ISSN 1899-5772

Journal of Agribusiness and Rural Development

www.jard.edu.pl

1(11) 2009, 53-62

THE RESTRUCTURING AND INTERNATIONALIZATION OF RETAIL TRADE IN POLAND BETWEEN 1990 AND 2007

Michał Gazdecki

Poznań University of Life Sciences

Abstract. The restructuring and internationalisation processes of retail trade in Poland were presented in the article. Two main aspects were taken into consideration: changes of shops number and entrance as well as development of foreign enterprises in the Polish market. Most transformations of domestic retail trade were initiated by foreign enterprises starting business in Poland. The pace of changes in the domestic retail trade visibly slowed down after 2002. In the successive years changes were continued, but they were slower and their character also changed.

Key words: internationalization, retail trade**,** restructuring, shop, shops

CHANGES IN RETAIL TRADE IN POLAND

The current state of food products retail in Poland is the outcome of intensive changes in the trade functioning and structure which began in the 1990s and which are still in progress, with lesser intensity, though. The transformations which took place in Poland after 1989 encompassed all sectors and branches of economy. The food and services sector was the first to initiate and realise the programme of pro-market, privatisation and reprivatisation reforms and demonopolisation and liberalisation in shopping [Szromnik 2002]. We can say that in the 1990s the following restructuring processes took place in the Polish trade [Szromnik 2002]:

– all the trade was taken over by private capital,
– the rank and position of cooperative trade went down,
– foreign trade networks appeared in large and medium-sized towns,

Corresponding author – Adres do korespondencji: dr Michał Gazdecki, Katedra Ekonomiki Przetwórstwa, Marketingu i Konsumpcji, Uniwersytet Przyrodniczy w Poznaniu, ul. Wojska Polskiego 28, 60-637 Poznań, Poland, e-mail: gazdecki@up.poznan.pl

- the number of shops and private family trade businesses increased considerably,
- the shopping area was deconcentrated – small shops with 1 or 2 assistants began to prevail,
- the street market and small retail trade developed,
- trade technology and customer service procedures in merchant trade were modernized,
- new connections of trade with industry based on direct contact through agents and sales representatives were consolidated,
- merchandising experience was implemented in merchant trade,
- economic self-government institutions developed in trade,
- purchase groups and other integration associations were active,
- merchants took professional actions in the management of retail and connections with clients.

The diagnosis of changes in trade in Poland, which was quoted after Szromnik [2002], indicates that the changes had both structural. Major structural changes are: the trade was taken over by private capital, the number of shops increased. The most important qualitative changes are: increase of quality of services, suitable access to trade offer, and common changes in sales technique [Domański 2005].

THE RESTRUCTURING OF RETAIL TRADE IN POLAND

The restructuring of retail trade in Poland began immediately after transformations in the political system. At the end of 1989 and the beginning of 1990 legal basis enabling restructuring and demonopolising actions was worked out. First this was ‗small privatisation' of the retail network and later large trade enterprises were privatised [Pokorska and Maleszyk 2002]. As a result the number of shops in Poland increased rapidly. As results from Table 1, in comparison with 1989 the overall number of shops in Poland doubled as early as 1991. However, the rate of increase was higher in cities (dynamics index in 1991 = 213.7) than in villages (dynamics index in 1991 = 183.5). Also in the consecutive years there was a clear rising tendency in the number of shops in Poland. It stopped only between 1999 and 2000, when the number of shops dropped slightly. The abrupt drop in the number of shops in 2004 was consequence of a change in the methodology of research conducted by the Central Statistical Office.

