

The process of standardization retail offer in polish cities - discount chains development

The development of trade at the turn of the 20th and 21st century is related to the appearance of transnational concerns and their expansion into foreign markets. The expansion is caused by stagnating sales in their own (domestic) national markets accompanied by increasing competition and search for new opportunities for the development. The internationalisation of business of concerns is favoured by [Strużycki 1996]:

- legal regulations of countries which restrict the development of large-area commercial facilities;
- globalisation and integration of individual national economies, their sectors and companies, as a result of which consumption patterns become similar and new segments of consumers of similar expectations towards products, conditions for their provision and sale appear;
- development of information technologies which make it possible to skilfully and efficiently manage transnational companies;
- factors related to conditions for entering new foreign markets: high capacity, growth trends of vertical markets, degree of openness of the economy, liberal law.

The main consequence of the internationalisation is the intensification of the process of capital concentration in trade; mergers and acquisitions take place and, as a result, the position of the largest companies in the European and global market strengthens. The phenomenon of globalisation, i.e. global expansion of large international companies, is becoming a characteristic feature of modern economy.

The globalisation understood as a process created by global phenomena or actions [Śliwińska *et al.* 2003] consists in the intensification of cooperation, interrelationships and interdependence between countries and societies, which constitute the global community. Different types of relations and connections in the global system are gradually and simultaneously expanding and intensifying. The globalisation of trade comes down to a couple of regularities: the first one is the increase in the internationalisation of the activity of commercial enterprises, and the second is the increase in the significance of integration and

concentration of trade. One of characteristic features of modern trade is the search for new forms of sales, e.g. by spreading the latest technology, especially electronic technologies.

The development of the process of globalisation of trade is closely related to the expansion of foreign commercial enterprises, which constitutes a natural method for the development of a company which faces limitations in the current market. Currently, the globalisation of trade takes place by means of the activity of large commerce concerns, which develop their retail chains on an international scale, which dispose of large financial, technological and organisational resources. An important indicator of competition between big commercial concerns operating on a global scale are:

- volume and organisation of purchases for the entire chain affecting the terms of purchase,
- great recognisability and positive image,
- capital resources,
- technologies for sales.

The activity of commercial enterprises in the international market is a symptom of the development of the globalisation process in the economy. The increasing competitiveness and significant saturation of domestic markets, as well as legal restrictions on the development, forced commercial concerns to seek for opportunities to develop in other countries. They have concentrated on those European countries the markets of which were unformed, the structure of trade fragmented and which lacked modern distribution systems. The above presented characteristics fully corresponded to Central and Eastern Europe.

The activity of the biggest commercial concerns in Central and Eastern Europe resulted in structural changes in trade and initiated concentration processes, i.e.:

- development of branches of retail chains / concentration of capital,
- development of large-area stores such as supermarkets, hypermarkets, discount stores / organisational and technical concentration,
- development of shopping centres / spatial concentration.

It is therefore possible to state that foreign companies conducting business in the form of large-area commercial premises in Poland create a new quality of trade. Modern large-area facilities replace traditional department stores, as they offer better conditions for the purchase of goods. Foreign companies form new patterns of consumer behaviour. There is no doubt that the process of globalisation of trade is reflected in the capital concentration of trade by the creation of multi-employer companies (networks of branches) and international concerns,

in the organisational and technical concentration by the creation of, modern forms of large-area trade, as well as in the spatial concentration – by grouping commercial establishments in shopping malls. The role of the globalisation is getting more and more significant, as it relates to the disappearance of borders between individual countries and the expansion of companies into foreign markets. Modern trade is gaining an advantage over the traditional, fragmented trade of low economic strength. The advantage refers not only to the volume of turnover and the level of costs, but also to qualitative aspects of the functioning of trade.

First discount chains were established in Poland in the 1990s and were located in large cities and in medium-sized cities. From the beginning of the 21st century, discount chains appear also in small towns and rural areas. Nowadays the pace of development of discount chains in Poland is characterised by the most dynamic growth observed among European countries. The aim of the article is to show the scale of new discount investment in Polish cities. Intensive development of discount chains in the Polish cities leads to the standardization of the commercial offer, which becomes disturbing for customers. Research devoted to this field is important from the point of view of choosing the location of new investments related to discount chains and of the strategy for the cities development. Poland has the largest discounter market in all of Central and Eastern Europe. It is also the fifth fastest growing market with an expected retail growth rate of 40.3% from 2010 to 2017. Discounters currently sell more than any other retailer channel, such as hypermarket/supermarkets, cash and carriers, convenience stores, and other grocery formats. Analysing the structure of foreign retail trade enterprises we can state that the largest activity in conquering new markets is observed among French, British and German commercial chains. Growing market share, expanding demographic appeal, range enhancements, signs of a more welcoming attitude towards brands and rising consumer acceptance of the discount channel are just some of the reasons why they are becoming increasingly attractive accounts to target. The ground rules for supplying discounters are: maintaining a low cost base and offering low prices, delivering high quality, localization and operating an efficient supply chain. Identification of consequences of the operation of discount chains in cities can impact the verification of the policy adopted by local authorities in relation to spatial planning and forming the functional structure of the space. It will result in more conscious (rational) decisions in terms of localising new discounts, which will reduce the number of local conflicts related to the location of such facilities.

The Polish retail sector continues to develop registering 4 percent value growth in 2014 with the total number of stores remaining at over 354,000. Price competition remains the most important factor impacting grocery retailers operating in Poland, with discounters constituting as much as 27 percent of value share in 2014. Hypermarkets and supermarkets, with 73 percent value share, remain the dominate categories. While the majority of Polish consumers remain price-sensitive, there is a continuously growing number of end customers willing to pay higher prices for products of superior quality. Some of the factors that characterized the Polish retail market in 2014 were strong competition, consolidation and market saturation. This sector is dominated by multinational retail hypermarkets including Tesco (UK), Auchan (France), Carrefour (France) and discounters Lidl (Germany) and Biedronka (Portugal). Major chains face slim margins due to fierce competition. However, in recent years there has also been a trend in consumer preference toward smaller grocery formats, including convenience stores, small grocery retailers and independents. Leading players in convenience store and small grocery store sectors include: Chata Polska (Poland), Eko Holding (Poland), Chorten (Poland), LD Holding (Poland), Małpka (Poland), Polska Grupa Supermarketów (Poland), PSH Nasz Sklep (Poland), PHU Topaz (Poland), Spar Polska (The Netherlands) i Żabka Polska (Mid Europa Partners – Private Equity). During 2014 all Polish retail operators increased their competitiveness by offering attractive price levels and sales promotions. Polish consumers are known for their smart shopping behavior, which is reflected in continuous search for attractive prices.