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THE BIGGEST RETAIL CHAINS IN POLAND

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Market study

THE BIGGEST RETAIL CHAINS IN POLAND 2020

Publication date / 4.04.2022

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Due to instability of Polish currency PLN towards Euro at the beginning of March 2022, when the study was prepared, in this publication all numbers given in PLN should be convert into Euro at daily rate of exchange when reading.
In March 2022 the rate of exchange is 1 PLN = 0,21 € or 1 € = 4,74 PLN

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1. LIST OF THE LARGEST FMCG DISTRIBUTORS

The sale of food products in Poland is governed by retailers. However, the ranking of the largest twenty companies is about to reshuffle.

We decided to ask ourselves, who is the best in selling FMCG products in Poland? And then another question appeared: according to what indicator? To be fairer, we checked four of them: firstly – revenues, secondly – income, thirdly – revenues to income ratio, fourthly – tax paid. In our list, we have included retailers from the list of the largest CIT payers from 2020, i.e. the latest list published by the Ministry of Finance.

1.1 THE KING IS ONE

The largest retailer is, of course, Jeronimo Martins Polska, the owner of Biedronka discount stores, which left competitors far behind. It doesn't seem like anyone can catch up with JMP until at least the end of this decade. The total revenues of Biedronka stores are almost three times higher than those of Lidl stores operating in Poland and more than five times higher than the dynamically advancing Dino chain. However, even if we assume that Poles have rubber stomachs, and their demand for food products will allow the Dino chain to develop organically at the current pace, by the end of 2029 it will catch up with Lidl with its current growth rate.

1.2 REVENUE STRONGLY UP

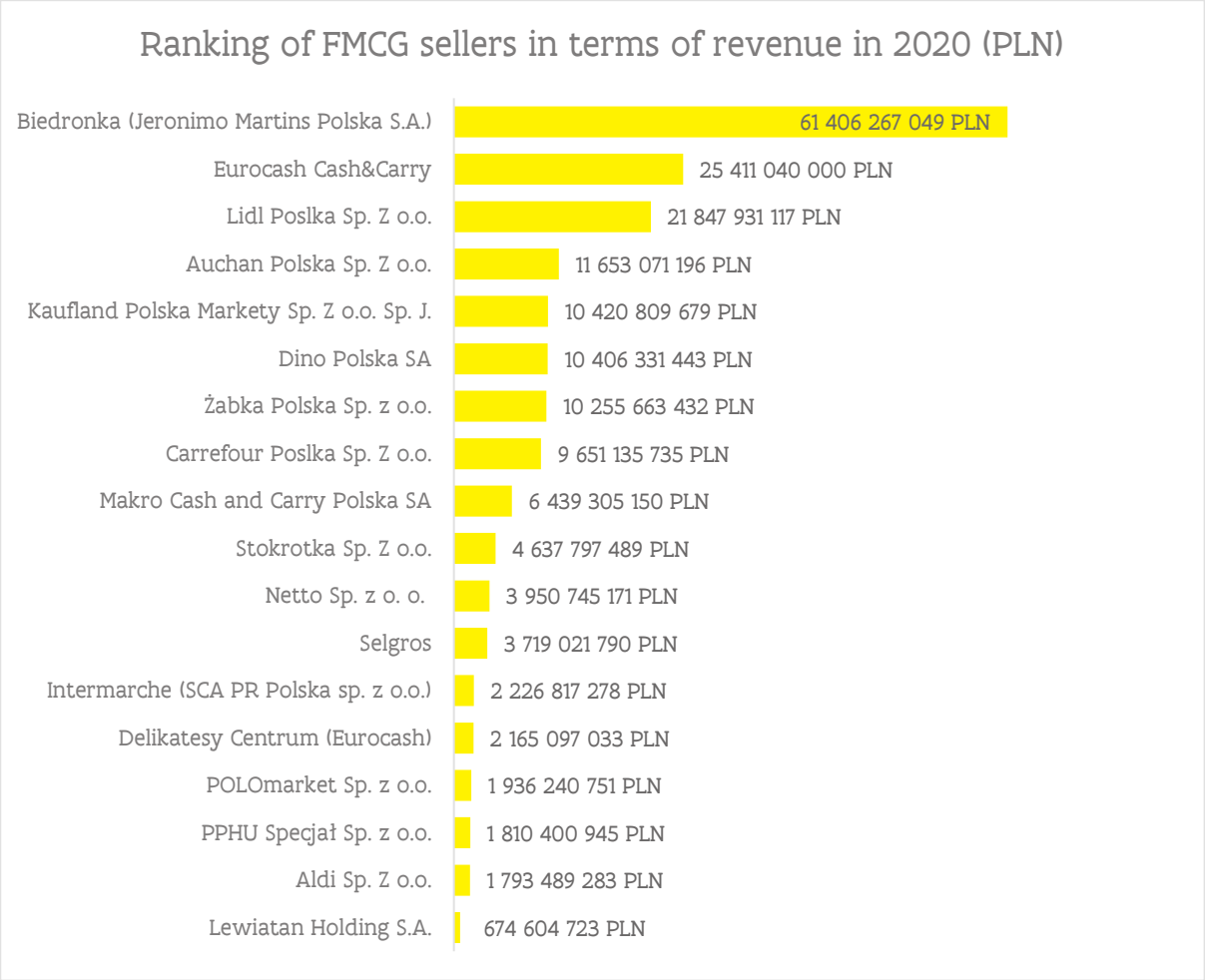
In 2020, Jeronimo Martins Polska generated over PLN 61 billion. In addition, according to the declarations of the parent company, in 2021 the revenues of Biedronka discount stores increased by 11 percent. This means that sales in Biedronka stores last year could amount to PLN 68 billion, which further pushes the Portuguese network away from the competition.

