9. The Retail Internationalization in Visegrad Countries and Croatia

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Abstract

Objective: *Retail internationalization is the one of the most intensive trends in Central Eastern European (CEE) and South Eastern European (SEE) countries. There are push and pull factors influencing the strategic definition on internationalization. Both, Visegrad countries and Croatia are considered as receptive markets for large global retailers. Retail internationalization at Visegrad markets started at early nineties and in Croatia it started with a delay of couple of years and by now reached a high level showed in a respectable number of foreign retailers at the market.*

Research Design & Methods: *In this paper, firstly, the process of retail internationalization and its influence factors will be explained. Then the level of internationalization in Croatia will be compared with situation in Visegrad countries. As a basis of analysis, secondary data will be used in order to assess the level of retail internationalization. Throughout the trend analysis of retail internationalization in Visegrad countries and Croatia we expect to show that the retail internationalization pace, to some extent, differs from country to country and that there are more and more companies that are entering all given markets.*

Findings: *Comparative analysis will give valuable data on retail internationalization situation at given markets. Also, the paper will give explanation of retail internationalization trend in last decade in Visegrad countries and Croatia.*

Contribution & Added Value: *Even though, the retail internationalization is a topic researched in a lot of papers and explained in literature, there is a scarcity of papers dealing with this topic at CEE and SEE countries in scientific manner. Therefore, this paper will fill the gap by systematic analysis of the retail internationalization level and its trends at given markets.*

Key words: *international business, retail internationalization, retail concentration, Croatia, Visegrad*

JEL classification: *A1, O2*

9.1. INTRODUCTION

According to Alexander and Myers (2000), international activity has become a commonplace of retailing at the beginning of the twenty-first century. The research developments in the area of international retailing have occurred within the confines of a relatively undeveloped subject area. But, the volume of research material on international retailing increased dramatically at the end of the 1980s. From the late 1980s onwards, the new wave of international commercial activity stimulated a number of research activities and thereby provided analytical focus (Wach 2014).

Over the past few years, the trend in the retailing sector has been a global standardization of consumption behaviors and lifestyles. Considering this development, retailers are focusing on a global-scale effort (Pederzoli, 2006). Dawson (1994), defined international retail operations as "Operations, by a single firm or an alliance, of shops or other forms of retail distribution in more than one country". Dawson (2007) points out that retailing is now shifting from the role of sales agent for manufacturing and agriculture towards the role of production agent for consumer. Moreover, Dawson (2007) emphasize that large retailers became the key participants of international trade in the past decade. Therefore, the question of their role in world trade shaping has emerged and has to be adequately addressed by WTO, UN and other global institutions in the near future (Knežević & Szarucki, 2013).

Empirical studies have listed several factors motivating retail firms to internationalize their activities, and have illustrated the complexity and the influences prevailing in the international retail decision-making process. Treadgold (1988) identified various "push" and "pull" factors associated with both the macro and micro environments. Hutchinson (2007) highlights the industry competition, economy, legislation, and domestic saturation as prevailing push factors, and the economic and political stability of global markets and profit opportunities in the oversea market as prevailing pull factors. The increased size of retail operations has stimulated and supported international expansion. Revenue earned within the domestic market has been invested in operations in new markets in an attempt to sustain financial growth targets (Alexander & Doherty, 2009). An important part of the logic of international retail development has been the pressures exerted by restrictions within the domestic market.

In recent years, Europe has witnessed an increase in the amount of cross-border operations by retailers. The retail sector has undergone substantial structural change characterized by the emergence of a group of rapidly-growing large retailers, a redefinition of the balance of internalized and externalized functions and a need to respond to the cultural variety present in Europe that becomes evident as retailers move out of their domestic markets (Dawson, 2001). Several academic studies immediately explored and explained process of retail internationalization and consequential changes of retail structure at emerging markets in Eastern Europe.

International retailing for many retailers is no longer a regrettable logic precipitated by limited growth potential domestically, but an opportunity to expand their operating base into the global marketplace, where their services and brands will be valued by a wider customer base (Alexander & Doherty, 2009).

Based on the critical literature review, we will explain what retail internationalization is, what motivates it and how is it measured. Then, on the basis of previously conducted research studies, we will the state of the art and trends of retail internationalization in Visegrad countries and Croatia.

