

# **Cross-border shopping at Polish borders. Tri-city and the shopping potential of Russian tourists**

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The following paper brings into debate the shopping tourism, as a new leisure activity for a numerous number of tourists, which choose to travel in order to purchase products that are different or cheaper from the ones on their local market. Shopping tourism develops rapidly, not only in the famous cities like Dubai or London, but as well in the cross-border areas, like Tri-City from the northern Poland. With a good mixture of culture, history and shopping locations, the area attracts numerous shopping tourists from nearby Kaliningrad Oblast.

## **1. Shopping tourism and cross-border shopping tourism**

In current times, shopping has become for many people a leisure activity, involving elements of selection and purchase of

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goods. Most shoppers choose to travel in order to complete the shopping activity, being interested in finding new things, not present in the proximity of their homes or work places. In numerous one-day-trips, holidays or business trips, shopping has become currently an important issue. On every seventh occasion, shopping is a decisive reason for a trip, this “hard core” of shopping tourists representing 70% of all tourists’ expenses in retail commerce (Friedrich Werner and Sattler Kai, 2005).

The shopping tourism industry develops according to the new needs and interests of its customers, offering holiday packages that include among the attractions shopping tours or in some cases, holiday packages focused exclusively on shopping activities.

### **1.1. Shopping tourism characteristics**

Shopping tourism started as a vacation activity, a distraction for people that were on holidays. From small souvenirs to expensive clothes items, shopping while on vacation is mainly advantaged by the contrast of the local merchandise and the one back at home, as well as by people’s relaxation and freedom to spend money while on vacation. This activity gradually developed, answering to people’s needs, until it became one of the main reasons to take a trip.

To separate the tourists that purchase goods as a vacation activity, from the ones that are motivated to make the trip for the shopping activity itself, Friedrich Werner and Sattler Kai, proposed in a study conducted for ISG<sup>5</sup>, “Shopping tourism in Germany”, a distinction between two main categories of shopping tourists, according to the purpose of their journey:

- Shopping tourists in a restricted sense, for which shopping represents the main objective of the trip. They included in this category internal and foreign one-day tourists, as well as internal and foreign tourists requesting accommodation.

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- Shopping tourists in a wider sense, for which shopping does not represent the main objective of the trip, regardless if the tourists are internal or foreign, in a one-day or several days trip, with or without accommodation.

In other words, we can describe shopping tourism as an activity, which implicates a trip, made for the purpose of a shopping action and the entertainment offered by it.

Shopping tourism refers exclusively to goods that are purchased for personal usage, regardless of the type of goods or location of acquisition.

Shopping tourists can be both, domestic as well as international, their origin and the location from where they make the acquisition of the goods, having a big impact on the assortment they chose. However, on the top of the acquisition list we will always find products as clothes, shoes, leather goods and food.

The types of destinations for shopping tourists vary a lot, according to the offer from the market and the people's needs.

Among the most popular destinations, we can identify:

- Famous cities that created for themselves the reputation of shopping locations, like Dubai, London, Paris or New York, are now available to a wide category of people, due to the increasing income of the middle class and the cheap flights.
- Cities and big towns represent a classical destination for shopping, especially during weekend's or with the occasion of different trade festivals. People from small towns and villages are traveling to the big city, in order to make different acquisitions, which are not available in their locations. These are usually short trips, one or two days, and they are more frequent during the vacation period or just before the holidays.
- Commercial centers and shopping malls are at the moment extending very fast in all Eastern Europe. They gain popularity due to their wide variety of products and brands, as well as the wide range of entertainment

activities they offer, like cinema, playground for children, coffee places, restaurants and fast foods.

- Rural areas with touristic tradition, adopt shopping tourism as an auxiliary activity, benefiting from the big inflow of tourists to stimulate local commerce and to support local products.

It is important to take in consideration that shopping tourism not only develops around the retail business, but as well, it has a positive impact over other branches like accommodations, food, transport and services.