Returning to the revenues from 2020, Eurocash was ahead of the biggest competitor of Biedronka, i.e. Lidl, discussed above. In this case, there is a probability of catching up with the wholesaler and the operator of the network of own and franchise stores. The company is developing a new strategy until 2025 and is talking to selected investors who want to invest in it. They have even made initial offers. Eurocash can both acquire a financial investor and sell a separate part of the business.

1.3 WHO EARNS THE MOST?

When it comes to income, the first two remain unchanged. Jeronimo Martins Polska and Lidl earn the most from food sales, but the Dino network jumps to the third place (6th in terms of revenues), which in 2020 generated PLN 611 million for its shareholders. The ranking was joined by, absent from the top ten in terms of revenue, Netto (12th Place) with an amount of PLN 172 million.

For the purposes of this ranking, we have created a sales profitability indicator based on data from the Ministry of Finance. Here Biedronka's position is not so good. The highest revenue-to-income ratio among the largest sellers puts Lidl in the top position. The rate for this chain was 6.41 percent followed by the network owned by Jeronimo Martins (5.91 percent), while the third place was for Dino (5.88 percent).



1.4 CHAINS PAY TAXES

From time to time, information appears in the media that retail chains do not pay taxes in Poland. In recent years, the situation has changed. Since 2016, the CIT paid to the state budget by the largest retail chains has more than doubled. Out of twenty food operators, only three companies did not pay CIT in 2020. These were Delikatesy Centrum, SCA PR (operator of the Intermarché and Bricomarché networks) and Aldi.

The highest CIT is paid by Jeronimo Martins Polska. The sum paid by the company has increased by 68 percent since 2016, but the network's revenues during this time have increased by almost 41 percent. There are several companies on the Polish commercial scene that conscientiously pay the tax office every year. These include Kaufland and Dino, and from 2019 the tax in Poland began to be paid by the operator of Lidl stores as well.

