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Poland Retail Sector

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Retail Foods

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Report Highlights:

With its population of nearly 40 million, Poland is the largest market food and beverage market in Central and Eastern Europe. Poland's retail sector grew by nearly five percent in 2018, with over 340,000 outlets. Price competitiveness remains the most important factor for Polish grocery retailers. Discounts accounted for upwards of 30 percent of sales by value in 2018. Hypermarkets and supermarkets, which combined make up 70 percent of the industry in value terms, remain dominant. In 2018, Poland imported \$24 billion of food, beverage, and agricultural products, of which \$458 million were sourced from the United States. U.S. products with strong sales potential include fish and seafood, wine, distilled spirits, tree nuts, dried fruit, beef, sauces, spices, and snacks.

Market Fact Sheet: Poland

Executive Summary

Poland is the largest market for food and beverages in the Central and Eastern European region. With its population of nearly 40 million people, it constitutes an attractive market for U.S. food and agricultural products. Poland's 2018 GDP increased by 5.1 percent, driven largely by increasing domestic demand. In 2018, Poland imported upwards of \$24 billion in food, agricultural, and fish and seafood products. U.S. imports of these products were \$458 million. Products from the U.S. with strong sales potential in Poland include fish and seafood products, wine, nuts, dried fruit, highly processed and functional ingredients.

Imports of Consumer-Oriented Products

Total 2018 Polish imports of consumer-oriented food products were \$12 billion, with U.S. imports at \$152 million. Increasingly sophisticated Polish consumers value more diverse food products. Imports are rising steadily to cater to such demands and compensate for Poland's seasonal production.

Food Processing Industry

Poland is the largest agro-food industry producer in Eastern Europe and seventh in the European Union. During 2018, the combined agro-food industries accounted for seven percent of Poland's \$585 billion GDP. The most important enterprises in value terms were meat, dairy, beverage, confectionary baking industries and processed fruit and vegetables. Since the early 1990s, many international interests such as Danone, Heinz, Unilever, Mondelez and Nestle have been expanding their operations into the Polish market.

Food Retail Industry

The distribution system for consumer ready food products, as with all other branches of the Polish economy, transforms rapidly and remains one of the most dynamic areas of the Polish economy. The retail sector is diverse and ranges from small family-operated stores, through medium-sized stores to large

distribution centers comparable with those found in the U.S. The majority of hypermarkets are foreign owned; traditional small-scale stores are predominantly Polish.

Quick Facts CY 2018

Imports of Consumer-Oriented Products
\$12.7 billion (U.S. imports \$152 million)

List of Top 10 Growth Products in Poland

- | | |
|-------------------|-------------------|
| 1) Wine | 2) Whiskies |
| 3) Alaska pollock | 4) Sockeye salmon |
| 5) Pet food | 6) Cranberries |
| 7) Almonds | 8) Pistachios |
| 9) Pacific salmon | 10) Prunes |

Top 10 Polish Retailers

- | | |
|---------------------|----------------|
| 1) Jeronimo Martins | 2) Swarz Group |
| 3) Eurocash | 4) Auchan |
| 5) Tesco | 6) GF Specjal |
| 7) Carrefour | 8) Metro Group |
| 9) Rossmann | 10) Zabka |

GDP/Population

Population (million): 38
GDP (billion USD): 585
GDP per capita (USD): 15,424

Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
Central Europe's most populous country with domestic consumer market of nearly 40 million people.	U.S. products face high transportation cost as compared to many European competitors.
Opportunities	Threats
Market niches exist in food ingredient categories – dried fruit, nuts, and functional foods.	Foreign investments in Polish food processing industry result in local production of high quality products.

Data and Information Sources:

Polish Statistical Office, World Bank, Global Trade Atlas, Economists Intelligence Unit

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General Information:

I. Market Summary

Poland and its nearly 40 million consumers offer increasingly viable market opportunities for U.S. food and agricultural products. In 2018, total Polish food and agricultural imports reached upwards of \$24 billion, with U.S. imports accounting for \$458 million. 2018 real gross domestic product (GDP) growth reached 5.1 percent, driven largely by increasing domestic demand. 2019 real GDP growth is forecast to decline slightly to four percent, due to weaker external demand.

