Polish C-Store Sector Booms

Consumers in Poland are attracted to small but frequent shopping and a wide assortment of fresh foods.

Poland's convenience retail market is tipped to grow as Polish consumers show an increased appetite for convenient, local offers and fresh, quality food and drink products. Attendees to the 2018 NACS Convenience Summit Europe (CSE) can experience firsthand this market's uniqueness when the event launches in the Polish capital, Warsaw, on Sunday, June 3, before transferring to London for the two key conference days on June 6 and 7.

Michael Davis, NACS vice president of member services, visited Poland in the fall of 2017 on a scouting mission and highlights the market's appeal. "Warsaw is growing with a strong, fairly new convenience market," he says. "Motorways are relatively new and the convenience and fuel sites (and travel centers) heading in and out of Warsaw have some exciting food and convenience offers and were bustling. CSE attendees will have a great deal to see and learn."

The Institute of Grocery Distribution (IGD) forecasts the grocery retail market in Poland will grow 2.5% annually to reach 312 billion Polish zloty ($93.2 billion U.S. dollars) in 2022, with increased consumer spending fueling much of this growth. And Euromonitor agrees. Disposable incomes and spending in the country are picking up, backed by rising employment, growing wages and a new social program, Family 500+, which is aimed at families with children. A significant amount is being spent in grocery stores on food, drinks and other basic goods, driving the turnover of grocery retailers, Euromonitor adds.

When deciding where to shop, Polish consumers consider store location, the availability of fresh food and attractive promotions.

Convenience and discounters are the main beneficiaries of the growth trends in Poland, Milos Ryba, head of discount and CEE at IGD, reports. "Convenience and discount are the largest channels in Poland and show the most potential for future growth, with shoppers in towns and cities attracted to little and often shopping," he says.

CONSUMER TRENDS

As in other world markets, consumer trends are shaping the how and why of where Polish consumers choose to shop. Increasingly busy lifestyles, the trend toward health and wellness, smaller households, demand for quality products and an increasingly sophisticated store environment and experience are driving shoppers to c-stores.

PKN Orlen rolled out its new concept convenience stores O! Shop.

Low price is becoming less important when choosing where to purchase, reports Euromonitor. Polish consumers consider the convenience of shopping (store location, a suitable sales area, a wide offer without having to walk long distances while shopping), the availability of fresh food such as meat, fruit and vegetables, and attractive promotions. An increasingly wide assortment of these fresh products is available through discounters, which influences the value of purchases in this channel.

In turn, the number of food/drink/tobacco specialists is declining, Euromonitor reports. An increasing number of butchers, greengrocers and fishmongers are closing due to the decrease in the number of customers and lower product turnover, researchers add.

Mark Wohltmann, director of NACS Europe, also notes a shift toward modern store formats in Poland. "Poland has been, as all Eastern European countries, a strong 'traditional trade' market but, compared to its Eastern neighbors, the convenience market has developed fast and strong. This can be seen in the c-stores themselves (the number and concepts), as well as in consumer acceptance of those," he says.

Euromonitor says Polish consumers increasingly appreciate shopping in mid-size outlets such as c-stores, and reports that convenience retailers saw the second-best performance within grocery retailers in 2016, with a 6% current value growth. According to the research company, "Convenience stores are becoming increasingly popular among Polish consumers thanks to their long opening hours, convenient locations close to shoppers' homes and relatively wide range of products in a fairly small sales area. [The Polish] appreciate convenient solutions; hence the shift to smaller stores, where shopping can be done comfortably and quickly."

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PKN Orlen is a major Polish oil refiner and petrol retailer.

KEY PLAYERS

IDG's Ryba reports that investment in the convenience channel is helping to drive growth with many retailers opening new stores using a franchise model. The IGD is forecasting 1,500 new convenience stores to open each year for the next five years with Eurocash, Carrefour and Zabka all rapidly expanding their convenience store estates.

Founded in 1998, Zabka is the leading Polish convenience retailer, having grown from a single convenience store in Poznań to a country-wide network of approximately 4,500 stores, all operated by about 3,000 talented and entrepreneurial franchisees. Zabka was acquired by the private equity group, CVC, from Mid Europa Partners in February 2017.