1.5 RIGHT BEHIND THE PODIUM

It is worth looking at companies that have been building their brand for years, without being sales leaders at the same time. Whichever ranking we look at, almost the same companies reign supreme. As for the profitability ratio, places from 4 to 6 are occupied by: Kaufland, Netto, Żabka, in terms of revenues: Auchan, Kaufland, Dino, while in the case of income they are: Kaufland, Żabka and Auchan. Their position on the list of the largest retailers does not seem to be threatened.

1.6 CHANGES AT THE END OF THE PELOTON

On 9th place of the list of companies in terms of revenue, selected by the redactors of 'Wiadomości Handlowe' (Commercial News), is the Tesco network, which is no longer present on the Polish market. Let's jump two years forward and think about who will replace it in the top ten in 2022? It is likely to be Netto, which has taken over most of the supermarkets and hypermarkets from the British. Netto stores would have to generate over PLN 6 billion in revenue per year. Its competitor in the fight for the 10th place is Stokrotka, which may take over some of the stores operating under the Delikatesy Centrum brand.

2. DISCOUNT STORE APPROACH

The growth dynamics of discount stores will decrease, but there is still room on the market for over a thousand stores of this format. In the perspective of eight to ten years, there will be 6.5 thousand discount stores operating in Poland, which will translate into their over 50 percent share in retail FMCG sales in Poland.

The report 'Development of discount chains in Poland' prepared by Market Side shows that at the end of last year there were 4,848 grocery discount stores operating in Poland. Within 10 years, their number increased by 86 percent, and the retail area doubled, to almost 3.8 million sq m. In terms of retail space in Poland, Jeronimo Martins, the owner of Biedronka, and the Schwarz Group, to which the Lidl and Kaufland chains belong, are only subordinate to the market leader, i.e. the Eurocash group.

2.1 MILESTONE

The number of discount stores in Poland will exceed the limits of 5 thousand outlets, most likely already in the middle of this year. On the one hand, this shows how significantly the landscape of Polish trade has changed over the last decade, and on the other hand, it means a slowdown in the development of discount stores due to the smaller expansion of the market leader.

- In the last five years, Biedronka opened an average of 106 stores per year, while in the years 2011-2016 it was an average of 170 stores - says Maciej Bartmiński, CEO of Market Side. He points out that the recent years have been a period of intensive remodeling of stores for Biedronka – over 250 stores were subjected to it annually, which gives a total of as many as half of the chains. In 2019, the ultra mini concept also appeared, i.e. a smaller format of Biedronka, there were already over 100 such stores at the end of 2021.

Other operators maintained their proper growth rate, thus reducing Biedronka's share in the food discount market. Nevertheless, at the end of 2021, Jeronimo Martins Polska had a 67 percent share in the number of discount stores and a 58 percent share in their retail space. So, it is and will continue to be the most important player in this format.

2.2 COMPETITION DOES NOT SLEEP

For discount stores, the biggest competition is currently primarily other stores of the same type. 40 percent of them have a discount store belonging to another chain within a radius of 500 meters. In 2021, every third Pole had at least three discount stores within a kilometer. The mutual fight for the customers and the saturation of this format in cities will be an increasingly strong barrier to growth – predicts Maciej Bartmiński.

Market Side forecasts assume that the pace of discount stores' expansion will decrease. The number of discount stores will increase to a maximum of 6 thousand in five years, and in the perspective of eight to ten years it should stabilize at the level of approximately 6.5 thousand stores. At the same time, this will result in a much stronger competition than it is today within this format.