Table 1. Basic Economic Indicators

	2018 ^a	2019 ^b	2020 ^b	2021 ^b	2022 ^b	2023 ^b
Real GDP growth	5.1	4.0	3.3	3.5	3.2	3.0
Consumer price inflation	1.7	2	2.2	2.3	2.2	2.1
Unemployment rate (av)	6.1	5.7	5.6	5.5	5.3	5.1
Exports of good fob (U.S. \$)	224.4	243.8	258.5	278.4	299.7	322.0
Imports of goods fob (U.S. \$)	223.8	245.9	265.8	287.0	311.2	332.8
Exchange rate Zł:U.S. \$ (av)	3.77	3.62	3.63	3.55	3.50	3.35

Source: Economist Intelligence Unit ^a actual and ^b forecasts.

During 2011-2018, household incomes increased by nearly 10 percent over the last 7 years. In addition to economic growth and higher wages, Government of Poland (GOP) social-safety net initiatives, such as the Family 500+ Program, continue to supplement incomes for millions of families. In 2018, the GOP increased the monthly minimum wage, by seven percent, to Polish zloty (PLN) 2,250 (\$608), which further contributed to consumer spending.

Polish consumers tend to view the United States positively and U.S. products are considered to as high quality. U.S. products are often shipped to western European Union (EU) ports of entry and then re-exported to Poland without additional tariffs or regulatory requirements, besides language labeling. For additional demographic and consumer information, please refer to FAS Warsaw's 2018 [Exporter Guide](#).

Table 2. Polish 2018 Food, Agricultural and Fish Imports (\$ billion)

Agricultural Total, total imports	24
Agricultural Total, imports from U.S.	0.4 (1.8%)
Intermediate Agricultural Products, total imports	4.5
Intermediate Agricultural Products, imports from U.S.	0.08 (2.3%)
Consumer-Oriented Agricultural Products, total imports	12
Consumer-Oriented Agricultural Products, imports from U.S.	0.1 (1.2%)
Fish and Seafood Products, total imports	2
Fish and Seafood Products, imports from U.S.	0.7 (3.2%)

Source: Global Trade Atlas

Key Market Drivers and Consumption Trends:

- Poland’s Parliament passed a law in 2018 restricting most retail and commercial activities on Sundays. As of January 1, 2019, most retail sales can only occur on the last Sunday of the month. Retail and commercial sales in 2020 are scheduled to be banned on all Sundays, except for Sundays preceding important holidays. As a result, many Poles changed their shopping habits and started to stock up on groceries and other products during the middle of the week or on Saturdays. Some retailers also offered Sunday trade-ban related discounts. Although small and often family-run retail shops are eligible to remain open on all Sundays, industry reports indicate that small independent shops are seeing declines in monthly sales by at least five percent and over 2,000 small stores are threatened with closure as a result. Reportedly, the Polish Parliament is evaluating the unintended consequences of the Sunday trade ban, as well as its acceptance among the Polish population. Polls indicate that over 70 percent of consumers say the ban should not be applied more than two Sundays per month.
- Super markets and hypermarkets are increasingly important. These segments continue to consolidate due to acquisitions and mergers.
- Small and medium-sized chains are also consolidating and spreading throughout the country. Smaller specialized shops, which account for about five percent of total retails, will tend to get bigger or face closure.
- Small independent shops in urban areas face stiff competition from supermarkets and hypermarkets. Small urban shops also struggle to compete with other service providers on their ability to pay rents.
- Small independent shops in rural areas will face increasing competition from chain stores introducing small-shop formats (e.g. Carrefour Express).
- Increasing importance of private labels.
- Polish consumers increasingly expect high quality products, while remaining price sensitive.
- Increasing preference for convenience, health, and specialty products (e.g. organic, “all natural”, “free from XYZ”).
- Poland’s emerging higher-income consumer segment (about 10 percent of the population) will increasingly affect food retailing in Poland.
- Polish consumers (following trends throughout the EU) are more and more interested in various ratings and tests by consumer organization, bloggers, and social media. Opinions expressed by these stakeholders are increasingly likely to influence purchasing decisions in Poland.