9.2. LITERATURE REVIEW

RetailIinternationalization and its Motives

In sourcing and logistics retailers have always been oriented internationally. Even Kotruljevic in 15th century emphasized transnational meaning of tradesmen whose main purpose and goal is "to bring commodities from areas at which there is a plenty to areas where there is a scarcity" (Kotruljevic, 1458). The literature of this earlier period should not be dismissed as unimportant; indeed, it has had a major influence on more recent research activity. After the 1980s, the literature on international retailing grew considerably.

There is no clear definition of the retail internationalization in contemporary literature. In the most broaden sense, retail internationalization is the movement of retailer from the domestic to the global market (Alexander & Myers, 2000). According to Knežević and Szarucki (2013) retail internationalization is a process that can be observed in two dimensions:

1. internationalization of retail activities such as sourcing and logistics, and
2. internationalization of retail formats or outlets in order to approach customers at non-domestic markets.

Alexander and Doherty (2009) defined the internationalization of retailing as the transfer of retail management technology or the establishment of international trading relationships that bring to a retail organization a level of international integration that establishes the retailer within the international environment in such a way as to transcend regulatory, economic, social, cultural, and retail structural boundaries. The retail internationalization process is a long, risky, complex, expensive and non-linear one. Failure rates have been high for some of Europe's major firms (Kostova, 2008). In order to reduce risk, retailers will often confine their operations to a relatively limited and comparatively safe collection of markets.

Empirical studies have listed several factors motivating or demotivating retail firms to internationalize their activities within retail industry. Alexander (1995) classified retail motivators to push and pull factors, while Wrigley (2005) divides them into proactive and reactive motivators. Push factors such as saturation of domestic market or legal restrictions are forcing retailer to search for new markets, those factors drive retailer to act in a reactive manner. On the other hand, pull factors are stimulating retailer to take new opportunities offered by a new market i.e. to be proactive in taking new chances. Both push and pull factors can be further divided into internal and external drivers. External drivers are all factors created outside the company, while internal drivers are comprised inside the company (Knežević & Szarucki, 2012).

According to Ebeltoft Group Report (2013) we have reached the point where it has become impossible to neglect the impact and importance of "international" in retailing, both in terms of expansion opportunities as well as new challenges. Consumers' purchasing desires and inter-connectivity are more cross-border than ever, technology and e-commerce are speeding up the pace of internationalization and blurring the line between national and international, emerging markets have formidable home grown retailers and brands, but also offer tremendous opportunities with their strong, growing middle-class.

Dawson (2007) suggests and applies two basic measures of retail internationalization level: number of countries that retailer is operating in, and ratio of non-domestic sales in total sales generated within a year. According to applied methodology for period 1999 to 2007, Dawson (2007) drew several conclusions relevant for retail internationalization: (1) the share of 100 largest companies is increasing in total sales generated by retail industry, (2) the largest companies are becoming more and more international in the geographical scope, (3) proportion of sales generated at international markets is increasing in given period. In spite of the enlarged international activity of retailers, their markets are still local in the nature. Therefore, retailers have to take into account local culture and local structure of consumer market.

Retailing across national boundaries is a long-established activity in Europe. Despite the long history, it is in relatively recent times that the European retail sector has seen substantial expansion of international operations. The meaningful moves towards a common market across Europe represent a second phase, and mark a period from the early 1970s to the mid-1980s in which several retailers explored, some robustly and others more tentatively, international expansion of operations. Many of the moves by British retailers resulted in failure, for example Dixons' move to The Netherlands, Tesco's move to Ireland, and Mothercare's expansion into France and Germany (Dawson, 2001). A third phase of development of the European retail market, starting from the mid-1980s, is characterized by a stronger steady growth in consumer affluence but with little real growth in retail-sales volume at the European level. The increase in international activity of European retailers and the expansion in Europe of non-European retailers is one of several structural changes that have taken place since the late 1980s. In this period the large firms have grown at a substantially faster rate than the sector as a whole.

Lamely (1997) stated several reasons for the wave of internationalization in Europe: limited expansion opportunities in the home market due to perceived market 'saturation' of floor space; public policy restraints in the domestic market; an unexploited growth opportunity in the target country resulting from; under-provision of facilities; under-provision of a particular format; moves of the established customer base to the target country and barriers removal to entry into potential target markets.