The first stage of changes in home trade in 1990-1992 led to a deep fragmentation of the entity structure, with definite domination of small, independent private merchants – owners (users) of a single retail outlet [Pokorska and Maleszyk 2002]. Along with the increasing number of shops there was a tendency for a rapid growth of the importance of the private sector over the public one (Table 2). In 1993 the number of private shops tripled in comparison with 1989. In private enterprises there was a definite domination of businesses owned by individuals, which made 95-98% of the total number of entities [Globalizacja handlu... 1996]. At the beginning of the 1990s there was a considerable increase in the retail network in the biggest cities in Poland. The quantitative increase of the network caused a clear drop in its shortages, but it did not generally affect changes in the structure and quality, nor did it affect the modernization of the retail network [Kłosiewicz and Ostrowska 1991].

Table 1. The number of shops in Poland from 1989 to 2007[1]
Tabela 1. Liczba sklepów w Polsce w latach 1989-2007

Year Rok	Total Ogółem	Previous year = 100 Rok poprzedni = 100	1989 = 100	Cities Miasta	Previous year = 100 Rok poprzedni = 100	1989 = 100	Villages Wsie	Previous year = 100 Rok poprzedni = 100	1989 = 100
1989	152 071	X	x	105 731	x	x	46 340	X	x
1990	237 425	156.1	156.1	201 062	190.2	190.2	36 363	78.5	78.5
1991	310 966	131.0	204.5	225 945	112.4	213.7	85 021	233.8	183.5
1992	352 502	113.4	231.8	258 977	114.6	244.9	93 525	110.0	201.8
1993	380 582	108.0	250.3	288 825	111.5	273.2	91 757	98.1	198.0
1994	415 449	109.2	273.2	320 408	110.9	303.0	95 041	103.6	205.1
1995	425 600	102.4	279.9	328 138	102.4	310.4	97 462	102.5	210.3
1996	405 563	95.3	266.7	315 414	96.1	298.3	90 149	92.5	194.5
1997	424 362	104.6	279.1	329 071	104.3	311.2	95 291	105.7	205.6
1998	451 785	106.5	297.1	349 891	106.3	330.9	101 894	106.9	219.9
1999	450 232	99.7	296.1	348 338	99.6	329.5	101 894	100.0	219.9
2000	431 991	95.9	284.1	333 162	95.6	315.1	98 829	97.0	213.3
2001	449 339	104.0	295.5	344 322	103.3	325.7	105 017	106.3	226.6
2002	450 434	100.2	296.2	345 229	100.3	326.5	105 205	100.2	227.0
2003	457 771	101.6	301.0	354 234	102.6	335.0	103 537	98.4	223.4
2004	379 568	93.8	282.3	.	.	.	.		.
2005	385 990	101.7	253.8	.	.	.	.	.	.
2006	395 458	102.4	260.1	.	.	.	.	.	.
2007	371 328	93.9	244.2	.	.	.	.	.	.

Source: The author's compilation based on: Rynek Wewnętrzny... [1991-2008].
Źródło: opracowanie własne na podstawie: Rynek Wewnętrzny... [1991-2008].

[1] As the Central Statistical Office reports: In contrast to the previous years in 2004 the data on networks of shops and filling stations for the units where the number of employees did not exceed 9 people was estimated on the basis of the results of a representative study carried out on a 5% sample of those units (SP-3). A change of the method of data processing is the consequence of no information on the organisation for of an entity supplied to REGON (National Economy Register). The change in the method of counting the units results in a problem of incomparability of the 2004 data with the data from the previous years.

Table 2. The number of shops in Poland according to sectors from 1989 to 2007
Tabela 2. Liczba sklepów w Polsce wg sektorów w latach 1989-2007

Year Rok	Public sector Sektor publiczny	1989 = 100	Private sector Sektor prywatny	1989 = 100
1989	27 354	x	124 717	X
1990	14 312	52.3	223 113	178.9
1991	9 440	34.5	301 526	241.8
1992	9 613	35.1	342 889	274.9
1993	8 620	31.5	371 962	298.2
1994	7 533	27.5	407 916	327.1
1995	6 287	23.0	419 313	336.2
1996	5 399	19.7	400 164	320.9
1997	4 048	14.8	420 314	337.0
1998	3 063	11.2	448 722	359.8
1999	2 732	10.0	447 500	358.8
2000	2 330	8.5	429 661	344.5
2001	1 945	7.1	447 394	358.7
2002	1 792	6.6	448 642	359.7
2003	1 931	7.1	455 840	365.5
2004*	1 737	6.4	368 432	295.4
2005	1 598	5.8	385 990	309.5
2006	1 598	5.8	395 458	317.1
2007	1 328	4.9	394 130	316.0

