sales format with lower price policy, the same item amounted to 439.90 RSD/kg. Another aspect that has no economic justification but refers to pricing policy, is contained in the fact that the price of pork was higher in Obrenovac (449.90 RSD/kg) than in Belgrade (439.90 RSD/kg). The price of beef of the same category ranged from 589.90 RSD/kg to 619.90 RSD/kg. In this case, the highest price was recorded in a certain number of minimarkets, while other stores of the same format recorded the lowest price which was identical to the price in hypermarkets. The worst situation was with chicken, which was the most expensive in Bor in comparison with other cities. The price range was between 244.90 RSD/kg to 547.90 RSD/kg. In the hypermarket in Novi Beograd the price amounted to 367.90 RSD/kg, while in a store of the same format in Kragujevac it was 547.90 RSD/kg. On the same day in the hypermarket in Vrnjačka Banja, the price amounted to 249.90 RSD/kg. Sunoko sugar was being sold in the range from 101.90 RSD/kg to 121.90 RSD/kg, whereas the price in a minimarket in Vranje for example was 103.90

---

<sup>10</sup> Action sales and prices of products on sale are not taken into account for the purpose of comparability

RSD/kg, while in a minimarket in Kraljevo it amounted to 121.90 RSD/kg<sup>11</sup>. Crvenka sugar was sold at a price ranging from 103 RSD/kg to 108 RSD/kg, while the price of TeTo Senta sugar ranged from 104.90 RSD/kg to 109.90 RSD/kg.

Table 2. Recapitulation of the price range<sup>12</sup>:

Pork	11.11%
Beef	4.9%
Chicken	55%
Sunoko sugar	16%
Crvenka sugar	4.7%
TeTo sugar	4.5%
Imlek fresh milk	16%
Šabac fresh milk	19%
Kragujevac fresh milk	22%
Imlek long lasting milk	13%
Šabac long lasting milk	21%
Kragujevac long lasting milk	22%
Flour type 400	43%
Flour type 500	32%
Dijamant oil	1.4%
Vital oil	0.8%
Sunce oil	2%

In terms of milk (fresh), Imlek product prices were ranging from 57.90 RSD/l to 68.90 RSD/l. In a hypermarket in Belgrade the price amounted to 65.90 RSD/l while in a supermarket in Belgrade it was 57.90 RSD/l. Šabac dairy product prices amounted to 58.90 RSD/l and this was recorded in the hypermarket in Belgrade, where the purchasing power is highest, while the same product was sold at 72.90 RSD/l in the hypermarket in Vrnjačka Banja. Prices of Kragujevac dairy products amounted to 53 RSD/l in a supermarket in Sremska Mitrovica, while the same product in a hypermarket in Kragujevac totaled 65.90 RSD/l.

---

<sup>11</sup> The distance of the production facility from the cities should be taken into account, which would lead to quite the opposite price formation. However, if we consider that the trading company has centralized supplying and negotiates prices for the entire amounts, one can see how much room there is for a margin

<sup>12</sup> The ratio of the lowest price and highest recorded price in the stores of the observed domestic dealer - one of the market leaders

Long lasting milk (UTH) from the producer Imlek amounted to 83.90 RSD/l in the hypermarket in Niš, while the price in the hypermarket in Kragujevac totaled 77.90 RSD/l. The price of the same item from the Šabac dairy was in the range from 71.90 RSD/l to 90.90 RSD/l, while in Kragujevac both the minimarket and the hypermarket recorded the same price - 71.90 RSD/l. Prices of Kragujevac dairy were in the range from 68.90 RSD/l (supermarket Valjevo) to 88.90 RSD/l (minimarket Bujanovac).

Flour Type 400 – the price was moving from 39.90 RSD/kg in the minimarket in Kraljevo to 70.90 RSD/kg in the minimarket in Aranđelovac and Knić and 73.90 RSD/kg in the minimarket on Zlatibor. Flour Type 500 - the price was ranging from 42.90 RSD/kg at the supermarket in Bogatic to 62.90 RSD/kg in the minimarket in Šabac.

