

## **TRADE ENTERPRISES IN POLAND: CURRENT TRENDS AND PROSPECTS**

Wholesale and retail trade is the sector with a significant role in the Polish economy. Trade enterprises produce 17,0 percent gross value added and sectors indirectly related to trafficking create an additional 12,0 percent. As a result, the trade sector contributes to the creation of up to 29,0 percent value added in the Polish economy. Trade is also nearly 2,0 million jobs in related sectors further 1,6 million, which represents a total of 3,6 million employees, or 26,0 percent the total working population [1].

Since 2014, the company «European Trusted Brands», known worldwide as the largest center engaged in research consumers in Europe, conducted the poll, which aimed to identify those retail chains that have earned the trust of most residents in Poland. According to the research, undoubted leader in Poland is „Biedronka”, which respondents named „brand worthy of trust”. Percentages of positive responses – 3,8 percent of the total surveyed. In second place, with 12,2 percent of the number of positively respond to network „Lidl”. Other brands operating in Poland have very high confidence „Tesco” (7,2 percent) and „Kaufland” (4,5 percent). Some respondents also noted positive feedback brands „Auchan” (3,2 percent), „Alma” (2,7 percent), „Real” (2,5 percent), „Carrefour” (2,4 percent), „Lewiatan” (2,3 percent), „Żabka” (2,2 percent), „Piotr i Paweł” (2,0 percent), „Społem” (1,9 percent), „Delikatesy Centrum” (1,4 percent) and „Netto” (1,4 percent) [2]. The main criterion of positive responses respondents sees value, quality of products and service infrastructure, location and range. An equally important aspect in choosing the supermarket is and advertising.

In the last 10 years have changed quite significantly the image and structure of trade in Poland. The total number of stores decreased by 21,0 percent (with more than 450 thousand in 2002 to less than 360 thousand in 2012), while rapidly growing number of large stores, which is forcing out the smaller shops. Currently facility large (400 m<sup>2</sup> and higher) occupy almost 50,0 percent total retail space (compared to 28,0 percent in 2005). The share of sales in retail chains in Poland already exceeds the level in developed economies (with the exception of England), although in some Central European countries is even higher [1].

In this context, the possibility of further increasing the share of sales in supermarkets in Poland seems to be limited. We believe that further development of the commercial networks will take place rather through consolidation and acquisitions rather than significant changes in the structure of retailing, although we can not rule out still enter the Polish market for specialist retailers.

It is also worth noting that the scale of shops saturation is quite varied at the level of regions, which reflects the great diversity of socio-economic situation of Polish regions – the eastern wall (with low levels of GDP per capita and low urbanization) versus the western wall (richer and strongly urbanized).

Growth factors chains, but also of the whole trade, will result in the immediate future development trends rather, including the increase in the purchasing power of the poorer regions, urban development, and the improvement of the road network to allow further travels cheaper shopping – cross-border trade in Europe or commercial mall’s distant suburbs in the USA well show this phenomenon.

The economic slowdown in 2012-2013 resulted in a slowdown in growth in sales, both in wholesale and retail. Trends in the individual segments were varied. Slowdown has affected in particular retail sales in non-specialized stores – mainly of large (decline to less than 4,0 percent in 2013, including the 3,0 percent in specialized stores with food, and 6,0 percent in the other, which is included „Biedronka” and „Real”), as well as in institutions of household articles

(although there still exists increase 10,0 percent in 2013), and of cultural and recreation (negative dynamics) [1].

In the area of household growth will remain relatively high concerns textile and electrical equipment (approx. 20,0 percent). Also noteworthy is the high increase in sales in food stores (24,0 percent in 2013), which relates, however, companies employing more than 9 persons (and therefore does not include small local shops).

Interestingly, weaker consumer demand does not have a major impact on the sale of clothing, footwear and leather goods, cosmetics, and even jewelry. Retain a dynamic sales growth in stores or markets (including Internet and mail order).

In some industries (especially alcoholic and soft drinks, electronic and telecommunications equipment, agricultural machinery and equipment, office furniture, waste and scrap) turnover last year declined once – too early, however, to apply for any lasting trend, especially since the economic situation in Poland and abroad seems to slowly stabilize.

In Poland, the share of trade over the Internet in total trade is only about 3,0 percent., while in developed countries, this value is 2-3 times higher than in Poland. The growth rate of e-commerce, from the food segment, through clothing, and ending with the appliances in a group of 250 major global retail chains exceeds 20,0 percent [1]. Maintaining such a strong upward growth trend requires not only the use of simple reserves, but the development of a much more high-tech solutions. It is the development of technologies – primarily the using GPS, identification using radio waves, RFID, which is not yet widely used due to cost or 3D printing – it will be the greatest extent determined the future shape of the trade.

Depending on the development of new technologies, e-commerce can in a very different way affect the „traditional” wholesale and retail trade, or individual segments of the market. For example, the development of 3D printers can displace wholesalers to retailers benefit because you will be able to deliver goods directly to your customers – bypassing the supply chain, including wholesalers. On the other hand, the development of advanced web portals and logistics can displace part of the market for the benefit of retailers, wholesalers, who will develop retail sales.

In the last two years, food sales slowed to a moderate pace, while demand for durable and semi-durable goods slowed to a relatively greater extent, but still remained strong. A relatively large share of food in the basket of the Polish consumer, and also relatively low dependence of this segment of the weakening of the income of the society explains the success of discount stores in Poland during the downturn.

After a weak 2013, the next two years will be better, but the improvement of the business segments will not be uniform. Household income growth will revive in retail, which will increase sales growth to more than 6,0 percent in the years 2014-2015, and this is a good result against the EU [3]. Still weak investment growth in Poland will not be a sufficient signal for a continued economic recovery, so it's rather unlikely that a return to the high growth of retail sales in previous years.

The situation will be different wholesale trade, as strong growth in export (since 2014.) Be sales growth in external markets, which, together with a slightly better situation in the internal market may cause strong reflection of the growth of wholesale – up to 12,0 percent in 2015 compared to 2014.

The implementation of such a scenario might be favorable for the expansion of Polish and foreign commercial companies – are additionally reinforced by good results in the country. A key prerequisite for such a decision must, however, always be a detailed analysis of the financial situation of their own and competitors.

Half of the companies of the 10 largest global retail chains in Poland is already present, and the largest retail company in Poland (Jeronimo Martins – the owner of Biedronka) is on the 67th place among the largest global companies. However, if you look at the leaders of Polish trade enterprises listed on the Warsaw Stock Exchange, their revenue is still so insignificant that one exception (Eurocash), none of them falls to the global ranking of the Top 250.

On the other hand, the average annual growth in sales revenue, net turnover or profitability of Polish trade enterprises rank at the firm level of the top of the world „10”, and so a lot of the above companies from the back Top 250, more suitable size. Polish trade enterprises, however, still far from the global leaders in terms of growth in sales revenue.

Economies of scale are vital to trade, so Polish trade enterprises, thinking about further development must begin to think and plan regionally. Implementing such a strategy already had more than 1/3 of companies, operating in more than one country.

Polish trade enterprises may therefore show better than global companies on the local and regional market in terms of financial ratios and competitive, but they must take care of economies of scale.

**References:**

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