*In 2004 there was a change in the method of counting trade units, see Table 1.
Source: The author‘s compilation based on: Rynek Wewnętrzny... [1991-2008].
*W 2004 roku wystąpiła zmiana sposobu zliczania jednostek handlowych, patrz tabela 1.
Źródło: opracowanie własne na podstawie: Rynek Wewnętrzny... [1991-2008].

In the branch structure of shops in Poland, groceries have the highest share (Fig. 1). From 1991 to 2007 their share ranged between 35% and 40%. This data also illustrates the dynamic processes which took place in the first stage of changes in home trade in Poland. 1991-1995 was the time of considerable changes in the structure of shops, which chiefly consisted in the increasing share of groceries. In the next years the branch structure of shops became stabilized.

The changes in the branch structure of groceries in Poland are worth studying (Fig. 2). After considerable yearly fluctuations in the structure of groceries from 1991 to 1995 there was stabilization in the following years. It is also noticeable that in comparison with the first half of the nineties the importance of specialised shops in Poland went down, especially greengroceries (8923 shops in 1991, 4778 shops in 2007) and fishmongers‘ shops (2667 shops in 1991, 974 shops in 2007). Only the number of butchers‘ shops rose slightly from 2000.

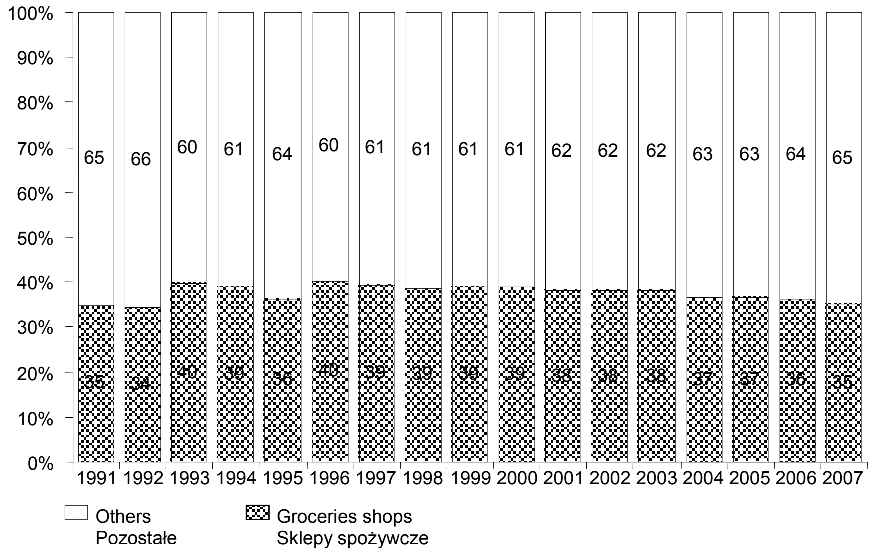

Fig. 1. Branch structure of shops from 1991 to 2007
Source: The author's compilation based on: Rynek Wewnętrzny... [1991-2008].
Rys. 1. Struktura branżowa sklepów w latach 1991-2007
Źródło: opracowanie własne na podstawie: Rynek Wewnętrzny... [1991-2008].