Dijamant oil recorded a price range from 125.90 RSD/lup to 127.90 RSD/l, Vital was moving from 127.90 RSD/l to 128.90 RSD/l, and Sunce from 126.90 RSD/l to 129.90 RSD/l.

On November 18th, 2011 a new price scan followed. To exclude the possibility that the previous analysis of one of the leading retailers gave information only about its business practices and therefore, we are not dealing with a market condition, besides the already analyzed dealer two of its largest competitors were also included in the new scan. The price ranges of the comparable product categories are shown in the table 3.

The results of this analysis have confirmed the conclusions of previous one, the most important result being the one that claims that retail prices are not formed on an economically justified level. Pork for example amounted to 379.90 RSD/kg in supermarkets, except in Užice, Vršac and Smederevo, where it amounted to 369.90 RSD/kg, while in Sremska Mitrovica and Bogatić it amounted to 439.90 RSD/kg. Beef amounted to 599.90 RSD/kg in supermarkets, while in the minimarket in Kruševac it was sold at a price of 477.90 RSD/kg, at the same time in supermarkets in Požega, Novi Banovci and Šabac it was sold at a price of 619.90 RSD. With chicken there are no rules. It is cheapest in a supermarket in Novi Banovci and amounts to 199,90 RSD/kg as well as a supermarket in Novi Pazar, while in hypermarkets in Kragujevac and Kruševac it amounts to 547.90 RSD. Sunoko sugar is cheaper in the supermarket in Smederevo and Priboj or a minimarket in Zlatibor where it is 95 RSD/kg than in the hypermarket in Novi Sad, where it amounts 105.90 RSD/kg. Imlek fresh milk was sold in a supermarket in Bujanovac at a price of 87.90 RSD/l while in Valjevo, in a minimarket it could be bought at a price of 67.90 RSD/l and those at the same time are the largest deviations. The prices of Imlek products are harmonized which is not surprising given its negotiating ability. However, a lack of negotiating abilities can be seen in the example of the Šabac dairy, whose products are sold in supermarkets in Sombor, Apatin and Inđija at a price of 58.90 RSD/l, while in a same format store in Ruma

they are sold at a price of 65.90 RSD/l. For flour there were absolutely no rules. It was cheapest in a minimarket in Čačak and amounted to 39.90 RSD/kg, while in the hypermarket in Kraljevo the recorded price was 68.90 RSD/kg. Vital oil is more expensive in the hypermarket in Kraljevo than in the minimarket in the same city.