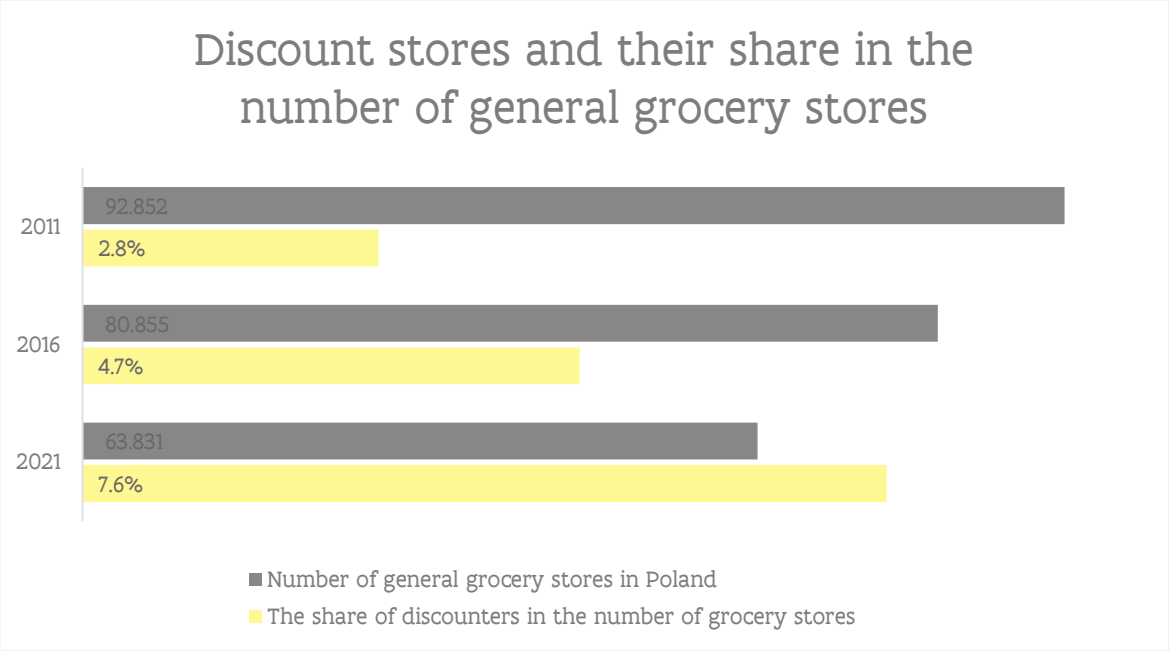
- If Jeronimo Martins continued its intensive expansion outside the cities, these numbers could be exceeded. In the last five years, Biedronka owed almost 40 percent of the increase in the number of its stores to rural areas – emphasizes the expert.

In such locations, especially outside agglomerations, the range of the discount store is much greater than in the city. Although the Portuguese group operates in several countries, and has recently been intensively developing the Ara store chain in Colombia (15 percent growth during the year), in 2021 66 percent of funds for investments, i.e. over a PLN 1 billion, were allocated to the development of Biedronka.

2.3 FIGHT FOR LOCATIONS

In the years 2011-2016 and 2016-2021, the growth dynamics of this type of stores was the highest in large cities and rural communes (in the latter, almost exclusively Biedronka). In Warsaw, over the last 10 years, the number of discount stores has increased from 63 to 223, in Lodz from 35 to 101, in Poznań from 55 to 117, in Krakow from 28 to 88, and in Wrocław from 48 to 102.

The lack of good locations is still one of the main problems of discount stores. This is especially noticeable in larger cities, such as Warsaw or Krakow. – There is still a very high development potential there, looking from the client's point of view, due to the low level of saturation with this format – says Bartmiński. He also adds that the e-grocery market will not significantly slow down the development of discount stores in the near future. Despite the former enthusiastic forecasts in Poland, it is still a marginal phenomenon within FMCG trade. – We simply like and – despite the pandemic – we want to go out shopping. Discount stores in particular, especially Biedronka, have become a neighborhood store. Close, liked, and important on the shopping map – explains our interlocutor.



2.4 LIMITED MARKET

Looking at the administrative division, the greatest dynamics of discount stores growth was observed in the Mazowieckie, Malopolskie, Lodzkie and Swietokrzyskie voivodships (provinces). In the opinion of Market Side experts, such a trend will continue in the coming years, especially in the Mazowieckie and Malopolskie voivodships.

The current market situation, and especially the large increase in prices, indicates that, for example, due to their scale and recognition of customer needs, discount stores will continue to strengthen at the expense of other formats, including mainly traditional stores, but also hyper- and supermarkets. – The capacity of the retail market is limited. When someone's shares grow, someone else's shares have to fall. This is not a zero-sum game – reminds the CEO of Market Side.

