

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Poland

**Post:** Warsaw

### Poland Retail Sector

**Report Categories:**

Retail Foods

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**Report Highlights:**

With its population of nearly 40 million, Poland is Central and Eastern Europe's largest market for food and beverages. The Polish retail sector grew by over five percent in 2016, with over 354,000 outlets. Price competitiveness remains the most important factor for Polish grocery retailers, with discounts constituting as much as 30 percent of goods sold by value in 2016. Hypermarkets and supermarkets, which make up 70 percent of the industry in value terms, remain dominant. In 2017, Poland imported \$22 billion of food, beverage, and agricultural products, of which U.S. imports were valued at \$422 million. U.S. food exports with best sales potential include: tree nuts, wine, distilled spirits, fish and seafood, 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 2017 real gross domestic product (GDP) increase by 4.6 percent, driven largely by increasing domestic demand. In 2017, Poland imported upwards of \$22 billion in food, agricultural, and fish and seafood products. U.S. imports of these products were \$422 million. Products from the United States with strong sales potential in Poland include tree nuts, fish and seafood products, dried fruit, highly processed and functional ingredients.

## Imports of Consumer-Oriented Products

In 2017, Poland imported consumer-oriented agricultural products worth over \$11 billion; with over 80 percent of these originating from other EU member states.

Poland Import of Consumer-Oriented Food Top 10 Suppliers-2017



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## Food Processing Industry

Poland is the largest agri-food industry producer in Central and Eastern Europe and 7th in the European Union. In 2016, over 2,600 companies operated in this sector, producing goods valued at over \$64 billion. This sector is dominated by small and medium size enterprises. The most important enterprises in value terms were meat, dairy, beverage, confectionary baking industries and processed fruit and vegetables. Products from the United States with good sales potential on the Polish market include: nuts, fish and seafood, dry fruit, highly processed and functional ingredients.

## Food Retail Industry

The distribution system for consumer ready food products, as with all other branches of the Polish economy, is rapid transforming 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 United States. As incomes grow, Poles are becoming more fastidious buyers, which force retailers to pay more attention to issues such as quality of product and customer service.

## Quick Facts CY 2017

**Imports of Consumer-Oriented Products (USD billion)**  
6.5

### List of Top 10 Growth Products in Host Country

- |                         |                      |
|-------------------------|----------------------|
| 1) Soybean oilcake      | 2) Atlantic salmon   |
| 3) Meat of swine        | 4) Food preparations |
| 5) Swine live           | 6) Pet food          |
| 7) Meat swine, hams     | 8) Carcasses swine   |
| 9) Particle board, wood | 10) Coffee           |

### Food Industry by Channels (USD billion) 2017

Food Exports – Agricultural Total	31,038
Food Imports – Agricultural Total	22,303
Retail	12
Food Service	10

### Food Industry Gross Sales (USD Billion) 2017

Food Industry Revenues  
- Food (Domestic market) 200

### Top 10 Host Country Retailers

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

### GDP/Population

Population (millions): 38.5  
GDP (billions USD): 471,364  
GDP per capita (USD): 12,372

Sources: Polish Statistical Office, Global Trade Atlas, Euromonitor

## Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weakness
Central Europe's most populous country with a domestic consumer market of nearly 40 million people.	U.S. products face high transportation costs as compared to many European competitors.
A strategic location within a dense, major international market offering re-exports potential.	While the export of some U.S. goods has been encouraged by EU trade regulations, some goods, namely poultry and beef, are limited due to EU sanitary restrictions.
Opportunities	Threats
Market niches exist in food ingredient categories - i.e. dried fruit, nuts, proteins, and other innovation, functional foods with health benefits and energy function.	Foreign investment in the Polish food processing industry results in local production of many high quality products that were previously imported.

### Data and Information Sources:

Global Trade Atlas (GTA), Euromonitor

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## I. Market Summary

Poland is a modern European country with a population of nearly 40 million. It is an increasingly attractive market for U.S. food and agricultural products. In 2017, total food, beverage, and agricultural imports were valued at \$22 billion, with U.S. imports making up \$422 million. 2017 real GDP growth reached 4.6 percent and was driven largely by increasing domestic demand. 2018 real GDP growth is expected to decline slightly to 4.2 percent.

Table 1. Basic Economic Indicators

	2017 <sup>a</sup>	2018 <sup>b</sup>	2019 <sup>b</sup>	2020 <sup>b</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>
<b>Real GDP growth</b>	4.6	4.2	3.4	2.6	3.7	3.3
<b>Unemployment rate (av)</b>	7.3	6.4	6.0	5.7	5.7	5.5
<b>Consumer price inflation (av. National measure)</b>	2.0	1.9	2.0	1.7	1.8	2.1
<b>Exports of good fob (U.S. \$)</b>	224.4	243.8	258.5	278.4	299.7	322.0
<b>Imports of goods fob (U.S. \$)</b>	223.8	245.9	265.8	287.0	311.2	332.8
<b>Exchange rate Zl:U.S. \$ (av)</b>	3.77	3.62	3.63	3.55	3.50	3.35

Source: Economist Intelligence Unit <sup>a</sup> actual and <sup>b</sup> forecasts.

