

CONSEQUENCES OF COVID-19 PANDEMIC ON PLACEMENT OF CONSUMER PRODUCTS ON THE GLOBAL MARKET AND THE MARKET OF THE REPUBLIC OF SERBIA

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Abstract: *The COVID-19 pandemic declared by the World Health Organization (WHO) on March 11, 2020, caused unimaginable shocks on the demand side, especially with consumer goods (Fast-Moving-Consumer-Goods - FMCG). Anti-pandemic measures such as lockdown policy, reduced contacts, and keeping physical distance have caused the accumulation of basic food, a decline in demand for secondary products, and an increase in the share of electronic retail. In this regard, this paper aims to project the placement of consumer products during the COVID-19 pandemic on the market of the Republic of Serbia. The research will include a comparison of the situation on the domestic market in 2019, that is, the period preceding the pandemic, with the period March-August 2020. Based on two possible scenarios for the end of the COVID-19 pandemic, a projection of domicile GDP and sales volume of consumer products is going to be performed. The results of the research will indicate to trade policymakers and competent institutions what measures need to be taken for the revenue and profitability of the retail sector to reach the level they achieved in the period before the pandemic. The paper also presents suggestions for future research related to the subject matter.*

Key words: *consumer goods, retail, placement policy, COVID-19 pandemic, electronic retail, GDP*

JEL classification: *L81, L6, D3*

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POSLEDICE COVID-19 PANDEMIJE PO PLASMAN PROIZVODA ŠIROKE POTROŠNJE NA GLOBALNOM TRŽIŠTU I TRŽIŠTU REPUBLIKE SRBIJE

Sažetak: COVID-19 pandemija, proglašena od strane Svetske zdravstvene organizacije (WHO) 11. marta 2020. godine, izazvala je nesagledive šokove na strani tražnje, posebno u oblasti plasmana proizvoda široke potrošnje (Fast-Moving-Consumer-Goods – FMCG). Kao osnovne antipandemijske mere, politika zaključavanja, smanjenje kontakata i fizička distanca, prouzrokovale su nagomilavanje osnovnih životnih namirnica, pad tražnje za sekundarnim proizvodima i rast učešća elektronske maloprodaje. S tim u vezi, cilj ovog rada je projekcija plasmana proizvoda široke potrošnje u periodu COVID-19 pandemije na tržištu Republike Srbije. Istraživanje će obuhvatiti komparaciju stanja na domaćem tržištu u 2019. godini, odnosno perioda koji je prethodio pandemiji, sa periodom mart-avgust 2020. Na bazi dva moguća scenarija završetka COVID-19 pandemije, biće izvršena projekcija domaćeg BDP-a i obima plasmana proizvoda široke potrošnje. Rezultati istraživanja će ukazati kreatorima trgovinske politike i nadležnim institucijama koje mere je neophodno preuzeti kako bi prihod i profitabilnost sektora maloprodaje dostigli nivo koji su ostvarivali u periodu pre pandemije. U radu se takođe navode i predlozi pravaca budućih istraživanja vezanih za predmetnu oblast.

Ključne reči: proizvodi široke potrošnje, maloprodaja, politika plasmana, COVID-19 pandemija, elektronska maloprodaja, BDP

1. INTRODUCTION

The COVID-19 pandemic caused by the coronavirus (SARS-Cov2), declared on March 11, 2020, has led to drastic changes in all aspects of life and is still ongoing, with exponential growth rates globally. From March 11 to the moment of writing this paper (August 18), the number of confirmed cases increased from 126,215 to as many as 22,118,637, with over 200,000 daily new confirmed cases from July 2 to August 18, 2020 (Worldometer, 2020). A pandemic is defined as the geographical spread of a disease on a global level for which there is no established therapy, drug, or vaccine (Lo, 2020). For a disease to have pandemic potential, it must be highly infectious with a high risk of infection. The seriousness of the COVID-19 pandemic lies in the fact that the coronavirus has been confirmed in over 200 countries, accounting for a total of 99% of the global territory (Kumar & Yadav, 2020).