On the basis of Croatian market analysis for the period 1990-2001, Knežević (2003) suggests that the entry of European chain stores enhanced competition in this sector, she points that European chain stores brought their know-how and introduced new technologies, new forms of trading (such as hypermarkets and large specialty stores), standardized business procedures which are to some extent adapted to domestic market requirements, new specialization of work places and work processes, together with new work attitudes and habits. According to Knežević (2003), enhanced competition, caused the loss of position of the existing retailers which were forced to learn quickly how to adjust to a brand new way of market competition. The ones who were capable enough and who had a clear cut market strategy, as well as flexible management, managed to survive and to catch up with international chain stores with the quality of their products, the level of their services and with the way they conduct business processes, as well. As a consequence of the enhanced competition, customers gained wider product choice, broadened formats choice and better service. Thus, consumers' lifestyle started to change accordingly. For instance they became more demanding and more informed, and their way of choosing purchasing location shifted from small shops in the town centers to large formats (such as shopping malls, hypermarkets and large specialty stores) at suburbs (Knežević & Szarucki, 2013).

Knežević, Knego and Renko (2010) observed that changes in majority of EU countries are: small growth of retail importance in the structure of employees, small decrease of retail importance in GDP creation, respective increase of average size of retail companies, polarization of retail structure on micro and large companies and increase of employees' productivity.

The Visegrad Group, also known as the „Visegrad Four" or „V4", was formed in 1991 at the meeting of the presidents of Czechoslovak Republic, Hungary and Poland. Nowadays, the regional alliance consists of four countries due to division on Czechoslovakia and is frequently referred to as V4. The Visegrad Group reflects the efforts of the countries of the Central European region to work together in a number of fields of common interest within the all-European integration. The V4 cooperation can currently be referred to as the most clearly profiled initiative in Central Europe. Since 1 May 2004 all V4 members have become Member States of the European Union and are nowadays functioning within its internal market. From the beginning of economic transition roughly two decades age the group has undergone tremendous structural adjustments which are clearly reflected in the geographical and product structure of their trade (Brodzicki, 2011). For several years already, the Visegrad Group countries have participated in the free trade in the EU common market. The Czech Republic, Poland, the Slovak Republic and Hungary have been aiming at consolidating their hold on trade in different economic branches (Wisniewska, 2010). International trade interests for Visegrad area have increased in last twenty years. The member states of the Visegrad Group also desire to cooperate with their closest neighbors, with the reforming countries in the broader region, and with other countries, regional formations or organizations which are interested and with which specific areas of cooperation are found in the common interest and in the spirit of all-European cooperation.

The Czech Republic is the most Western-oriented among the four Visegrad countries, having a favorable geographical position located in the heart of the European Union surrounded exclusively by other European Union members. Nowadays it is often characterized as one of the most successful cases of transition economies. Czech import and export both increased by almost 500% in total during last two decades (Janda, 2012). Similarly to the other transition economies, the international trade of the Slovak

Republic is characterized by a sharp increase of exports and imports shortly after a year 1989. It was caused by removing of a state monopoly and a massive liberalization (Janda, 2012). Slovakia is the first of the group to have formally entered the Eurozone (2009). A considerable market-oriented reform and decentralization in Hungary has already taken place in 1968, in comparison with Poland (early 1980s).

According to Karasiewicz and Nowak (2010) there are three phases of the evolution of retail in Poland: privatization and decentralization, intensive internationalization, and concentration and consolidation of retail trade. Starting with a 'disorderly', fragmented retailing system in the early 1990s, emerging and spreading of Western-style large retail formats and chains in the late 1990s, to the expansion and consolidation of the chains, leading to a progressive concentration of retailing, in the 2000s (Karasiewicz & Nowak 2010). Moreover, they have pointed a fourth stage, being on the horizon, described as that of innovation and modernization of retailing.

After the EU accession of the Visegrad countries in 2004 one of the most remarkable developments was the sudden upturn in mutual trade. In 2007 the value of aggregate intra-Visegrad trade was two and a half times higher than in 2003 (Janda, 2012).

Global expansion by the major retail players is continuing with a focus on growing emerging markets, and acquisitions are changing the global face of retailing. Current trends in retail internationalization process on Croatian and Visegrad Group state members market will be explained below.

9.3. MATERIAL AND METHODS

In this research the secondary data from several research studies and reports on retail development will be used and the comparative analysis of Visegrad countries and Croatia will be performed in order to assess the present level of retail internationalization and retail trends at given markets. In order to explain the internationalization level, the indicator of total number of large foreign retailers will be in the focus, as it is suggested as one of metrics to evaluate the level of retail internationalization at a given country.