During 2011-2017, household incomes increased by 10 percent. In addition to economic growth and higher wages achieved during this period, the Government of Poland (GOP) social-safety net initiatives, such as the Family 500+ Program, also provided funds to millions of families. In 2017, rising consumer spending contributed toward an increase in the minimum wage, which in grew from PLN 1,850 (\$544) in 2016 to PLN 2,000 (\$588) in 2017.

Polish consumers are becoming increasingly sophisticated and value more diverse food products. Although Polish importers often source from other EU countries, they also regularly seek products from outside the EU, including Ukraine, Argentina, and Turkey.

Table 2. Polish 2017 food, agricultural and fish imports (\$ billion)

Agricultural Total, total imports	22
Agricultural Total, imports from United States	0.4 (2.2 percent)
Intermediate Agricultural Products, total imports	4.7
Intermediate Agricultural Products, imports from United States	0.09 (1.9 percent)
Consumer-Oriented Agricultural Products, total imports	11
Consumer-Oriented Agricultural Products, imports from Unites States.	0.1 (1.2 percent)
Fish Products, total imports	2
Fish Products, imports from Unites States	0.8 (3.7 percent)

Source: Global Trade Atlas

Polish consumers tend to view the United States positively and U.S. products are considered to be high quality. U.S. products are often shipped to third-country EU ports of entry and are re-exported to Poland without tariffs or regulatory requirements, besides language labeling.

**Key market drivers and consumption trends:**

- Increased importance of large-scale outlets in the over the retail sector;
- Mergers and buy-outs continue among large chains;
- Large companies increasingly own small outlets, with continued integration among small and medium-sized companies;
- Specialized shops, which account for only about five percent of the total number, will close or will enlarge their inventories and feature more new items;
- Small shops located in large cities will continue to close due to increasing competition from super/hypermarkets and service outlets (e.g. banks offer higher rents);
- The number of small shops will increase in rural areas. Those small shops will face competition from larger chains introducing small-shop formats (e.g. Carrefour Express);
- Increasing importance of private label goods;
- More Polish consumers want high-quality products, while also remaining price sensitive;
- Increasing demand for convenience and products perceived as healthful (e.g. organic and “free from XYZ”, etc.);
- Luxury and exclusive products for Poland’s emerging high-income consumers (10 percent of population);
- Polish consumers, following the European Union tendency, are becoming interested in various ratings and tests conducted by consumer organizations and individual bloggers involved in investigating and comparing goods and services in an unbiased way. Opinions expressed by consumer organizations and bloggers are likely to influence purchasing decisions in Poland.

Please refer to [www.fas.usda.gov](http://www.fas.usda.gov) Data and Analysis Section, GAIN reports section for additional information and reports on the Polish market.

## **II. Road Map for Market Entry**

### **Hypermarkets, Supermarkets, Discount Stores**

Most retail chains in Poland do not import directly and rely on local importers and wholesalers. Retailers such as Auchan have their own import departments, but often continue to rely on independent importers for niche market products. In this segment, the successful introduction of new products depends to large extent on local representatives, importers, and distributors.

- Products may be imported by an importer or a representative office, which may also be a wholesaler and/or distributor;
- Representative offices deal only with products and tend to focus more on promotions, advertising, and marketing activities;
- Importers tend to buy many and often competing products;
- Some hypermarkets/supermarkets are direct importers (e.g. Auchan);
- Importers are separated into dry goods, refrigerated items, fruits and vegetables, alcohol, etc.;
- Importers or representative offices may use nation-wide logistic organizations for the storage and distribution of imported products;
- Importers also have their own distribution networks.

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

- Entry fees (amounting to tens of thousands of Polish zlotys) are not refunded if an agreement is

- canceled;
- 30-60 day terms of payment;
- Considerable price discount - about 10 percent of regular price;
- 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 price;
- 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

This sector is dominated by multinationals, including [Tesco](#) (UK), [Auchan](#) (France), [Carrefour](#) (France), and discounters [Biedronka](#) (Portugal) and [Lidl](#) (Germany). Major chains face slim margins due to fierce competition. Leading neighborhood stores include chains such as: [Leviatan](#), [Spolem](#) and [Carrefour Express](#). A key high-end outlet is a Polish retail chain [Piotr i Pawel](#) with nearly 140 stores located throughout Poland. Industry experts expect further consolidation this year.