As there was no officially confirmed drug, vaccine, or therapy for the coronavirus in that period, the states reacted differently in an attempt to reduce the progression of the pandemic. From March to May 2020, they applied a

lockdown policy (closing borders), quarantine measures, reducing contacts, keeping physical distance, and mandatory wearing of protective masks. As a result of the restrictions of movement, the sectors of tourism, catering, and hotel industry were directly affected, while the retail sector also experienced great shocks (Pantano, Pizzi, Scarpi & Dennis, 2020). These shocks appeared on the demand side in the form of a panicky accumulation of stocks of basic groceries, medicines, medical equipment, and hygienic-disinfectants (Hsu, Chia & Vasoo, 2020). According to The German E-Commerce and Distance Selling Trade Association (BEVH), in March 2020, the demand for products necessary in self-isolation, such as food + 55.8%, medicines + 88.2%, and hygiene supplies +29.2%, rapidly grew. At the same time, there is a moderate growth rate of electronic retail of 1.5%. At the same time, other retail categories experienced a significant decline in sales, namely: footwear -31.1%, clothing -35.4%, electronic devices -20.9%, IT equipment and devices -22.7%, furniture -27.8%, etc. (Mulyk, 2020).

It is undeniable that measures and efforts directed at combating the virus spread and loss of human lives have the ultimate priority over the economic consequences. However, competent institutions, trade policymakers, and company management must act quickly to address the increasing negative economic effects of this crisis (Fetzer, Hensel, Hermle & Roth, 2020). According to the results of the IESE Business School study from Spain, in case of suspension of economic activities in some sectors (tourism, retail) for a period longer than four months, the most developed countries would undergo significant GDP falls, namely: France -10.6%; Italy -12.9%; Japan -9.7%; Great Britain -11.0%; Germany - 11.9%; USA -8.5%; China -5.8%; etc. (Fernandes 2020, p. 26).

A state of emergency was declared in the Republic of Serbia on March 15, 2020, as a consequence of the upcoming global pandemic (Decision on declaring a state of emergency, 2020). Following the example of most European countries, the national strategy for the fight against the COVID-19 pandemic focused on the policy of lockdown and quarantine measures in the form of restriction of movement, self-isolation, keeping physical distance, and reduction of contacts, with the mandatory wearing of medical equipment (masks, gloves). As a result of such measures, there were great shocks on the demand side, which burdened the supply chain of consumer products in the first days of the pandemic. Panic accumulation of stocks of long-term food products (flour, oil, sugar, salt, bottled water, etc.), perishable foods (meat and meat products, milk and dairy products, fish, etc.), hygiene supplies (soap, disinfectants), medical equipment and medicines, leads to supply chain disruptions and shortages in retail outlets. On the other hand, the volume of turnover in specialized stores for

products such as household appliances, cars, furniture, electronics, etc., is rapidly decreasing. As a result of such market trends, the placement of consumer products reached its minimum in April 2020, when it recorded only 80% of turnover which was recorded in the same period in 2019 (Statistical Office of RS, 2020). At the same time, product placement through electronic channels is rapidly increasing. Data from the retail chain Mercator (Rašić, 2020) show that in April and May 2020, e-commerce achieved a growth rate of over 40% compared to the months before the pandemic, measured by the total number of completed transactions. In the same period, the Tehnomanija chain (Rašić, 2020) recorded an increase in the number of online users of the Tehnomanija webshop, where in March 2020 alone, 100,000 new users were registered, with an electronic turnover growth rate of 50% compared to the period before the coronavirus.

Assuming the pandemic duration follows the first scenario, which envisages its end in 1.5 months (Fernandes, 2020), in that case, economic activities will restart, and quarantine measures will lift in May 2020. The Serbian market is recovering, shocks on the demand side of food products are decreasing. Also, there is a gradual growth and recovery of the non-food sector. However, as the first scenario did not materialize, in June and August 2020, after the reactivation of the virus, the economy of the Republic of Serbia resorted to new anti-pandemic measures in the form of restricting the operation of service sectors, banning gatherings, physical distance, self-isolation, etc. The new measures brought the market to imbalance again by burdening the supply chains and causing uncertainty in the consumer goods placement process.