At the end of 2017, the PKN Orlen retail network comprised 1,776 sites in Poland, 581 in Germany, 401 in the Czech Republic, and 25 in Lithuania. According to Wohltmann, Zabka and PKN Orlen are both domestic players but operate stores that deploy global best practices adapted to the local market.

Carrefour, meanwhile, is an international player with a locally adapted store model based on its French home-market model. With more Poles shopping in smaller store formats, Carrefour has been adapting its model too, according to Euromonitor. In 2015, for instance, 10 Carrefour hypermarkets were renovated and transformed into supermarkets to meet consumers' changing lifestyles.

But convenience stores face increased competition from the discounters—Aldi and Lidl, as well as local player Biedronka. "The discounters will also be active in this area, with many opening new stores in city centers and competing with convenience

NACS GLOBAL CALENDAR

MARCH 12-14
NACS Convenience Summit Asia
Hong Kong
www.convenience.org/asia

JUNE 3-8
NACS Convenience Summit Europe
Warsaw and London
www.conveniencesummit.com

OCTOBER 7-10
NACS Show
Las Vegas, Nevada
www.nacsshow.com

NACS Convenience Summit Europe

POLAND: SEE FOR YOURSELF

Convenience and fuel retailing leaders from around the world will gather in Warsaw and London this June for knowledge, commercial connections and networking. And, the global event also features the popular International Convenience Retail Awards—now in its 10th year.

The Warsaw segment of the program (June 3-5) features high-level European retail thought leadership, strategy, trends and economics. Supplier-hosted dinners and store visits connect attendees and show them what's new and exciting in Polish convenience retailing.

The main conference takes place in central London at the Hilton London Bankside Hotel (June 6-8). As the must-attend event for the European and international industry, attendees experience retailer roundtables, international best practice presentations on key trends and developments in the global industry, case studies and our famous awards night program. Join us!

For more information and to register, visit www.conveniencesummit.com.

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stores," Ryba at IGD predicts. "Biedronka and Lidl have especially targeted new store openings in Poland's cities," he says.

In the travel retail arena, Lagardère-owned brands One Minute, Inmedio and hubiz are all showing local retail execution combined with global travel retail experience, Wohltmann reports. For Davis, the coffee concept Green Caffè Nero stands out. Locally owned, it was created through a management buyout following the collapse of the British brand Caffè Nero in Poland. "Again, it proves that adapting to the local market works," says Wohltmann, adding that the market feedback on the chain is "much better than Starbucks."

As in other markets, the trend to foodservice and a strong food-to-go offering in Poland is very well established, Davis reports. "Good food is important to the Polish culture," he says.

Wohltmann agrees: "The Polish focus on food quality, but also on the location, service and atmosphere of the premises." Attendees joining CSE in Warsaw in June will experience innovative ways to master foodservice in a small footprint, he adds.

Healthier food options are also on the radar but the offer is less developed than in some European markets. "Poland is probably right on the average of all of Europe," Wohltmann reports. "The 'usual' health trends with brand-driven products (gluten free, low sodium, low fat) can be seen in all stores. Specific 'healthy fast food' concepts, like Leon in the U.K., are less obvious; while offers in classic foodservice stores have the usual range of 'treats plus healthy options' rather than 'healthy options plus treats,'" he says.

FAST-TRACKED FORECOURTS

Convenience is tipped to grow on the forecourt in Poland as well, appealing to the growth in the number of consumers who value convenience and choose to do their shopping in stores located near residential areas.

Motorway forecourt retailing is an even newer phenomenon in the country, but the offers are clean and refreshing, says Wohltmann, based on his firsthand look. "Poland's forecourt stores were basically nonexistent in 1990," he says. "The country took about a decade to build the basic infrastructure, but then retailers could start from scratch and harness all the best practices they could find globally."

In fact, Wohltmann says that during his tour of forecourt locations in Poland, he'd often hear someone say: "Well, they did that right! I saw that in Japan, France, Brazil or the United States…" While Poland is not necessarily leading forecourt development, the sites are new, well-planned and have lots of potential.