- Poles love discount stores. The format of this store has undergone a huge evolution. Apart from the number of SKUs, it is no different from a supermarket. The average Mr of Mrs Kowalski loves to shop there, follow promotions, look for opportunities – he adds.

In 2021, there were 7,893 inhabitants per one discount store in Poland (14,766 inhabitants in 2011). Taking into account only the urban population and discount stores located in cities, this indicator at the end of 2021 amounted to 5,296 inhabitants. For comparison, in Germany, which is a market with most discount stores in Europe, there are about 5,200 inhabitants per one store of this type.

2.5 THE TWILIGHT OF A LARGE FORMAT?

Hypermarkets will not collapse, although this format has already gone through a period of growth and prosperity. However, with the exception of Tesco, when a hypermarket survived the most intensive expansion of discount stores, it should be able to cope. – In Poland, Eurocash is a much stronger player than any discount operator. We estimate that in terms of sales area it has almost twice the advantage over Biedronka – says Bartmiński.

He points out that the Żabka chains (owned by CVC Capital) and Polish Dino, as well as Społem stores, are very strong. On the other hand, the number of so-called independent stores is decreasing. These are mainly these small, often family-owned shops that do not withstand the competition. However, their market share is still much higher than in most European countries comparable to Poland. – Personally, I am close to the concept of economic patriotism. But it is us, as customers, who decide that small independent stores lose these competitions. We look at our wallets, we do not want to pay more for similar products – comments the expert.

2.6 HALF CAKE FOR DISCOUNT STORES

We should be preparing that a 50 percent share of discount stores in the Polish market will take place in the next, for example, five to seven years. After that, these shares will be exceeded. – Already at the end of 2017, in our consumer survey, 85 percent of Poles indicated that they shopped in Biedronka in the last month, and for 46 percent it was the most common place to shop – emphasizes the CEO of Market Side. – They most willingly bought fast-moving products there: dairy products, meat and fish, vegetables and fruits – he mentions. This builds the frequency of purchases and loyalty. Discount stores pull Poles with the attractive prices and a wide selection of products, only the queues deter them.

The expert predicts that the market structure will evolve towards discount stores. – Although their share in the number of convenience stores in Poland is less than 8 percent, in terms of retail space it is many times higher. They are powerful entities. In the top seven companies paying the highest CIT taxes in Poland, two places already belong to discount stores – emphasizes Bartmiński. He adds that in the top five are Jeronimo Martins and … four banks. This shows how significant discount stores are, also on the scale of the entire economy of our country.

2.7 CONCENTRATION OF TRADE DOES NOT FAVOR SUPPLIERS

The strengthening of retail trade in relation to producers is a trend visible not only in Poland, but also in other countries. – Suppliers have to adapt to this. Many of them have taken on the role of private label manufacturers. The opportunity may be regionalization – says the CEO of Market Side. – A leading discount chain can break down the supply of a product identical from the customer's point of view into several strong domestic producers. This gives these companies opportunities to cooperate and build sales, although it weakens their positions in the negotiations – he emphasizes.

Discount chains are the dominant players here. They decide what will go to the Polish stores supplying almost half of consumers. They can perfectly copy branded products and place them in their offer at lower prices. Ultimately, it is the customers whose needs - it seems - that discount stores can recognize and satisfy best.

3. SOURCES

Głowacka, M. (2022). List of the largest FMCG distributors. Wiadomości Handlowe, nr. 1/2022, 100–101.
Rawa, Ł., & Stępniak, Ł., (2022). Discound store approach. Wiadomości Handlowe, nr. 1/2022, 102–105.