As it is difficult to predict the course of the COVID-19 pandemic with certainty, this paper aims, based on the data for the first six months of the pandemic, to project the placement of consumer goods in the COVID-19 pandemic market on the market of the Republic of Serbia as accurately as possible. The research will include a comparative analysis of the situation on the domestic market in 2019, i.e., the period preceding the pandemic, with March-August 2020. Based on two assumed scenarios for the end of the COVID-19 pandemic, a projection of growth/decline of domestic GDP will be made as well as the sales volume of consumer products. The results of the research will point out to the competent institutions and trade policymakers what measures they need to take in order to assist economic activities, establish a balance in the placement of consumer goods, eliminate market shocks and return the level of revenue and profitability of the retail sector to the pre-pandemic period.

2. ECONOMIC DEVELOPMENTS AND STATE OF PLACEMENT OF CONSUMER PRODUCTS IN THE PERIOD BEFORE COVID-19 PANDEMIC

In 2019, as the period preceding the global pandemic, the world economy achieved GDP growth of 2.9%, with a marked slowdown in the pace of economic activities (International Monetary Fund, 2020). Production activity has weakened in particular as a result of growing trade and geopolitical tensions. Factors that initiated the slowdown were conflict situations between the USA-China and the USA-Iran, tensions in the EU-Russia relations (annexation of Crimea), the migrant crisis, BREXIT, the Ukrainian crisis, etc. (Prašević, 2020, p. 10). The situation was better in the retail sector, where they recorded a growth rate of 4.5%, with a constant increase in the number of employees and an increasing number of consumers opting for electronic placement channels (Deloitte, 2020, p. 4). However, despite the apparent decline in economic activity, the IMF's estimate for 2020 was optimistic and based on a GDP growth rate of 3.3%. The data supported the optimistic forecasts that in the pre-pandemic period in many developed countries, the GDP growth rate rose close to their maximum potential, while unemployment rates fell to historical levels, for example, the USA 3.7%; Japan 2.4%; Germany 3.2%; Great Britain 3.8%; France 8.5; etc. (Jones, Palumbo, & Brown, 2020).

In line with the global situation, economic trends and the economic environment in the Republic of Serbia have recorded the best results in the last 10 years. According to the European Commission report on economic developments in the Western Balkans for 2019 (European Commission, 2020, p. 24), the market of the Republic of Serbia grew at a rate of 4.2% (fifth place in Europe), unemployment was at an all-time low of 10.4% while monthly income grew at a rate of 10.5%. Observed by sectors, industrial production increased by 4.2%, exports by 7.7%, while the retail sector recorded a record growth of 11.3% with a total turnover in 2019 of 1.7 trillion RSD. A total of 91,791 economic entities were engaged in trade activities, achieving a share of 11.4% in the national GDP. The total number of retail employees until the beginning of the pandemic was 201,477 (Statistical Office of RS, 2020, p. 285). The extremely inhomogeneous market was one of the things which did not go well with the retail sector at all, and it became even more prominent during the period of lockdowns and quarantine measures. The largest volume of product placement in 2019 was recorded in the Belgrade city region, followed by the Vojvodina region, while the region of other parts of Serbia (Central and Southern Serbia) is less developed (Končar & Marić, 2020, p. 334).

Immediately before the pandemic, several short-term indicators reflecting the macroeconomic situation in the first two months of 2020 indicated that the growth of the Serbian economy was strong at that time. In the period January - February 2020, the increase of retail remained at the double-digit level and amounted to 12.1%, industrial production increased by 7%, and construction activities by as much as 48.5%, with a growth of real net earnings of 7.7 % (European Commission, 2020, p. 22). As a result of such tendencies, the Republic of Serbia achieved the highest GDP growth rate in Europe (5%) for the first quarter of 2020 (National Bank of Serbia, 2020, p. 2).

Specifically, when it comes to the placement of consumer products, the largest volume of turnover in 2019 was achieved by food products and non-alcoholic beverages of over 37%, followed by alcoholic beverages and tobacco with 9%, clothing, and footwear with 4%, etc. (Ministry of Trade, Tourism, and Telecommunications, 2020, p. 12). In the same period, the Belgrade city region and the region of Vojvodina recorded the highest consumption. Thirteen out of the fifteen largest retail chains operating in the Republic of Serbia are located in the Belgrade and Vojvodina region, whereas only two operate in Central-Southern Serbia (Končar & Marić, 2020, p. 333). The high degree of centralization of the retail market in the Republic of Serbia (Herfindal-Hirschman index - HHI = 1,345) will prove to be the biggest obstacle to sudden market shocks on the demand side (Končar & Marić, 2020). High consumer pressure in urban areas to stockpile food, medical equipment, medicines, fuel, chemical supplies, etc., will lead to "gaps" in supply chains. As a result, shortages and threats to the entire supply chain appear which entails uncertainty and consumer distrust in existing placement mechanisms.