Table 3. The price ranges

Product categories	Price range		
	Retailer I	Retailer II	Retailer III
Pork	365.90 RSD/kg to 439.90 RSD/kg	379.90 RSD/kg to 439.90 RSD/kg	399.90 RSD/kg to 469.90 RSD/kg
Beef	477.90 RSD/kg to 619.90 RSD/kg	499.00 RSD/kg to 599.99 RSD/kg	569.00 RSD/kg to 589.90 RSD/kg
Chicken	199.90 RSD/kg to 547.90 RSD/kg	209.99 RSD/kg to 552.99 RSD/kg	244.90 RSD/kg to 578 RSD/kg
Imlek fresh milk	57.90 RSD/l to 68.90 RSD/l	64.99 RSD/l to 85.99 RSD/l	65.39 RSD/l to 89.90 RSD/l
Šabac dairy fresh milk	58.90 RSD/l to 78.90 RSD/l	60.99 RSD/l to 84.99 RSD/l	57.24 RSD/l to 65.90 RSD/l
Kragujevac dairy fresh milk	60.90 RSD/l to 68.90 RSD/l	58.99 RSD/l to 66.99 RSD/l	60.48 RSD/l to 70.09 RSD/l
Imlek long lasting milk	67.90 RSD/l to 89.90 RSD/l	68.99 RSD/l to 88.99 RSD/l	80.10 RSD/l to 98.26 RSD/l
Šabac dairy long lasting milk	71.90 RSD/l to 90.90 RSD/l	75.99 RSD/l to 89.99 RSD/l	73.23 RSD/l to 81.38 RSD/l
Kragujevac dairy long lasting milk	89.90 RSD/l	66.39 RSD/l to 87.99 RSD/l	70.09 RSD/l
Sunoko sugar	95.00 RSD/kg to 111.90 RSD/kg	95.00 RSD/kg to 107.99 RSD/kg	95.00 dinars fixed in all stores
Crvenka sugar	95.00 RSD/kg to 108.90 RSD/kg		104.90 RSD/kg to 112.90 RSD/kg
TeTo Senta sugar	95.00 to 103.90 RSD/kg		99.00 to 106.90 RSD/kg
Flour Type 400 various producers	39.90 RSD/kg to 73.90 RSD/kg	45.99 to 59.99 RSD/kg	45.90 to 75.88 RSD/kg
Flour Type 500 various producers	36.90 RSD/kg to 67.90 RSD/kg	43.11 RSD/kg to 59.99 RSD/kg	39.74 RSD/kg to 66.40 RSD/kg
Dijamant oil	125.90 RSD/l to 129.90 RSD/l	126.99 RSD/l to 129.99 RSD/l	127.90 RSD/l to 129.90 RSD/l
Vital oil	127.90 RSD/l to 128.90 RSD/l	130.99 RSD/l to 149.99 RSD/l	109.90 RSD/l to 129.90 RSD/l
Sunce oil	114.90 RSD/l to 129.90 RSD/l	128.99 RSD/l to 130.99 RSD/l	127.90 RSD/l to 129.90 RSD/l

#### 4.2.2. The situation during the implementation of the Regulation

Unlike the analyzing of prices before the introduction of the Regulation, the scanning of prices during the Regulation included a growing number of retailers. It has been noted that even during the period of validity of the Regulation prices of the analyzed products have increased. Due to the limiting



factors for traders, this increase can be directly attributed to the producers. With the Regulation trading margins were limited so the only way to reach an increase in prices is by translatory motion initiated by the manufacturer.

For the entire duration of the Regulation, on a weekly basis, 210 retail stores of the biggest trading companies were followed in 108 towns in Serbia. This allowed us to measure the changes in prices of a concrete product, in particular store, of a certain company in a particular city. In the follow-up, the results of two price scans are presented. Percentages are given as the average of all the recorded changes in the observed week (specific day) compared to the previous week.

By monitoring prices on a weekly basis in stores it was determined they fluctuated in intervals from June 1st to June 8th and from June 8th to June 15th, 2012 and they ranged as follows:

*Table 4. The price ranges 1st to 15th June*

	1st to June 8th	8th to June 15th
Pork	6.29%	1.96%
Beef	3.84%	1.09%
Chicken	8.19%	2.48%
Sugar	-0.28%	0.18%
Imlek fresh milk	0.29%	-0.29%
Imlek long lasting milk	2.15%	-2.73%
Imlek yogurt	0.34%	-0.31%
Flour type 400	-1.67%	0.93%
Dijamant oil	3.94%	3.48%

In order to gain an insight into whether the Regulation had effects on the compliance of prices within individual retail stores, we can make a comparison of trends of average prices in the same period. In all 35 stores - retailer and supermarkets, the prices ranged as follows:

*Table 5. The price ranges in retailers and supermarkets*

Pork	7.6%	0.60%
Beef	4.7%	-0.24%
Chicken	13.92%	0.47%
Sugar	-0.02%	0.44%
Imlek fresh milk	0.26%	-0.13%
Imlek long lasting milk	0.71%	0.58%
Imlek yogurt	0.29%	0.00%
Flour type 400	-7.35%	0.62%
Dijamant oil	4.04%	3.53%