Please refer to www.fas.usda.gov Data and Analysis Section, GAIN reports section for additional information and reports on the Polish market.

Table 3. Advantages and Challenges for American Products in Poland

Advantages	Challenges
Central Europe's most populous country with a consumer market of nearly 40 million people.	U.S. products face high transportation costs as compared to many European competitors.
A strategic location with a relatively large population offering re-export potential (e.g. to retail operators in the Baltic States).	The EU's complicated system of product registration can delay or even prevent products from entering the Polish market.
Transshipment from other EU countries occurs commonly due to Poland's EU membership.	Many U.S. products face a competitive disadvantage versus duty-free EU-28 products.
Polish retailers and consumers associate U.S. food products with good quality.	Despite rising incomes, price is still the primary factor in at least 75 percent of retail food purchases.
Market niches exist for U.S.-origin fish and seafood, wine and distilled spirits, beef, tree nuts, dried fruit, sauces, organic products.	Significant foreign investment results in high-quality locally produced valued-added food products that compete with imported products.

II. Road Map for Market Entry

Hypermarkets, Supermarkets, Discount Stores

Most retail chains on the Polish market do not import directly and rely on local importers and wholesalers to obtain products. Some large multinational retailers have their own import departments, but often still rely on independent importers for niche products. The successful introduction of new products often depends on relationships and outreach to local representatives, importers, and distributors.

- Many Polish importers are also wholesalers and/or distributors. Importers may buy many and often competing lines of products.
- Local representatives often work exclusively with specific products and focuses more on promotion and marketing activities. Some hypermarkets/supermarkets are direct importers.
- Importers tend to be distinctly separated into dry goods, refrigerated items, fruits and vegetables, alcohol, etc.;
- Some importers or representatives use national logistics companies for warehousing, cold/frozen storage, and product distribution. Some importers also have their own logistics and distribution networks.

Typical conditions for a supplier when entering retail chains operating on the Polish market:

- Entry fees (typically tens of thousands of zlotys) are not refunded if the agreement is canceled.
- 30-60 day terms of payment.
- Considerable price discounts of about 10 percent of regular retail prices.
- Obligatory participation in promotional activities, which are held 3-5 times a year and last for 1-3 weeks.
- Obligatory participation in covering the cost of advertising of promoted products.
- Slotting fees (\$250-\$5,000) for placing each type of product on the shelf.
- Fees for the "display area".
- No opportunity to influence the shelf prices.

- Very strict delivery terms (exact date and time frame e.g. March 2, 2016 12:00-14:00).
- Supplier contracts may vary and depend on negotiations of the interested parties.

Company Profiles

The retail sector is dominated by multinational retail hypermarkets including [Tesco](#) (UK), [Auchan](#) (France), [Carrefour](#) (France), and discounters [Biedronka](#) (Portugal), [Lidl](#) (Germany), and [Dino](#) (Poland). Large retail chains typically face slim profit margins due to fierce competition. After difficult years in 2016 and 2017, Tesco closed 36 stores in Poland in 2019, putting number of operating stores at 349. [Mere](#), a Russian discounter, is scheduled to open its first outlet in Czestochowa in July 2019.

Leading neighborhood stores operators include chains such as: [Leviatan](#), [Spolem](#) and [Carrefour Express](#). A prominent high-end Polish retail chain, [Piotr i Pawel](#) (P&P), with nearly 140 stores located throughout Poland, went out of business in 2019 and was sold to various investors. Most core P&P owned stores were purchased by South Africa based [Spar Group](#). Other stores within franchise operations were purchased by Carrefour and Biedronka. Industry experts predict further consolidation this year.