3. ECONOMIC CONSEQUENCES OF THE COVID-19 PANDEMIC ON THE GLOBAL ECONOMY AND ECONOMY OF THE REPUBLIC OF SERBIA

The COVID-19 pandemic has caused unforeseeable market shocks that will significantly change the global economy. It is indisputable that it will cause certain short-term and long-term macroeconomic consequences. According to the latest Eurostat reports, in the first quarter of 2020, the European economy faced a decline in GDP of -3.8% (-3.3% for the EU). The lockdown policy has hit the hardest the countries whose GDP mostly relies on tourism, such as Spain (-5.2%), Italy (-4.7%), and France (-5.8%). The real scale of the economic consequences of the pandemic is visible in the results of the second quarter in which the European economy is falling at a rate of as much as -12.1% (-11.7% for the EU). Observed by countries, the United Kingdom (-20.4%), Spain (-18.5%), France (-13.8%) and Hungary (-14.5%) (Eurostat, 2020, p. 3). The situation on the global market is identical - the US (-9.5% for Q2 2020), China

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(-6.8% for Q1 2020), and Japan (-26.3% for Q2 2020) are surviving a major recession.

The presence of a major recession risk occurrence is also confirmed by the movements of the most important macroeconomic parameters. The unemployment rate (Figure 1) grew in all developed economies. The most critical situation was in the USA (10.4%) and Italy (12.7%) from March to August 2020.

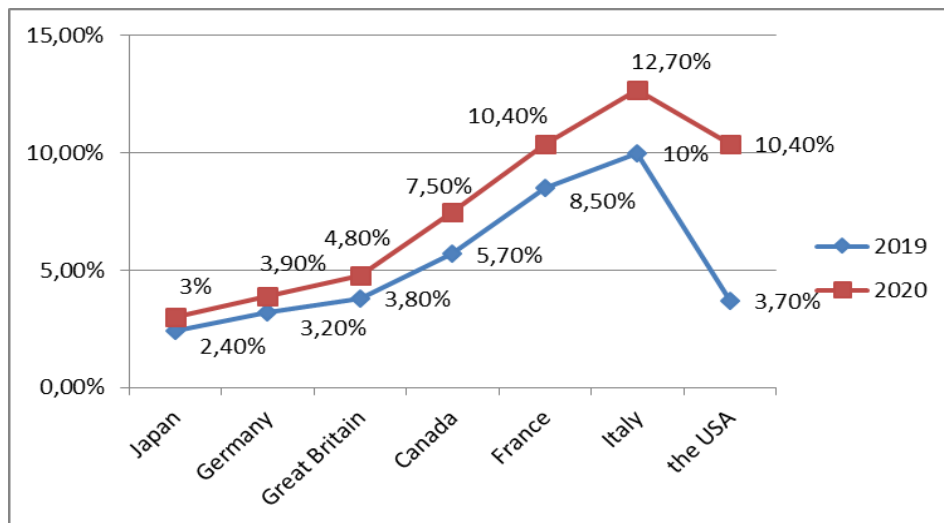


Figure 1. Unemployment rate during 2019 and 2020 in selected countries Note. Note. Jones, L., Palumbo, D., & Brown, D. (2020). *Coronavirus: A visual guide to the economic impact*.

The most important stock exchange indices recorded minimum values during March and April 2020, followed by a period of slight growth, but still with negative values compared to 2019. For example, in July 2020, the value of the Dow Jones was 13.3% lower than in December 2019, the Nikkei by -5.2%, and the FTSE 100 was lower by as much as -19.3%. In addition, the price of crude oil reached a historic low in the last 18 years of \$ 20 per barrel in May 2020. In addition to airlines, the tourism industry suffered huge losses, given that the number of daily flights to tourist destinations in May 2020 was only 50,000, while during the same period of the previous year was as much as four times higher (about 200,000 flights).