In the same period, the prices in hypermarkets (9 facilities scanned) retailers and ranged as follows:

Table 6. *The price ranges retailer and supermarkets*

Pork	7.11%	-0.28%
Beef	3.51%	0.41%
Chicken	13.56%	-0.07%
Sugar	-0.57%	0.57%
Imlek fresh milk	-0.31%	0.47%
Imlek long lasting milk	0.00%	0.01%
Imlek yogurt	0.00%	0.00%
Flour type 400	-5.69%	-1.53%
Dijamant oil	2.89%	4.48%

By comparing the price movements of the same category of products in different retail formats of the same vendor (mutual comparison of supermarkets and hypermarkets) and each sales format individually with intervals obtained by scanning all objects the following conclusions may be drawn:

- Almost identical intervals for which we concluded that are the result of the change in producer prices show the conformity in the price level within individual retail formats,
- By an examination of the complete database it has been established that averages in increase or decrease are passed in a modified form due to the different dynamics of goods purchase and the formation of price calculations. Specifically, the average increase or decrease in prices in supermarkets or hypermarkets differ slightly from price movements in all observed stores due to the fact that changes in producer prices are not passed on completed deliveries rather on new ones. At the time of scanning, prices into which an increase can be incorporated are recorded. Also, the increase may not occur if the stock of goods earlier acquired is sold before the rising of prices.
- In addition to conformity within some individual retail formats, the illogical higher price in hypermarkets was corrected (recorded in a certain number of cases) in comparison with more expensive retail formats (minimarkets and supermarkets).
- Even if the Regulation does not affect the producers, significant one-off price increases without economic or real bases have not been recorded, meaning that the Regulation had a suggestive effect on them. From the aforementioned, meat should be excluded.

#### **4.2.3. Possible mechanisms as an alternative to administration through Regulations**

Full liberalization or the absence of any correctional mechanism in the future would probably lead to an increase in trading margins and thus in retail prices. It is not possible to determine precisely in advance to what extent and with what intensity. Bearing in mind the relatively low purchasing power on one hand, but also a small elasticity of demand, it is unlikely to expect significant increases. Any greater increase in price in the future would be possible to reduce by adopting the decision on duty-free imports of products whose price has a tendency of significant increases. However, this measure would not be able to be applied to all products. One example is sugar due to the preferential exports from Serbia (in the amount of 18,000 t) to the EU market. Bearing in mind that Serbia is an exporter of wheat and flour, a question of justification of the decision can be asked. In addition, problems related to duty-free imports also apply to the need to ensure the necessary level of quality and price that would be acceptable to the domestic market which should be significantly lower in order to exert influence on reducing the price of domestic manufacturers who would fight using prices to maintain the competitiveness of their offers. The stated problem is specifically related to meat. When making decisions on duty-free imports, which should exert pressure primarily on the retailers, the impact on manufacturers should not be overlooked either because their work would certainly be more difficult and in some cases it could even come to the termination of their business as retailers would choose a cheaper offer and use it to charge even higher margins. Bearing all the above mentioned in mind, we can conclude that duty-free imports should be balanced and used selectively and only in the case of serious price increases. With the Decision on exclusion of certain goods from customs duties from September 21st, 2012, certain goods which are exempt from customs duties were defined, namely: wheat (June 30th, 2013), corn (up to August 31st, 2013), soybeans (up to August 31st, 2013), rapeseed (up to June 30th, 2013) and sunflower seeds (up to August 31st, 2013). With the Decision on the exemption of certain goods from customs duties from October 5th, 2012, it was determined that from the payment of customs duties 20,000t cooking oil from sunflower seeds were exempted. The decision is valid until April 6th, 2013. According to the Customs Administration data from November 23rd, 2012, out of this quota only 652t was imported, which means that 19,348 t remain available.