Date of publication: April 4 2022

4. APPENDICES

4.1 LOCATION OF RETAIL CHAINS IN POLAND

4.2 LIST OF RETAIL CHAINS WITH CONTACT INFORMATION

Name	Zip-code	Town (Headquarters)	Regio	Phone	E-mail	Website	Revenue 2020 (PLN)
Biedronka (Jeronimo Martins Polska S.A.)	62-025	Kostrzyn	Greater Poland Voivodeship	+48 61 654 80 01	bok@biedronka.pl	https://www.biedronka.pl/	61.406.267.049
Eurocash Cash&Carry	62-052	Komorniki	Greater Poland Voivodeship	+48 32 661 03 30	ecd@eurocash.pl	https://www.eurocash.pl/	25.411.040.000
Lidl Polska Sp. Z o.o.	62-080	Tarnowo Podgórne	Greater Poland Voivodeship	+48 61 896 76 47	recepcja@lidl.pl	https://www.lidl.pl/	21.847.931.117
Auchan Polska Sp. Z o.o.	05-500	Piaseczno	Masovian Voivodeship	+48 22 444 02 22	kontakt@auchan.pl	https://www.auchan.pl/	11.653.071.196
Kaufland Polska Markety Sp. Z o.o. Sp. J.	50-541	Wrocław	Lower Silesian Voivodeship	+48 71 377 01 00	kontakt@kaufland.pl	https://www.kaufland.pl/	10.420.809.679
Dino Polska SA	63-700	Krotoszyn	Greater Poland Voivodeship	+48 62 72 55 400	sekretariat.handlowy@marketdino.pl	https://marketdino.pl/	10.406.331.443
Żabka Polska Sp. z o.o.	61-586	Poznań	Greater Poland Voivodeship	+48 61 856 37 00	wspolpracahandlowa@zabka.pl	https://www.zabka.pl/	10.255.663.432
Carrefour Polska Sp. Z o.o.	03-734	Warsaw	Masovian Voivodeship	+48 22 517 21 16	recepcja_centrala@carrefour.com	http://www.carrefour.pl	9.651.135.735
Makro Cash and Carry Polska SA	02-183	Warsaw	Masovian Voivodeship	+48 22 500 00 00	biuro.online@makro.pl	https://www.makro.pl/	6.439.305.150
Stokrotka Sp. Z o.o.	20-209	Lublin	Lublin Voivodeship	+48 516 010 700	stokrotka@stokrotka.pl	https://stokrotka.pl/	4.637.797.489
Netto Sp. z o. o.	73-108	Kobylanka	West Pomeranian Voivodeship	+48 91 469 99 99	drs@netto.pl	https://netto.pl/	3.950.745.171

Selgros	61-131	Poznań	Greater Poland Voivodeship	+48 61 874 22 02	/	https://www.selgros.pl/	3.719.021.790
Intermarche (SCA PR Polska sp. z o.o.)	62-080	Tarnowo Podgórne	Greater Poland Voivodeship	+48 61 665 46 00	komunikacja@muszkieterowie.pl	https://intermarche.pl/	2.226.817.278
Delikatesy Centrum (Eurocash)	62-052	Komorniki	Greater Poland Voivodeship	+48 22 574 05 05	info@delikatesy.pl	https://www.delikatesy.pl/	2.165.097.033
POLOmarket Sp. z o.o.	88-170	Pakość	Kuyavian-Pomeranian Voivodeship	+48 52 35 99 000	poczta@polomarket.pl	https://www.polomarket.pl/	1.936.240.751
PPHU Specjał Sp. z o.o.	00-175	Warsaw	Masovian Voivodeship	+48 22 637 30 36	specjal@specjal.com.pl	https://www.specjal.com.pl/	1.810.400.945
Aldi Sp. Z o.o.	41-506	Chorzów	Silesian Voivodeship	+48 32 35 70 300	obsluga.klienta@aldi.pl	http://www.aldi.pl	1.793.489.283
Lewiatan Holding S.A.	87-800	Włocławek	Kuyavian-Pomeranian Voivodeship	+48 54 412 78 21	sekretariat@lewiatan.pl	https://lewiatan.pl/	674.604.723