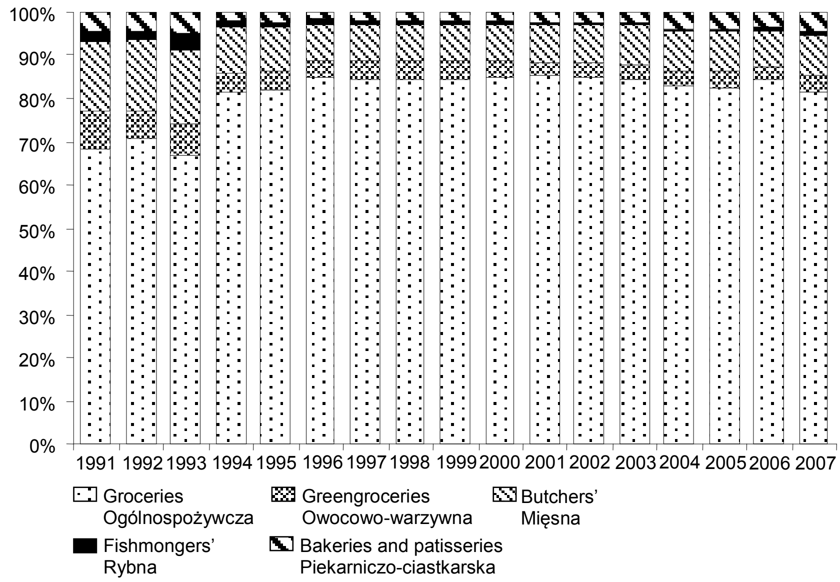

Fig. 2. Branch structure of groceries in Poland from 1991 to 2006
Source: The author's compilation based on: Rynek Wewnętrzny... [1991-2008].
Rys. 2. Struktura branżowa sklepów spożywczych w Polsce w latach 1991-2006
Źródło: opracowanie własne na podstawie: Rynek Wewnętrzny... [1991-2008].

ENTERING AND IMPORTANCE OF FOREIGN TRADE ENTERPRISES ON THE POLISH MARKET

Changes in the political system in Poland and the increasing consumption of the Polish market encouraged foreign trade enterprises to make investments in Poland. One of many factors which made foreign businesses enter the Polish market was the state of saturation on the current markets and the need to search for new markets [Pokorska and Maleszyk 2002]. Since 1989 Poland has become a more and more attractive market due to high consumption and geographical location [Pokorska 2002].

Foreign trade companies began to function on the Polish market in 1990-1991, when the first foreign chains of shops were opened, e.g. the Norwegian Reitan Group – Rema 1000 shops, the German Edeka Group – supermarkets and mini-supermarkets named Edeka; the Belgian Globi concern [Pokorska and Maleszyk 2002]. At first foreign enterprises did not play a big role in retail trade in Poland. The development of foreign trade enterprises became more rapid from 1993 to 1995. It was then that the total number of companies with foreign capital increased from 1437 to 1956 (by more than 63%) and the number of companies in retail trade rose from 245 to 353 (by 44%) [Maleszyk 1998].

Table 3 presents the year when foreign trade enterprises began business in Poland (some of those enterprises are not in Polish market now). As results from the data most enterprises started investments in 1995. The data from Table 4 also confirms the intensity

Table 3. Foreign trade enterprises on the Polish market – the year of starting business
Tabela 3. Zagraniczne przedsiębiorstwa handlowe na rynku polskim – rok rozpoczęcia działalności

Name of enterprise Nazwa przedsiębiorstwa	Year of starting business Rok rozpoczęcia działalności	Capital origin Pochodzenie kapitału
Billa	1991	Germany – Niemcy
Reitan Group	1992	Norway – Norwegia
Metro	1994	Germany – Niemcy
Dohle	1994	Germany – Niemcy
Tengelmann	1995	Germany – Niemcy
Rewe	1995	Germany – Niemcy
Leclerc	1995	France – Francja
Ciasno	1995	France – Francja
Dansk Supermarket	1995	Denmark – Dania
Ahold-Alkauf	1995	Germany – Niemcy
Tesco-Savia	1995	United Kingdom – Wielka Brytania
Auchan	1996	France – Francja
Intermarche	1996	France – Francja
Spar	1997	Austria – Austria
Carrefour	1997	France – Francja

Source: the author‘s compilation based on: Maleszyk [2002], Rynek Wewnętrzny... [2002, 2004], Pokorska and Maleszyk [2002], Global Powers... [2006].
Źródło: opracowanie własne na podstawie: Maleszyk [2002], Rynek Wewnętrzny... [2002, 2004], Pokorska i Maleszyk [2002], Global Powers... [2006].