In addition to duty-free imports, one of the systemic measures, which is extensively used in the EU, represents subsidies for agricultural production and premiums for exports. This is also the reason why foreign manufacturers offer more favorable products with a higher level of quality than domestic producers. With the Regulation on Amendments on the Regulation on

conditions and manner of use of milk premiums in 2012, from October 5th, 2012, the premiums for milk have increased from 5.00 to 7.00 RSD/l of delivered milk.

The third measure, which is aimed at influencing the movement of prices on the domestic market represents a limitation of exports of goods. A possible motive for the increase in prices on the domestic market could be a shortage of goods due to the more attractive prices in foreign markets, towards which manufacturers could direct their offers. Furthermore, if this is a universally applicable rule, completely reversed situations have also occurred in our market, for example in sugar, whose price in the domestic market was significantly higher than the one achieved in exports. The government adopted a Regulation on temporary quantitative restrictions on exports or directing a certain kind of goods with effect from September 7th, 2012 to December 31st, 2012 by which, exports of sunflower were temporarily restricted in addition to soybean and sugar beet.

#### **4.2.4. What should be kept in mind when making future decisions**

##### **Milk**

For the import of raw milk from the EU, customs is 20%, from CEFT countries-0% except Croatia (within the quota of 100t per year -0%, while outside that quota 20%), Turkey 20%, EFTA 20%, Switzerland 18%, Liechtenstein 18%, Russia, Belarus and Kazakhstan 0%. For imports from EU countries, there is no levy on milk while for imports from countries outside the EU the levies are from 8 to 15 RSD per liter. Customs duties on imports of cheese from EU countries and Turkey are 30%, CEFTA 0%, EFTA from 6% to 30% and the levy varies for different tariff numbers and ranges from 12 to 32 RSD/kg from EU countries and 80 RSD/kg from non-EU countries. Annual milk production in Serbia is around 1.34 billion liters which is enough to meet the needs of the domestic market. About 570 million liters need to be repurchased from primary producers which is below 40% of production. Farmers should be informed appropriately in order to raise their offers in terms of milk quality because the repurchase includes only amounts of extra and first class milk.

##### **Sugar**

The rate of customs duty on imports from the EU, Turkey and EFTA countries is charged in the full amount of 20%. Imports from Russia, Belarus and Kazakhstan are fully liberalized and the tariff rate is 0%. Imports from CEFTA countries are fully liberalized and the tariff rate is 0%, except Croatia where an annual quota of 200t is established and the amount of duty is 20%, both within the quota and outside it. A levy is charged for refined sugar, with 12 RSD/kg for EU countries, and 18 RSD/kg for countries outside the EU. For imports

from CEFTA countries there are no levies. The average annual transitional stocks for sugar on the domestic market are around 100,000 t. Depending on the year, the offer is about 400,000t and consumption in Serbia is about 120,000t which is quite enough if one takes into account exports to the EU of 180,000t. The last time there was a need for this. commodity reserves intervened with 5,000,000 kg.

#### Edible sunflower oil

The customs duty for imports from EU countries amounts to 15%, while from Turkey and EFTA countries it is charged in the full amount of 30%. Imports from Russia, Belarus and Kazakhstan are fully liberalized and the tariff rate is 0%, except Croatia where the customs duty amounts to 5% without the quota. Imports of refined sunflower oil are free of levies. The harvest area at an average stands at around 170,000ha while the average yield is about 2,000 t / ha. When the need arises, the Commodity reserves intervene as was the case on November 28th, 2012 when it delivered 7,000,000 l.

#### Fresh meat

The tariff rates for fresh or chilled beef for imports from countries outside the EU amount to 30%, EU 18%, Turkey 30%, and EFTA countries are charged the full amount of customs duty of 30% that is for imports from Norway and Iceland while imports from Switzerland and Liechtenstein amount to 27%. Imports from Russia, Belarus and Kazakhstan are fully liberalized and the tariff rate is 0%, except for Croatia.