In the period March-May, 2020, the situation was particularly alarming in the retail sector and the placement of consumer products. Specialized grocery stores have faced excessive purchases as a result of stockpiling fresh and long-lasting

food. In countries where the number of new infections has continued to rise since the beginning of the pandemic (USA, Brazil, India, etc.), the shortage of food and consumer products seemed to peak every day. In addition, there is a drastic trend of increasing demand for personal hygiene and household cleaning products, medicines, paper accessories, bottled water, etc. At the same time, the data testified to a significant decline in the turnover of products that are not essential for consumption during the pandemic period. Traditional retail outlets specializing in footwear and clothing are among those most affected. According to the report of the US Department of Commerce, in March 2020, there was a drop in turnover for these products of 50% annually. In addition, sales of furniture, electronics, and sports equipment, and the automotive industry recorded a double-digit decline (Evans, 2020). Although in some countries (China, South Korea, New Zealand) availability is normalized for most categories of consumer products, with the exception of medicines, after the lockdown period, consumers still feel concerned about returning to stores (Widayat & Arifin, 2020; Chauhan, 2020). The biggest consumer problems were related to distrust in the mechanisms of protection and safety in retail facilities. This has caused a drastic drop in sales in traditional stores ranging from -32% (China) to as much as -80% (Mexico).

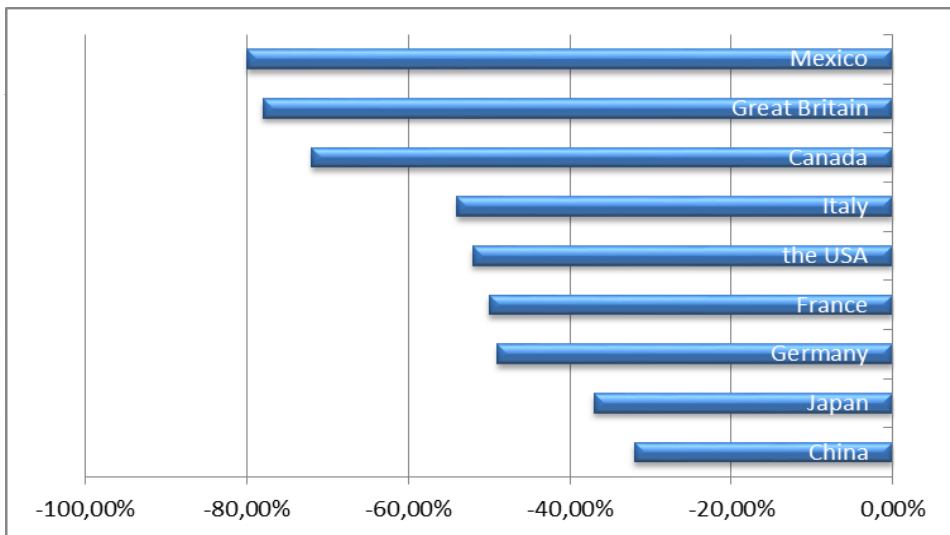


Figure 2. Rate of reduced placements in retail facilities in the period March-August 2020.

Note. Authors' illustration.

In the domicile market, the tourism and retail sectors suffered the most serious consequences of the COVID-19 pandemic. According to the HORES report, the total number of canceled overnight stays in the Republic of Serbia from the SCHOOL OF BUSINESS, 2/2020, 126-141

beginning of the pandemic until August 2020 is 2 million, which is a loss of over 230 million euros. In March-April 2020, out of 380 hotels in the Republic of Serbia, only 40 worked, mainly for medical purposes, which is a decrease in the number of overnight stays of 90% compared to the previous month. Saving travel agencies, which employ about 6,500 workers, from bankruptcy was an additional challenge for the Serbian economy (HORES, 2020).

On the other hand, the retail sector is polarized, with high growth rates for specific categories of primary products, i.e., a rapid decline in turnover for remaining groups of products. In the first quarter of 2020, retail sales fell at a rate of -4.1%. The decrease of as much as 20% measured in current and constant prices (Figure 3) was most prominent in April 2020.