Following hypotheses are established:

- H1: Internationalization of global retailers to V4 countries and Croatia is increasing in last decade.
- H2: The pace of retail internationalization is slowing down at V4 countries and increasing in Croatia.
- H3: A few prevailing or dominant originating countries of large foreign retailers present at V4 countries and Croatia can be distinguished.
- H4: The number of large retail companies that entered all given markets is less than 15, but growing over time in last decade.

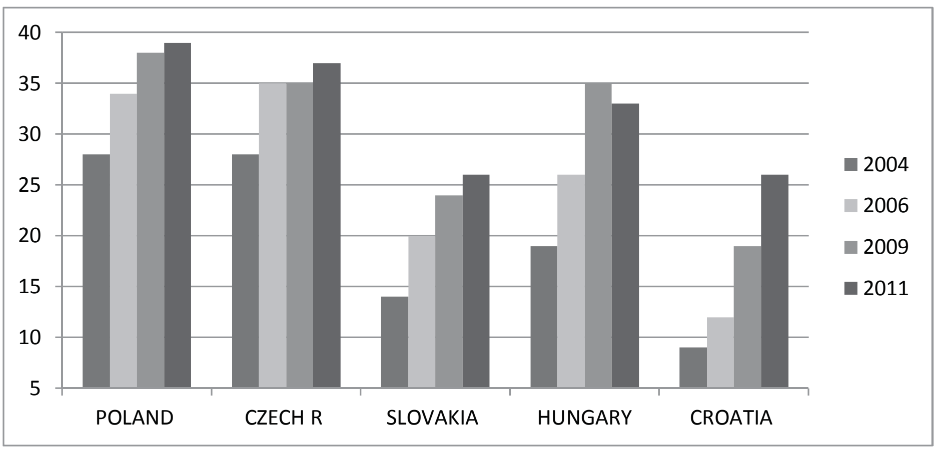
9.4. RESULTS AND DISCUSSION

In this passege, firstly, the present state and trends of retail internationalization are explained and discussed. Secondly, an overview of market attractiveness over time is described as a composed mixture of influential factors that are affecting decision making process regarding possibilities of future retail internationalization at given markets.

Current State and Trends of Retail Internationalization at Visegrad and Croatian Markets

Since the beginning of nineties, with a fall of communist system at SEE and CEE, foreign retailers are considering entrance and start investing at Visegad markets, the good example is Poland where in 1990 IKEA and Rossman entered market in 1990, while 1998 there was 1600 stores larger than 400 sq. meters which were prevailingly owned by foreign retailers (Michalak, 2001). In Croatia the war was taking place from 1991 till 1995 and, therefore, important foreign investments in the retail industry are starting with the delay of almost ten years (according to Knezevic and Szarucki, 2012) claim that. Till 2000 at Visegrad markets there were more than 10 large foreign retailers present per each country, while in Croatia the number of 10 large foreign retailers is exceeded with the delay of 5 years (see Figure 1).

Figure 1. Total number of Top 250 global retailers present at V4 countries and Croatia



Source: own compilation based on data available at reports: Global Powers of Retailing (2006 and 2008), Delloite and Stores.org; Top 250 Global Retailers (2010 and 2011), Delloite and Stores.org

The number of large foreign retailers present at given markets is continuously growing till nowadays. At Figure 1 the total number of the largest global retailers that entered Visegrad markets and Croatia is shown. It obvious that number of large foreign retailers at V4 markets has grew over time and that Poland and Czech Republic at given period have the largest numbers of foreign retailers at each year comparing to other countries. At Poland and Czech Republic since 2009 there are more than 35 large global retailers and that number is still increasing. In the given period the number of large retailers is increasing at all markets. The only anomaly was Hungary, where, due to overall social and political situation the number dropped from 35 to 33 large global retailers that are active at the Hungarian market. In given period, Croatian market express trend of exponential growth of number of large foreign retailers. That finding is confirmed by using statistical tools which showed that estimated growth function is $y=5{,}4349e^{0{,}3995x}$ with a high level of confidence (R^2 is 0,9949).