A levy is charged on meat imports, for fresh or chilled beef imports from the EU it varies from 7.8 to 13.2 RSD/kg while outside the EU from 26 to 44 RSD/kg. For frozen beef imports from the EU the levy ranges from 78 to 12 RSD/kg while outside the EU from 25 to 40 RSD/kg. For imports of fresh, chilled or frozen pork meat imports from the EU amount to 12 to 26.4 RSD/kg, while for countries outside the EU it ranges from 20 to 44 RSD/kg. The levy on sheep or goat meat, fresh, chilled or frozen amounts, for imports from the EU, from 12 to 21.6 RSD/kg while for countries outside the EU from 20 to 36 RSD/kg. The levy for meat and edible waste from poultry that is fresh, chilled or frozen amounts for imports from the EU from 3.10 to 15.50 RSD/kg while for countries outside the EU it ranges from 31 to 50 RSD/kg.

According to estimates of the Association for agriculture and food industry of the Chamber of Commerce of Serbia, in the coming years problems can be expected with the supply of livestock products and that is a structural disorder that must be rectified with measures of agricultural policy.

In addition to customs duties and levies, making decisions about emergency import or export restrictions, interventions from commodity reserves and subsidizing policy, special attention should be paid to the experience and

practice of economically developed countries and their experiences. After examining the above-mentioned nomenclature of mechanisms it can be seen that most are outside the direct competence of the Ministry of Trade. In order to make adequate systemic solutions that would regulate relations on the market common and synchronized actions by the Ministry of Finance and its organs within the Ministry of Agriculture, Ministry of Economy and the Ministry of Trade and Consumer Protection must be ensured. When it comes to consumer protection, it remains unclear why the only labeled determinant on final food products is the expiry date instead of introducing guidelines "best before" where possible. Domestic producers pay an identical price for a newly manufactured product and a product that is approaching its expiration date. The practice of developed European countries allows the sale of products which are at the end of the recommended period (best before) while for products that are labeled with the determinant expiry date consumer protection associations have enabled these products to be sold at lower prices when the expiry date is approaching. Domestic producers are conditioned with the return of unsold goods by retailers and always count on a certain percentage due to the potential return of goods that requires additional costs of destruction in accordance to the law.

## **5. Conclusion**

On the basis of the overall research conducted in this paper, three aspects can be singled out. The first aspect is the lack of systemic solutions that would be aimed at regulating the trade sphere and rectifying existing anomalies. However, a valid information base should be available for proper policy management and directing of the department. Unfortunately, for many years, data collection mechanisms do not exist nor obligations for their submission to the relevant Ministry, while the information used by other institutions (Statistical Office, the Agency of Business Registers, Tax Administration) and methodology (according to the nomenclature and classification) are not corresponding nor relevant. The second aspect deals with the design of the field of bread flour type T500 trade, which gave the necessary results and justified the reason for its adoption. The effectiveness of the Regulation on compulsory production and trade of the aforementioned type of bread is reflected in the precision with which it was defined. The Regulation covers all the key aspects that are essential for the formation of a final price, starting with the recipe, net weight, remittance, obligations of production, placing on the market and so on, as well as deadlines for payment. The Regulation changes the already established and defined contractual relations between producers, requires mandatory production and placing on the market and thus has a direct impact on the offer, preventing stronger market players to dictate

the terms and conditions, in a word changes the entire market mechanism. The third aspect relates to the Regulation on special trading of certain goods. The analysis has shown that modest results achieved did not fulfill the expectations even in terms of the amount of sales prices, nor in terms of their intervals, nor on regional conformity, nor in terms of compliance between different retail formats. However, the biggest positive effect is of psychological nature. The state has simply shown that it is not prepared to allow the practice of manufacturers and retailers to raise the price of goods that customers must buy due to lower total sales. It was simply not possible to apply the same methodology used in the Regulation on the compulsory production and trade of bread, in the case of basic food products, mainly because of the width of the product portfolio. This opened space for bypassing the Regulation:

- Since the trader is unable to raise prices, the manufacturer does,
- Since the trader is not in a position to apply margins to the goods as was done before the introduction of the Regulation this will require additional approvals from suppliers in those categories of goods to which the Regulation does not apply.