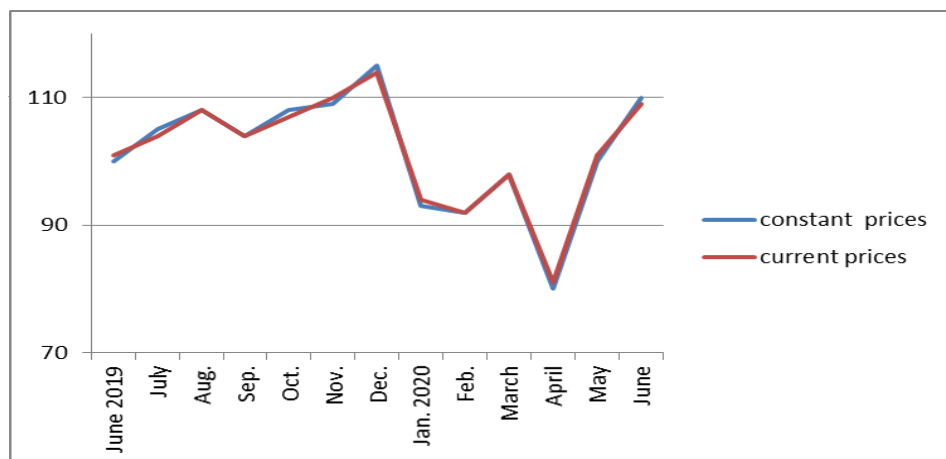


Figure 3. Turnover index in retail trade in the Republic of Serbia in the period June 2019 - June 2020

Note. <https://publikacije.stat.gov.rs/G2020/Pdf/G20208002.pdf>

In the period March-May 2020, the domicile market showed minimal demand for products such as footwear and clothing, technical equipment and devices, household appliances, furniture, cars, etc. At the same time, the volume of sales of basic foodstuffs increased sharply. During March and April 2020, an increase in the placement of essential food items became evident. It amounted to as much as 100% compared to February of the same year. Among the products with the highest sales volume, the products essential for consumption dominated, and consumers bought them in larger quantities since the fear of closing down stores in the initial periods of the pandemic was present. These were categories of consumer products such as flour, oil, rice, meat and meat products, dough, hygiene supplies, pharmaceuticals and medicines, medical equipment, fuel, etc. The share of the mentioned consumer goods in the total

placement of all product categories was 68.5% during the period March-April 2020. According to the data of the Statistical Office of the Republic of Serbia (SORS, 2020), the increase in retail prices of fruits (lemons, apples, bananas, etc.), meat and meat products, which during the pandemic period are among the most inflationary elements with a growth rate of 8.1% speaks of the increased demand. Demand was stabilized to a certain extent in May and June 2020, however, with an unpredictable pace due to uncertainty related to the reactivation of epidemiological hotspots. It is interesting that as a result of quarantine and social distancing measures, a large number of retailers redirected their placement to electronic channels. Electronic retail recorded a 45% higher growth compared to the months before the crisis and a drastically higher growth in relation to the previous year.

4. POSSIBLE SCENARIO FOR RECOVERY OF ECONOMIC ACTIVITIES OF THE REPUBLIC OF SERBIA FROM THE CONSEQUENCES OF THE COVID-19 PANDEMIC

In a study by the IESE Business School in Spain conducted during March 2020, Fernandez (2020) elaborated three possible scenarios of the consequences of the COVID-19 pandemic on the global economy. The scenarios were based on an estimated pandemic duration of 1.5 months (Scenario 1), three months (Scenario 2), and 4.5 months (Scenario 3). Accordingly, a global recession of -2.8%, -6.3%, and -10.7%, is expected respectively (Fernandes, 2020, p. 27). Since at that moment, the third scenario was the most certain, due to the appearance of the second wave of the pandemic in European countries, it was expected that the fall in world GDP in 2020 would amount to -10.7%. Looking by sectors, it was expected that the tourism sector (-9.26%) and the retail sector (-8.77%) would suffer from the biggest decline.

IMF estimates were somewhat more optimistic and were based on the projected global recession of -3%, with drastic differences between developed countries that would be more affected by the crisis (-6.1%) compared to emerging markets and developing economies (-1%) (Praščević, 2020, p. 11). The World Bank estimates ranged up to -5.2%, with the largest decline in the areas of international transport of goods and people, tourism, international trade, and placement of non-food products (World Bank, 2020, p. 4).