Even though, the trend of growth is present, the pace of the growth is not the same. At Table 1 relative changes within number of large retailers at given markets are presented. It is obvious that trend of retail internationalization, as measured with the indicator of foreign retailers present at market, is slowing down at Visegrad markets. Moreover, in Hungary, there is a negative change rate in period 2009-2011. At the same time, the change rate in Croatia is at very high level (above 30%) and it shows that trend is increasing. For Croatia, we can expect some major player to enter the retail market in following years due to the fact that Croatia is the newest member state of European Union (since July 2013) and, thus, interest of some major retail players can be expected in next 5 years.

Table 1. Relative change in number of Top 250 retailers present at V4 countries and Croatia

Country	% change 2004-2006	% change 2009-2011
POLAND	21%	3%
CZECH R	25%	6%
SLOVAKIA	43%	8%
HUNGARY	37%	-6%
CROATIA	33%	37%

Source: own compilation based on data available at reports: Global Powers of Retailing (2006 and 2008), Delloite and Stores.org; Top 250 Global Retailers (2010 and 2011), Delloite and Stores.org

Based on shown data, we can conclude that (H1) and (H2) are confirmed. Regarding (H3), the longitudinal comparative analysis of originating countries for period 2004-2011 is performed, the results are summarized at Table 2. The dominant originating country form which large retailers entered given markets in Germany with very high proportion of companies, comparing to other originating countries. Other country that plays significant role in retail internationalization is France and then follows UK. The proportion of retailers originating from Germany at given markets exceeds 30% in each year. Exception is Poland where in 2009 there were 29% and 2001 there were 23% of German retailers in the overall number of large retailers that are active at the market. Poland is, also, specific comparing to other countries with relatively high proportion of retailers originating from France which is around 25% in the overall number. While, regarding the importance of UK retailers within the overall number we have to point out Czech R. and Slovakia where they is more than 20% UK retailers in total number of large foreign retailers operating at the market.

Upon given explanation we can conclude that (H3) is confirmed. Moreover, we can draw the conclusion that there is only one dominant originating country of large foreign retailers present at V4 countries and Croatia and it is Germany. But we have to draw attention to Polish market, where there is a significant number of French large retailers present in the market.

Table 2. Origin of Top 250 global retailers present at V4 countries and Croatia

Market	Year	Number According to the Country of Origin					TOTAL
		Germany	France	UK	USA	Other	
CROATIA	2004	5	1	2	0	1	9
	2006	4	1	2	1	4	12
	2009	9	3	1	1	5	19
	2011	9	3	2	2	10	26
CZECH R.	2004	14	2	3	1	8	28
	2006	16	2	6	2	9	35
	2009	14	4	8	1	10	37
	2011	15	3	5	2	10	35
HUNGARY	2004	7	2	3	1	6	19
	2006	12	2	3	2	7	26
	2009	14	6	4	3	8	35
	2011	12	5	5	1	10	33
POLAND	2004	9	8	3	2	6	28
	2006	11	9	5	1	8	34
	2009	11	10	5	4	8	38
	2011	9	9	6	5	10	39
SLOVAKIA	2004	8	1	2	1	2	14
	2006	9	0	5	1	5	20
	2009	8	3	5	1	7	24
	2011	8	3	7	0	8	26

Source: own compilation based on data available at reports: Global Powers of Retailing (2006 and 2008), Delloite and Stores.org; Top 250 Global Retailers (2010 and 2011), Delloite and Stores.org

At Table 3 we scrutinized large retail companies according to their presence at all given markets (both V4 and Croatia) and we isolated those which are operating in all V4 markets, but still are not present in Croatia. Finally, at last column we showed those that are operating in Croatia, but still are not present at any V4 markets. The number of companies which operates at all given markets is increasing, at 2004 only 3 companies entered V4 and Croatia, while 2006 that number was 6, 2009 it was 10 and 2011 the number climbed up to 12 large retailers that are operating at given markets. Regarding Croatia, it is important to monitor strategic plans of those large retailers which are operating at all V4 markets because as they broaden their international reach it is likely that in the near future they will take into account Croatia and countries in SEE region as a potential markets. For instance, IKEA had already made investments into Croatian market recently. Also, there are some players that are or were active at Croatian market and markets in SEE region, but it is questionable if they have enough investment power to enter V4 markets. Moreover, on the list of large retailers, there is one company from Croatia, but its strategy is to internationalize activities and broad the reach in SEE region.