The only real space for lowering the prices is made by prescribing the maximum amount of refunds for goods, because manufacturers have to calculate larger amounts and hence become more expensive from the start due to future cost uncertainty. However, it remained without effect due to the previously described ways to circumvent Regulation. After the cancellation of the further extension of the Regulation, efforts were invested in enabling predictability in fluctuation, price level change and ability for price formation on an economically justified level by using other mechanisms. Liberalization in the field of import, restrictive export policies, emergency imports, promoting socially responsible business components through the Code of Business Ethics was signed with all the major retailers and the concept of social baskets are only some of such attempts.

## References

- Anđelko, S., & Peković, S. (2012). Is there a hope for "small companies" in conditions of globalization?. *Acta Economica*, 10(16), 9-26.
- Beu, D.S., & Buckley, M.R. (2004). This is war: How the politically astute achieve crimes of obedience through the use of moral disengagement. *The Leadership Quarterly*, 15(4), 551-568.
- Capon, N., Berthon, P., Hulbert, J.M., & Pitt, L.F. (2001). Brand custodianship: A new primer for senior managers. *European Management Journal*, 19(3), 215-227.
- Coughlan, A.T., Anderson, E., Stern, L.W., & El-Ansary, A.I. (2001). *Marketing Channels*.

- Fullerton, R.A. (1988). How Modern Is Modern Marketing? Marketing's Evolution and the Myth of the "Production Era". *Journal of Marketing*, 52(1), 108. doi:10.2307/1251689
- Granovetter, M. (1995). Coase Revisited: Business Groups in the Modern Economy. *Industrial and Corporate Change*, 4(1), 93-130. doi:10.1093/icc/4.1.93
- Jobber, D., Fahy, J., Vujanović, B., & Hanić, H. (2006). *Osnovi marketinga*. Data status.
- Kothandaraman, P., & Wilson, D.T. (2001). The future of competition: Value-creating networks. *Industrial marketing management*, 30(4), 379-389.
- Lewis, M.C., & Lambert, D.M. (1991). A model of channel member performance, dependence, and satisfaction. *Journal of Retailing*, 67(2), 205.
- Lu, B. (2010). Developing newly emerging high-end industries in the low-carbon economy. *Ecological Economy*, 6(2), 131-139.
- Loebbecke, C. (2005). RFID technology and applications in the retail supply chain: The early metro group pilot. In: BLED Proceedings. 42.
- Martínez-Ruiz, M.P., Jiménez-Zarco, A.I., & Izquierdo-Yusta, A. (2010). Customer satisfaction's key factors in Spanish grocery stores: Evidence from hypermarkets and supermarkets. *Journal of Retailing and Consumer Services*, 17(4), 278-285.
- Mcgoldrick, P.J. (1998). Spatial and temporal shifts in the development of international retail images. *Journal of Business Research*, 42(2), 189-196.
- Mosmans, A., & van der Vorst, R. (1998). Brand based strategic management. *Journal of Brand Management*, 6(2), 99-110.
- Palmatier, R., Stern, L., El-Ansary, A., & Anderson, E. (2014). *Marketing channel strategy*. Pearson Higher Ed..
- Rosenbloom, B. (2011). *Marketing channels*. Cengage Learning.
- Tsay, A.A. (2002). Risk sensitivity in distribution channel partnerships: Implications for manufacturer return policies. *Journal of Retailing*, 78(2), 147-160.
- Zakon o cenama. *Službeni glasnik RS*, (2005). 79.
- Zakon o trgovini. *Službeni glasnik RS*, (2010). 53/2010 i 10/2013.