Table 4. Shops owned by foreign enterprises
Tabela 4. Sklepy należące do przedsiębiorstw zagranicznych

Year Rok	Number of shops Liczba sklepów		Shopping area Powierzchnia sprzedażowa sklepów		Share of shops owned by foreign enterprises in total number of shops (%) Udział sklepów przedsiębiorstw zagranicznych w liczbie sklepów ogółem (%)	Share of shopping area of shops owned by foreign enterprises in total shopping area (%) Udział powierzchni sprzedażowej sklepów przedsiębiorstw zagranicznych w powierzchni sprzedażowej ogółem (%)
		previous year = 100 rok poprzedni = 100	thousand square metres tys. m^2	previous year = 100 rok poprzedni = 100		
1994	483	x	.	X	0.12	X
1995	748	154.9	.	x	0.18	X
1996	1 103	147.5	318.3	x	0.27	1.51
1997	1 295	117.4	496.7	156.0	0.31	2.20
1998	1 657	128.0	910.4	183.3	0.37	3.72
1999	2 535	153.0	1 295.8	142.3	0.56	5.24
2000	2 975	117.4	1 764.0	136.1	0.69	6.55
2001	3 250	109.2	2 609.0	147.9	0.72	8.47
2002	3 321	102.2	2 756.5	105.7	0.74	8.33
2003	3 852	116.0	3 564.0	129.3	0.86	10.51
2004	4 324	112.3	3 914.0	109.8	1.17	14.80
2005	5 385	124.5	4 370.4	111.7	1.41	15.50
2006	5 878	109.2	4 742.4	108.5	1.50	16.50
2007	6 755	114.9	4 971.5	104.8	1.82	17.6

Source: the author's compilation based on: Rynek Wewnętrzny... [1995-2008].
Źródło: opracowanie własne na podstawie: Rynek Wewnętrzny... [1995-2008].

of investments in 1995. In 1995 and 1996 the number of shops run by foreign enterprises grew by about 50% every year (the dynamics indexes were 154.9 and 147.5 respectively).

The increase in the number of shops owned by foreign enterprises was accompanied by the increase in their shopping area, which was 3,914 thousand square metres in 1994. It is necessary to add that shops owned by foreign enterprises do not have a high share in the total number of shops in Poland. From 1994 to 2007 their number increased twelve times, but in 2007 shops owned by foreign enterprises made only 1.8% of the total number of shops. However, because of the fact that foreign enterprises opened mainly big shops, i.e. hypermarkets and supermarkets, they have a considerable share in the total shopping area, which was 17.6% in 2007 (Table 4).

The shops opened by foreign enterprises are chiefly large trade outlets. As results from Table 5, foreign enterprises have the highest share in the case of hypermarkets, which reached about 80%. As far as supermarkets are concerned, their share reached

Table 5. The share of shops owned by foreign enterprises in the total number of particular type of shops (%)
Tabela 5. Udział sklepów o własności zagranicznej w ogólnej liczbie sklepów danego typu (%)

Type of shop Typ sklepu	Year – Rok					
	2002	2003	2004	2005	2006	2007
Department stores Domy towarowe	17.9	15.7	13.1	9.5	9.9	13.2
Department stores Trade stores	18.2	24.2	24.0	20.3	16.9	32.0
Hypermarkets Hipermarkety	77.3	81.9	83.1	83.2	79.5	79.3
Supermarkets Supermarkety	50.7	49.7	53.7	56.1	59.2	58.0

Source: the author‘s compilation based on: Rynek Wewnętrzny... [2003-2008].
Źródło: opracowanie własne na podstawie: Rynek Wewnętrzny... [2003-2008].

about 50%. Foreign enterprises also develop chains of discount shops[2]. It is estimated that about 90% of shops are owned by foreign capital. The largest operators of discount shops are: Jeronimo Martins Distribution, Plus Discount company, Netto company and Edeka company.