The economic recession in Serbia was expected to reach -1.5%, with a drop in private consumption of -0.5% according to the NBS estimates (National Bank of Serbia, 2020, p. 29). The European Commission predicted a decline of -0.5% in Serbia's GDP in 2020. The International Monetary Fund (IMF) estimated that the economic crisis would lead to a -3% fall, with an acceptable rate of retail price growth of 1.4%. Observed by sectors, it was estimated that the tourism

and catering sector would suffer from the largest loss in 2020 (over € 300 million), as well as the placement of some categories of non-food products.

After abolishing the state of emergency in the Republic of Serbia (May 6, 2020), the demand for food products returned to normal. In June 2020, there was a moderate increase in demand for non-food and luxury products. However, the outbreak of the epidemic, as well as the period of annual vacations during the summer months, slowed down its further growth. In the mentioned circumstances, it was expected that due to the decrease in the volume of turnover for products such as cars (-20%), household appliances (-15%), footwear and clothing (-10%), electronic devices (-15%), furniture (-30%), etc., the total placement of consumer products on the market of the Republic of Serbia would fall at a rate of 3.5-4.5% in 2020 (Scenario 1). The prognosis was certainly made more difficult by the unpredictability of the COVID-19 pandemic. In the case of the third peak, which at the time was supposed to hit the domicile market during October and November 2020, forecasts were less optimistic and based on the assumption of further growth in demand for food and other essential products, but also a drastic decline in the volume of sales of non-food products, which was expected to cumulatively lead to a recession in the retail sector of 6.5-7.5% (Scenario 2).

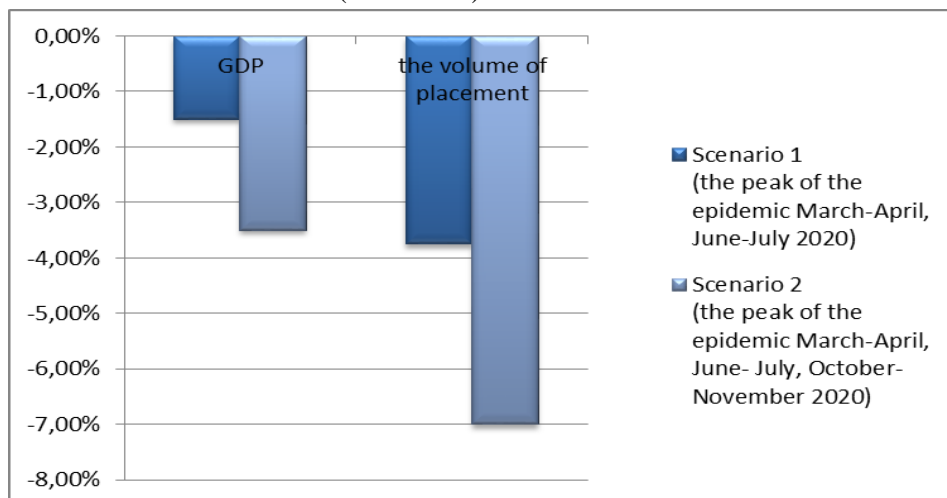


Figure 4. Assumption of decline in sales of consumer products in the Republic of Serbia in 2020

Note. Authors' illustration.

Having in mind the analyzed forecasts, it is necessary to consider the following set of measures that the competent institutions and trade policymakers must take to mitigate the effects of the crisis on product placement:

- *Anti-pandemic measures*

These measures should ensure that customers feel safe and fully protected in retail outlets. This set of measures implies undertaking several activities that guarantee maximum safety and health of employees and consumers. They include regular disinfection of sales facilities, mandatory wearing of protective masks, installation and greater use of self-service cash registers, greater use of non-cash forms of payment (cards), a limited number of customers with the clear marking of directions of movements in shops, use of disinfectant barriers, maximum hygiene of shelves and racks for the sale of fruits, vegetables, fresh meat, dairy products, bread, and bakery products, etc.