Table 3. 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

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

### Convenience Stores, Gas Marts, Kiosks

Convenience stores, gas stations, and kiosks tend to be fragmented with different owners 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, cigarettes, snacks, drinks and other convenience products. 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: [Żabka](#), [Spar Polska](#), [Chata Polska](#), [Eko Holding](#), [Chorten](#), [LD Holding](#), [Małpka](#), [Polska Grupa Supermarketów](#), [PSH Nasz Sklep](#), [PHU Topaz](#). [Zabka](#) is the largest and has been on the market for over 15 years. It and now has over 4,500 stores operating on a franchising basis. Carrefour has also opened smaller format stores [Carrefour Express](#) for fast shopping of most basic products integrated into their hypermarkets. There are over 6,800 petrol stations, most of which also serve as convenience stores. Orlen is the market leader with over 55 percent of the market share, followed by Lotos, BP, Shell, and Circle K.

**Traditional Markets: Small, Independent Grocery Stores and Wet Markets**

Getting new products on shelves depends on the type of product. Exporters should contact importers, wholesalers or company representative. Wholesalers often service several regional wholesale units, where smaller wholesalers and retailers procure from them. Independent ‘mom and pop’ shops are very 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 in size and facilities. In 2016, there were over 2,250 registered traditional markets and 6,729 seasonal traditional markets. Usually they are open air and/or kiosks facilities in an area of 200-400m<sup>2</sup> (2,150-4,305 square feet).

**III. Competition**

In 2017 Polish imports of consumer oriented food products amounted to \$11 billion with imports worth \$147 million originating from the United States. Domestic products and products from other EU countries, which make up 50 percent of food imports, are the main U.S. competitors. The development of Poland’s food processing industry has resulted in more variety and higher domestic products. 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 4. Poland Import of consumer oriented food products (U.S. \$ Millions)*

Partner Country	Millions United States Dollars			% Share		
	2015	2016	2017	2015	2016	2017
World	9,777	9,700	11,497	100.00	100.00	100.00
United States	132	133	147	1.35	1.38	1.28

Source: Global Trade Atlas

*Table 5. Examples of import of consumer food products and ingredients to Poland in 2017.*

Product Category	HS code	Total imports of agri-	Direct imports from	Share of US imports	Main Foreign competitors	Strengths of Key Supply Countries	Advantages and disadvantages of Local
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		food products by Poland (U.S. \$ million)	the USA (U.S. \$ million)	in total imports (%)			Suppliers
Frozen Fish	0303	287	44	16	1. Russia, 2. Norway, 3. The Netherlands, 4. Denmark	1-3. Distance, availability and regional products. 4-5. Price/quality.	Developed fish processing industry.
Fish Fillets	0304	582	35	7	1. Norway, 2. China, 3. Germany, 4. Iceland, 5. Chile, 6. Russia.	1.5 Price/quality. 2,3,4,6,7. Distance, availability and regional products.	Developed fish processing industry.
Almonds	080212	42	16	38	1. Spain, 2. Germany, 3. Australia	1. Distance, availability and regional products. 2. Traditional re-exporter. 3. Flexibility of suppliers – aiming to gain new market.	No local production due to unfavorable climate conditions.
Dried Grapes, Raisins	080620	25	0.5	2	1. Turkey, 2. Chile, 3. Iran, 4. Germany, 5. Uzbekistan	1.2.3.5. Price/quality. 4. Traditional re-exporter.	No local production due to unfavorable climate conditions.
Prunes	081320	21	2.3	11	1. Chile, 2. Germany, 3. Moldova, 4. Serbia, 5. Argentina	1.5. Price/quality. 2. Traditional re-exporter. 3.4. availability of regional	Local production of different type of prune – not competing with imported varieties.

						products.	
Peanuts	1202	89	2.7	3	1.Argentina, 2.Brazil, 3.Nicaragua, 4.China	1.2.3.4. Price/quality.	No local production due to unfavorable climate conditions.
Cranberries	200893	25	17	68	1.Chile, 2.Germany, 3.Canada	1.3. Price/quality. 2. Traditional re-exporter.	Local production of different type of cranberry – not competing with imported varieties.
Wine	2204	291	42	15	1.Italy, 2.Germany, 3.France, 4.Spain	Distance, availability and regional products.	Limited local production due to unfavorable climate conditions.
Alcohol Beverages	2208	287	29	10	1.UK, 2. Finland, 3.Germany	Distance, availability and regional products.	Developed local production industry – e.g. vodka production.

Source: Global Trade Atlas Data

#### SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

##### Products in the market that have good sales potential

- Fish and Seafood: salmon, cod, pollock, 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: Cranberry, prune
- Organic products

##### Products not present in significant quantities, 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 significant boundaries

- Food additives not approved by the European Commission

#### SECTION V. KEY CONTACTS AND FURTHER INFORMATION



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