Table 4. Top 10 Retailers on the Polish Market in 2017*

No.	Operator's Name	Store Name	Country of Origin/Ownership	Sales revenue in U.S. \$ Billion	Number of Stores
1	Jeronimo Martins Dystrybucja SA	Biedronka	Portugal	14,769	2,823
2	Schwarz-Gruppe	Lidl and Kaufland	Germany	7,472	730
3	Eurocash	ABC, IGA, Delikatesy Centrum	Over 40 percent owned by Portuguese Capital	5,934	Over 4,000 sales points
4	Auchan	Auchan	France	3,124	120
5	Tesco	Tesco	United Kingdom	3,100	418
6	GK Specjal	GK Specjal	Poland	2,658	5,716
7	Carrefour	Carrefour	France	2,606	750
8	Metro Group.	Macro Cash&Carry	Germany	2,134	40
9	Rossmann	Rossmann	Germany	2,480	1,264
10	Zabka	Zabka	CVC Capital Partners	1,238	5,000

**Latest data available*

Data source: Planet Retail – 2017, FAS/Warsaw industry research

Convenience Stores, Gas Marts, Kiosks

Convenience stores, gas station stores, and street kiosks are more fragmented and outlets often have different owner due to franchising and licenses. Over the last ten years, kiosk operator, Ruch, (currently owned by a private-equity company) expanded rapidly and now holds over 51 percent of share. Kiosks/small convenience stores mostly carry newspapers, tobacco, snacks, drinks, and other convenience products that take up increasingly greater shelf space. This sector consists of small units which employ up to five people.

Convenience stores in Poland are increasingly popular. Leading players in convenience store and small grocery store sectors include: [Zabka](#) (plans include operating 6000 stores by the end of 2019), [Spar Polska](#), [Chata Polska](#), [Eko Holding](#), [Chorten](#), [LD Holding](#), [Małpka](#), [Polska Grupa Supermarketów](#), [PSH Nasz Sklep](#), [PHU Topaz](#).

There are over 6,800 petrol stations in Poland, most of which also function as convenience stores. Orlen is the market leader and accounts for over 55 percent of market share, followed by Lotos, BP, Shell, and Circle K. Orlen is testing its concept store O!Shop in 274 locations and plans to expand this platform to over 1,700 locations.

The most prominent convenience store chain, [Zabka](#), has been on the market for over 15 years and now has over 4,500 stores operating on a franchising base. Carrefour has also opened smaller format stores [Carrefour Express](#) for fast shopping of most basic products integrated into their hypermarkets.

Traditional Markets: Small, Independent Stores and Wet Markets

There are two ways to place new products on shelves depending on the type of product. Either an exporter should use an importer or representative for direct personal contact with the shops, or shop managers supply themselves from the wholesalers who may import the products. In this case goods should be available in several regional wholesale units, where smaller wholesalers and retailers collect them.

“Mom and Pop” shops remain common in Poland, although they face growing competition from supermarkets, which are opening in smaller cities and towns. Small shops are present throughout the county, and are not limited to small towns and villages, also being popular in large cities. Independent stores often struggle to compete with supermarkets and hypermarket chains.

Traditional markets vary significantly in size and facilities. In 2016, there were over 2,250 registered traditional markets and 6,729 seasonal traditional markets. Usually they consist of open air and/or kiosk facilities in an area of 200-400m² (2,150-4,305 square feet).

III. Competition

In 2018, Polish consumer-oriented imports totaled about \$12 billion, with \$152 million shipped from the U.S. Increasing U.S. market share is largely attributed to higher disposable incomes. Domestic products and products of other EU members are the main U.S. competitors. Domestic food producers are consistently evolving, innovating, and producing high-quality products. It should also be noted that many Poles prefer Polish products over imports. Polish fish and seafood imports continue to grow and reached over \$2 billion in 2018, with \$78 million (3.2 percent market share)

originating from the United States. Poland is the number one salmon processor in the world.