Entrepreneur‘s opinions about cooperation with shops nets are different. As advantages of cooperation they mention: possibility of selling large amount of goods, and high efficiency of promotion. Many entrepreneurs see significant threats as well, the most important of them are: total control of delivery conditions and time of paying as well, limit of assortment to fast moving goods products, and entering competitive products by shops network with own brands [Kłosiewicz-Górecka 2002].

The largest world retailers are increasing their shares in the market. In 2004 the ten largest world retailers achieved the sales of 817 trillion dollars, which made 28.8% of the sales generated by the 250 largest world retail enterprises. This was an increase by 0.4% in comparison with 2003 [Carem et al. 2006].

The considerable degree of internationalisation of trade in Poland is also proved by the fact that as many as 31 retail enterprises ranked among the 250 largest world retailers do business in Poland [Global Powers... 2006]. The most important countries from which foreign operators come are France – 10 companies and Germany – 9 companies.

CONCLUSION

The range and scale of restructuring and internationalisation of retail trade in Poland were deep and their dynamics was high. One can often hear opinions that the changes in retail trade which lasted 30-40 years in West European countries took 10 years in Po-

[2] The methodology of the Central Statistical Office does not differentiate discount shops. This type of shops is classified as a supermarket.

land. Most transformations of domestic retail trade were initiated by foreign enterprises starting business in Poland. On the basis of an analysis of the dynamics of changes it is possible to say that their pace visibly slowed down after 2002. In the successive years changes in the domestic retail trade were continued, but they were slower and their character also changed. For example, the number and share of shops run by foreign enterprises increased more slowly in the total number of shops in Poland. Simultaneously there were transformations which cannot be identified on the basis of an analysis of the number of shops – some foreign chains were taken over by others and some discontinued business on the Polish market. It seems that at the moment we are in a transitional period of changes in domestic retail trade both in terms of restructuring and internationalization. The changes which are taking place now chiefly consist in changing the ownership of the outlets which are already present. New shops are rarely being opened. In the prospect of the nearest years trade enterprises can be expected to seek new possibilities of development, e.g. making new formats of shops.

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RESTRUKTURYZACJA I INTERNACJONALIZACJA HANDLU DETALICZNEGO W POLSCE W LATACH 1990-2007

Streszczenie. W artykule przedstawiono procesy restrukturyzacji i internacjonalizacji handlu detalicznego w Polsce. Omówiono głównie zmiany liczby i struktury branżowej sklepów oraz wejście i rozwój przedsiębiorstw zagranicznych na rynek Polski. Inicjatorem większości przekształceń krajowego handlu detalicznego były przedsiębiorstwa zagraniczne rozpoczynające działalność w Polsce. Wyraźne spowolnienie tempa przekształceń w krajowym handlu detalicznym wystąpiło po 2002 roku. W kolejnych latach przemiany były kontynuowane, jednak zachodziły wolniej, zmienił się również ich charakter.

Słowa kluczowe: internacjonalizacja, rozwój handlu detalicznego, handel detaliczny, restrukturyzacja, sklep, sklepy

Accepted for print – Zaakceptowano do druku: 6.01.2009

For citation – Do cytowania: Gazdecki M., 2009. The restructuring and internationalization of retail trade in Poland between 1990 and 2007. J. Agribus. Rural Dev. 1(11), 53-62.