As the number of large retail companies that are operating at all given markets (both V4 and Croatia) is 12 and it grew from 6 to 12, i.e. 100% in given period, we can accept (H4) to be true. Furthermore, based on data that are available regarding strategic plans of large retailers, in next 3 years we can expect further growth of this this number. But, in accordance to indicators of retail market attractiveness (which will be discussed in the next chapter) this trend will also slow down.

Table 3. Top 250 global retailers and their presence at V4 markets in comparison with Croatia

Year	Variable	V4 AND Croatia	All V4 NOT Croatia	Croatia NOT any of V4 countries
2004	Number of retailers	3	7	1
	Companies	Schwarz, Rewe, KarstadtQuelle	Metro, Tesco, IKEA, Otto, Hachette, Distribution, Services, Douglas Holding	Coop Italia
2006	Number of retailers	6	7	1
	Companies	Metro, Schwartz, Rewe, Marks&Spencer, KarstadtQuelle, Avon Products	Tesco, IKEA, DSG International, Watson&Company, Inditex S.A., Douglas Holding	Coop Italia
2009	Number of retailers	10	9	2
	Companies	Metro, Schwarz Rewe, PPR S.A., Inditex S.A., Marks & Spencer, LVMH, Tengelmann, C&A Europe, Deichmann	Tesco, IKEA, AS Watson & Company, DSG International, H&M, Otto, Office Depot, Next, Lagardère Services	Blokkher Holding Poslovni sistemi Mercator
2011	Number of retailers	12	5	4
	Companies	Metro, Schwarz, LVMH, Inditex, S.A., H&M, Marks&Spencer Otto, Tengelmann, C&A Europe, PPR S.A., Deichmann, Esprit Holdings	Tesco PLC, IKEA, AS Watson & Company, Dixons Retail plc, Next plc	Alliance Boots GmbH Groupe Vivarte Agrokor d.d. Poslovni sistem Mercator

Source: own compilation based on data available at reports: Global Powers of Retailing (2006 and 2008), Delloite and Stores.org; Top 250 Global Retailers (2010 and 2011), Delloite and Stores.org

Analysis of the Attractiveness of the Retail Market

According to market coverage, internationalization can be realized as regionalization or globalization. There are many factors affecting the internalization of the retail trade and various criteria are taken into account when companies consider to which market they should internationalize their business activities. In this chapter, we will summarize criteria according to A.T. Kearney methodology and we will give an overview of situation regarding V4 markets and Croatia.

A.T. Kearney created the Global Retail Development Index (GRDI) as an indicator of attractiveness of retail market situation. The indicator is calculated annually (since 2002) and ranks the top 30 developing countries (leading countries) in terms of attractiveness for investors' market expansion in the field of retail industry.

The Index analyzes 25 macroeconomic and retail-specific variables to help retailers devise successful global strategies and to identify emerging market investment opportunities. The GRDI is unique because it identifies today's most successful markets and those that offer the most potential for the future. It is composite index which is composed of four sets of estimated factors. These are: (a) economic and political country risk, (b) market attractiveness, (c) market saturation and (d) time pressure. Until 2008 the index is formed as a composition of estimated factors with following weights: country risk and market attractiveness 25%, market saturation 30% and time pressure 20%. Since 2009 each of the four factors participates in the structure of the GRDI by 25% (according to: AT Kearney 2005 and 2010).

Table 4 presents the ranking of countries of Visegrad group and Republic of Croatia per GRDI values for the period from 2004 to 2011. The top ten countries (range 1-10) were the countries that are suggested as the most attractive markets, i.e. "markets on the radar screen". The other ten countries (range 11-20) were the countries that may be taken into account when making decisions about entering this market. Last ten countries (21-30) are the countries that should be avoided and it is not advised to make investment to those markets.

Table 4. Visegrad countries and Croatia ranked according to the Global Retail Development Index

Visegrad countries and Croatia	Global Retail Development Index (GRDI) (A total of 30 countries)							
	Rank by year							
	2004	2005	2006	2007	2008	2009	2010	2011
Slovakia	9	10	18	-	-	-	-	-
Poland	27	-	-	-	-	-	-	-
Hungary	16	19	23	26	-	27	-	-
Czech Republic	29	-	-	-	-	-	-	-
Croatia	5	7	9	19	-	24	-	-

Source: own compilation based on data available at: AT Kearney, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011

It is evident (from the data in Table 4) that Slovakia passed the first and second group from 2004 till 2006. Poland and Czech Republic were in the third group of countries only in 2004. Hungary has passed all three groups of countries in period from

2004-2009. Croatia appears for the first time in 2004 on the high fifth position of the GDRI which means that it was considered as a favorable market for retail internationalization. Yet, in 2009 Croatia was in the third group of countries which means that it should be avoided in decisions about the internationalization of business. Since 2010 both Visegrad countries and the Croatia do not appear at the list of top 30 countries that are attractive to foreign investment in retail trade.