Even iconic American products are produced in Poland. It should also be noted that Polish customers prefer Polish products over imported ones. Many chains advertise the fact that they offer Polish products to increase sales.

Table 5. Poland Import of Consumer Oriented Food Products (U.S. \$ Millions)

Poland (Customs) Import Statistics Commodity: Consumer-Oriented Agricultural Total, (2017) Calendar Year: 2016 - 2018							
Partner Country	Thousands United States Dollars			% Share			% Change 2018/2017
	2016	2017	2018	2016	2017	2018	
World	9700498	11932231	12732468	100.00	100.00	100.00	6.71
United States	133641	148357	152681	1.38	1.24	1.20	2.91

Source: Global Trade Atlas

Table 6. Examples of Import of Consumer Food Products to Poland in 2018.

Product category Total Poland's Imports	Main suppliers in percentage	Strengths of Key supply countries	Advantages and Disadvantages of Local Suppliers/Market situation
Tree Nuts (HS 0801 +0802 +200819) \$327 million	1. Turkey – 20% 2. Germany – 16% 3. Italy - 11% 4. U.S. – 10%	Turkey leads in supply of hazelnuts. Germany is a large re-exporter of nuts. U.S. is the leading supplier of almonds and pistachios.	Domestic production is minimal. Poland produces limited quantities of walnuts and hazelnuts.
Fish & Seafood (HS 03 + HS 16) \$2 billion	1. Norway – 46% 2. Sweden – 11% 3. Germany - 5% 8. U.S. – 3.2%	Norway's proximity as well as intensive promotional campaigns create competition for other suppliers; U.S. holds strong position as a supplier of Alaska pollock and sockeye salmon.	Poland is world's number one salmon processor.
Wine (2204) \$334 million	1. Italy – 21% 2. United States – 14% 3. Germany – 13% 4. France – 11%	Italy remains a traditional wine supplier to Polish market. U.S. wines are becoming increasing popular, in part due to successful promotional activities conducted by the industry.	Domestic production is minimal. Poland's dynamic restaurant industry is an ideal partner for U.S. suppliers.
Peanuts (HS 1202)	1. Argentina – 68% 2. Brazil – 19.46%	Argentina and Brazil are Poland's traditional suppliers;	No local availability. Product in high

\$91 million	3. U.S. – 4.3%	U.S. product is gaining in popularity when price competitive.	demand from Poland's food processing sector.
Dried Prunes (HS 081320) \$24 million	1. Chile – 72.28% 2. U.S. – 17.45% 3. Moldova - 2%	Chilean product has tariff advantage based on EU-Chile FTA. U.S. product is gaining popularity among Polish importers.	Limited local production. Product, mostly smoked, is traditionally used for home cooking as a compote ingredient.
Raisins (HS 080620) \$23 million	1. Turkey – 39% 2. Chile - 14% 3. Iran – 10% 13. U.S. – 1.4%	1-3 Price advantage.	No local availability. Polish snacking sector is developing dynamically.

Source: Global Trade Atlas Data

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Products currently in the market with good sales potential

- Fish and Seafood: salmon, pollock, cod, lobster and other miscellaneous fish products
- Nuts: almonds, peanuts, pecans, pistachios, walnuts
- Wine and distilled spirits
- Highly processed ingredients: protein concentrates dextrin, peptones, enzymes, lecithin
- Dried & Processed Fruit: cranberries, prunes
- Fruit juice concentrates: Cranberries, prunes
- Organic products

Products not currently not significantly in the market, but which have good sales potential

- High quality spices and mixes (Tex-Mex)
- Hormone-free beef
- Ingredients for the natural and healthy foods industry
- Vegetable fats for bakery industry

Products not present because they face barriers to trade

- Food additives not approved by the European Commission

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

For additional information regarding the Polish market please contact:

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