

Poland still offering space for Discounters
Poland still offering space for Discounters
Aldi planning market entry

Warsaw (bfai) – Towards the end of the year 2007 Poland is ruled by a spending spree. Wholesalers outplay each other with marketing campaigns. Especially furnishings and electrical equipment are popular amongst customers. Private consume is rising. Already in 2006 retail revenue rose by 8%. In 2008 an additional 1 million sqm of modern retail area are expected. Discounters are represented on a low frequency, in 2008 Aldi will enter the market as a new player.

The supplier of long-life commodities expect a good revenue for both of the last months in 2007. During the first half of the year retail revenues in the sectors of furnishings, house-, audio- and video equipment have risen by 28.7% in relation to the first half of 2006, according to the main statistics office GUS. The big chains want to increase their sales figures with these appliances, until the end of 2007, using a strong marketing campaign. The brisk demand is offering German companies good sales perspectives.

Good growth could already be registered in 2006 amongst the retail sales figures, when they nominally rose by 8.1% (inflation rate: 1.0%), reaching a value of ZI 468.5 billion (app. Euro 120.4 billion, Euro 1 = ZI 3,89). Upon the gastronomy fell ZI 17.6 (2005: 17,0) billion.

Retail Sales Figures (billion ZI, including gastronomy)

	2004	2005	2006	Changes 2006/2005 in %
Total	433.5	433.3	468.5	8.1
Food and Non-Alcoholic Beverages	136.3	137.6	142.6	3.7
Alcoholic Beverages and Tobacco	41.7	43.7	45.3	3.6
Non-Food-Products	255.5	252.0	280.6	11.3

Source: Main Statistics Office GUS, Domestic Market 2006

The private sector generated app. 98.6% of its retail revenue in 2006. The number of stores concurrently rose by 2.5% to more than 395,458 (2005: 385,990). Of those, 394,130 (384,673) were located in the private and 1,328 (1,317) in public authorities. These figures include firms with at least ten employees as well as an estimated number of smaller ones, which could not be detected.

Small shops are further on dominating; 94% of all shops offer less than 100 sqm sales area. In total, 28.8 (28.3) million sqm were available to consumers in 2006; one shop on average attend on 96.4 (98.9) inhabitants. The number of shops with at least 400 sqm sales area increased by 7.5% in 2006. An area of 400 to 999 sqm had 5,004, one with 1,000 to 1,999 sqm had 1,273, one with 2000 to 2,499 sqm had 149 and an area of at least 2,500 sqm had 592 shops.

Also in 2006 (2005) further large-scale retail areas of foreign trade chains were added. With 5.878 (5.385) of total shops, such markets were holding a share of only 1.5 (1,4)%. However, with 4.7 (4.4) million sqm they are occupying 16.5 (15.5)% of the retail sales areas in Poland. The average sales area of the foreigners shops decreased to 807 (812) sqm opposing 149 (145) sqm at those with domestic capital (firms with ten employees and up). Foreign hyper-market-chains are increasingly opening smaller consumer markets.

According to AC Nielsen only 38 Discounters fell upon 1 million inhabitants in Poland in 2005 opposing 253 in Germany. Leader in this segment is Biedronka with a market share of 62% far ahead of Lidl (17%), Plus (13%) and Netto (8%). As a new supplier the corporate group of Aldi enters the market, which intends to open marketes with 1,200 sqm from 2008 on. Focus will initially lie on complete Silesia and greater Poland. The repository and logistics center was chosen to be the upper Silesian town Chorzow.

Poland has app. 7 million sqm of modern trade areas, according to the consulting company DTZ. Of those 70.1% belong to malls; 20.7% to stock; 7.5% to outlet centers; 0.9% to factory sales and 0.8% to other areas. In 2008 1 million sqm area are supposed to be added. Vacancy is low. However, in Warsaw older malls in less attractive locations are having trouble finding tenants, resulting in a vacancy of 2.8% in the capital. In Szczecin it merely accounts for 0.3% and 0,4% in Poznan. Monthly rents in Warsaw top locations amount to app. Euro 90 per sqm, in Wroclaw and Poznan, on the other hand, only app. Euro 50 per sqm.

According to the GUS, amongst the total existing 395,458 (385,990) shops in Poland in 2006 (2005) were 91 (95) department stores, 431 (462) distributors, 410 (374) hyper-markets and 3,003 (2,716) supermarkets. In 2006. most of the shops were located in Wojewodschaft Mazowieckie with the capital Warsaw (50,309), followed by Slask with Katowice, 45,489, Wielkopolskie (greater Poland) with Poznan 37,236, Malopolskie with Krakow 34,834 and Dolnoslaskie with Wroclaw, 29,426.

The most important shops could be registered in Opole 9,542, Podlaskie 11,044 and Lubuskie 12,291. Street markets are further on playing an important part in the Polish retail. In the end of 2006, 2,297 permanent markets were registered in the communities (-0.7% opposing the end of 2005) with all together app. 120,000 persistent stalls, of which app. 86,100 were opened daily. Moreover, there were 6,203 seasonal opened bazars (-7.8%).

The revenue of retailers with at least ten employees nominally increased by 11.9 (3.9)% in 2006 (2005). The biggest growth could be generated with furniture, in addition to, audio, video and household specialised equipment with 19.7 (+27.5)%, as well as textile, clothing and shoe shops with again 19.7 (+26.2)%. Above-average dynamically developed the demand for pharmaceuticals, cosmetics and orthopedic equipment with 15.0 (+22.3)% as well as motor vehicles, motorbikes and parts for those with 14.3 (-10.4%).

In 2006, the trade accounted for an estimated 17.1% in the development of the Gross Domestic Product (GDP) (2005: 16.7%). The profit margin realised by companies in 2005 averaged out at app. 18%, due to GUS. It was lowest in the sector of motor vehicles (13.3%), a little higher in wholesale (14.3%) and highest in retail (25.0%). Half of the products were bought directly from

domestic producers (almost 51%), another 37% from wholesalers and another 10% were imported directly. The foreign retail chains, however, imported 40% of its products directly and bought 43% directly from national producers. Wholesalers were engaged with only 15%.

Number of shops according to their specialisation			
	2004	2005	2006
Total	370,883	385,990	395,458
Groceries, in common	112,301	116,094	120,455
Fruit/Vegetables	4,778	5,222	4,451
Meat	12,456	13,072	12,002
Fish	1,053	1,106	942
Bakery	5,446	5,520	5,430
Alcoholic Beverages	2,268	2,454	2,510
Personal hygiene products/cosmetics	8,537	8,211	7,917
Textiles	3,951	4,904	4,995
Clothing	32,615	39,375	39,421
Shoes/Leather articles	6,808	8,129	8,016
Furniture/Lighting	7,366	7,085	7,756
Audio/Video/Household equipment	7,210	6,844	7,813
Stationery/Books	6,970	8,479	7,931
Motor Vehicles	11,840	12,634	12,446
Rest	147,284	146,861	153,353
Petrol Stations	9,463	10,086	10,159

Source: GUS, domestic trade 2005 and 2006

Furthermore, Polish customers will have to get used to shops being closed on bank holidays; for the first time on 1 November 2007. Exemptions apply to petrol stations and associated shops and pharmacies. Even shop owners are allowed to attend to customers on such days, however, not their employees. (B.R.)

Source:

Beatrice Repetzki

bfai Bundesagentur für Außenwirtschaft www.bfai.de