- *Economic measures for supporting retailers*

These measures should focus on the financial effects of the crisis, primarily on retailers of non-food and non-essential products. They include a whole set of fiscal and tax measures such as reduction or exemption from taxes on earnings and property, tax reductions for certain categories of non-food products from 20% to 10%, credit facilities, financial incentives to retain workers and new employment, better cooperation between public companies with economic entities from the retail sector, postponement of payments for primary energy sources (electricity, water, gas), etc.

- *Economic measures for supporting the retail sector*

They refer to state measures aimed at economic entities that are most affected by the crisis in the consumer goods sector. These are measures aimed at direct payments and fiscal benefits, primarily to small independent retailers. These measures include immediate financial assistance to the most vulnerable retailers (independent detailers, specialty stores, etc.), supplying national institutions by domestic retailers, co-financing and lending for innovation in supply chains (e.g., IoT, digitalization, etc.) which encourages the development of electronic channels (e-commerce, online shopping, etc.), financial incentives for new employment or maintaining existing staff capacity, special credit lines and grants for investment in retail infrastructure and filling gaps in supply chains, etc.

The implementation of the mentioned measures would partially mitigate the consequences of large disturbances on the demand side, which, according to assumptions, should have reached the pre-pandemic level in the first quarter of 2021. In the described circumstances, one could expect that most measures would focus on small economic entities that suffered the biggest consequences. These are small independent retailers having up to 5 employees, without any bargaining power with distributors, and they directly depend on the volume of

turnover. It is a worrying fact that in the last five years, a total of over 50,000 such retailers withdrew from the market (Končar & Marić, 2019). These are the results from the period before the COVID-19 pandemic. To stop this negative trend, which became even more prominent due to the crisis, it was necessary to implement unconditionally a complete package of proposed measures.

5. CONCLUSION

The economic consequences of the COVID-19 pandemic were overly difficult to predict with certainty. This paper analyzes the assumptions based on two possible scenarios for the end of the pandemic, whose realization is expected during 2020. The projections of the World Bank, IMF, Eurostat, and the NBS based on an identical methodology for projecting the economic consequences of the crisis served as the basis of the analysis. If the pessimistic Scenario 2 is realized with the reactivation of the epidemic in October and November 2020, the expected recession rate will reach -3.75% with a drop in consumer product sales of about -7%.

As a result of the full or partial re-closure, during October-December 2020, the hospitality and tourism sector would be most affected. Limiting the working hours of catering facilities (restaurants, cafes, fast-food restaurants) would have a direct impact on reducing the placement of food products in these market segments while increasing the distribution of these products to households and grocery stores. It would require an increase in the cost of repackaging and processing products (Goddard, 2020). At the same time, changed consumer buying habits would again result in a significant drop in demand in traditional retail outlets (Brandtner, Darbanian, Falatouri & Udokwu, 2021), and especially a decrease in demand for products such as footwear, clothing, cars, furniture, electronic devices, etc. (Mulyk, 2020). In this regard, in the case of a second scenario, maintaining the purchasing power of consumers and raising the capacity of all economic sectors requires a completely new support strategy for the economy of the Republic of Serbia. Also, it is necessary to direct the entire set of anti-pandemic and anti-crisis measures solely to the retail sector. In that way, supply chains would be less burdened, fluctuations on the demand side would be reduced, and the supply of basic groceries would be normalized, with a moderate increase in the trade of products that are not essential during the pandemic.

The shortcoming of the conducted analysis lies in the fact that the end of the pandemic is in the current year, based on the prognosis of international institutions and the World Health Organization from August 2020. The problem arises if the assumptions are not realistic and the duration of the pandemic prolongs to 2021. In the event of a possible fourth wave of pandemics

(February-March 2021), the scope of the economic crisis and the consequences it would cause would, viewed from the current perspective, be almost inconceivable.

As the epidemic continues, it is evident that the world economy will experience a recession. On the one hand, the impact of consequences on national economies will depend on the global success of measures taken to prevent the spread of coronavirus (anti-pandemic measures) and, on the other hand, the effects of national measures to mitigate the liquidity problems of the economy (anti-crisis measures). The later recovery of economic activities and return to the previous situation (2019) will also depend on how the companies and their management will react and prepare for the resumption of economic activities, which will surely be the subject of further analysis and research.

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