The analysis of GRDI elements given at Table 5 shows that the Slovak retail market was interesting for foreign investors by 2006. Poland and Czech retail markets do not appear after the 2004 in this analysis. In analysis of the GRDI, while Hungarian and Croatian retail markets do not appear after 2009.

Table 5. Values of GDRI factors

FACTOR	YEAR	Slovakia	Poland	Hungary	Czech R.	Croatia
COUNTRY RISK	2004	69	68	74	72	61
	2005	73	-	72	-	63
	2006	61	-	65	-	57
	2007	-	-	96	-	73
	2008	-	-	-	-	-
	2009	-	-	70	-	58
	2010	-	-	-	-	-
MARKET ATTRACTIVENESS	2004	48	63	52	60	53
	2005	52	-	48	-	48
	2006	51	-	50	-	51
	2007	-	-	36	-	38
	2008	-	-	-	-	-
	2009	-	-	63	-	58
	2010	-	-	-	-	-
MARKET SATURATION	2004	35	34	39	15	-
	2005	33	-	30	-	55
	2006	23	-	17	-	49
	2007	-	-	2	-	28
	2008	-	-	-	-	10
	2009	-	-	22	-	-
	2010	-	-	-	-	46
TIME PRESSURE	2004	100	54	75	65	93
	2005	90	-	78	-	88
	2006	78	-	76	-	91
	2007	-	-	46	-	70
	2008	-	-	-	-	-
	2009	-	-	22	-	46
	2010	-	-	-	-	-

Source: same as Table 5

*All factors are evaluated from 1-100. For COUNTRY RISK if value is lower than the risk is higher. For MARKET ATTRACTIVENESS if value is lower than market is less attractive. For MARKET SATURATION if value is lower than the market is more saturated. For TIME PRESSURE if value is lower than pressure to enter market is lower, while 100 means that it is urgent to enter the market.

All five listed retail markets are, at the moment, considered as markets of low market attractiveness according to GDRI, with high market saturation and low time pressure. The process of internationalization of the retail market, in these circumstances, can be sporadic. Every foreign retailer will think twice before making a decision about entering any of the analyzed markets. It is possible that some of French retail chains will show some interest for Croatian retail market due to (1) the fact that currently dominant retail chains are those with headquarters in Germany and Austria and (2) the fact that Croatia entered EU recently.

9.5. CONCLUSIONS

Comparative analysis of retail internationalization at Poland, Czech Republic, Slovakia Hungary (Visegrad V4 countries) and Croatia showed that since 2004 the number of large foreign is still increasing year after year despite some reports on low market attractiveness at given countries. But, the dynamic of trend is slowing down at V4 countries, while in Croatia the trend of growth is still exponential with two-year change rate higher than 30%. According to these findings, we conclude that both (H1) and (H2) are confirmed.

In number of large foreign retailers which are active at given markets, there is respectable number of retailing companies originating from Germany. Only in Poland, in addition to German retailers, there is a significantly high proportion of French retailers. Therefore, the (H3) is accepted.

In addition, we can observe that more than 10 large retailing companies entered to all given markets by 2011 and the number of them is growing since 2004 and that supports forth research hypothesis (H4). Therefore, we can expect that in the near future retailers which are partially present at V4 and Croatia will cover all given markets despite reports on market attractiveness. Moreover, Croatia is the newest EU member state and, therefore, can expect some significant EU players to enter the retail market very soon.

This research was based on analysis of number of large foreign retailers active at given markets. In order to improve conclusions, in the future, we suggest to include more data into analysis. Some indicators which can contribute to retail internationalization understanding are: proportion of revenues generated by foreign retailers, productivity levels of foreign retailers compared to domestic retailers, number of stores owned by foreign retailers and operating sales area (in m^2). So, those indicators should be included in future analysis of this topic.

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