### **1.2. Cross-border shopping tourism characteristics**

Cross-border shopping is a unique type of shopping tourism, very common in all parts of the world, consisting in people traveling beyond the boundaries of their own nation specifically to shop in a neighboring country. For people who live near a border, the trip may be short, lasting from minutes to hours, but for people who live farther from the border, the trip usually has a longer duration, sometimes, lasting days and tends to be more leisure oriented. (Timothy & Butler, 1995).

The cross-border shopping tourism can be describe as an activity that starts with a trip, which involves a border cross activity, for the purpose of shopping and the entertainment emerged from it.

For cross-border tourism to appear and develop, there are four primordial conditions, necessary to be accomplish:

1. There needs to be a sufficient contrast, between the local offer and the one from the other side of the border. The difference has to be noticeable in respect to at least one of the following: selection of goods, quality of goods and price of acquisition.
2. People have to be aware of what exists on the other side of the border, in order to get motivation for crossing the border.
3. The border cross procedures have to be rather easy and unproblematic. Nowadays, there are more and more borders that can be cross with little formalities and even without visas, however their situation is not always stable, depending

arbitrarily on the political changes. A big number of formalities can be very discouraging for people to make the trip to the other side, regards of the contrast of the market.

4. Willingness of people to make the journey that emerges from their curiosity, interests, wishes and personal mobility. Many people consider shopping abroad as an entertainment activity, which they can practice together with their families. Their motivation for crossing the border can be stimulated or not, by the transport infrastructure and safety they would benefit on the other side.

The factors that contribute to the creation and maintenance of the cross-border shopping tourism are miscellaneous and changeable; however, they often give us the direction of the movement, from one country towards another. Sometimes the movement can go strictly in one direction and other times in both directions. The most common factors that contribute to this are:

- Price level
- Tax rates
- Opening hours
- Exchange rate between currencies
- Availability of a wider range of products and services
- Fame and marketing
- Proximity to the border
- Language

From the economical point of view, in the border regions, cross-border shopping can have an important impact over the local commerce. Its flow of purchase power, although frequently goes unobserved by the local retailers, sometimes shapes the market. A business focus strictly on shopping tourists it is a little bit risky, as the movement can always change direction, however a business focus on both local market and shopping tourists can be the winning card for a good development in cross-border regions.

### 1.3. Shopping tourism and cross-border shopping tourism in Poland

Shopping tourism in Poland has a sporadic character, mainly focused in Warszawa and in the border-cross regions. This activity it is considered of small impact on the touristic industry, which does not care too much for its development, although when we look at the structure of tourists' expenditures for 2010, we can easily notice, that the biggest amount (around 26%) of tourists' total spending goes for the private shopping (Figure 1).

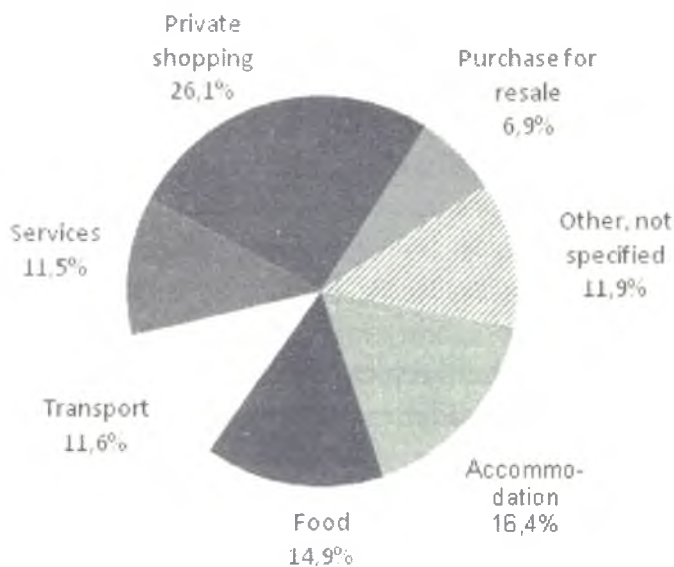


Figure 1 Structure of tourist's expenditures (%) in three quarters of 2010  
(Source: Polish Institute of Tourism)

When it comes to shopping locations, in Poland the centre of attention it is capture by the capital city, which remains the main location when it comes to the variety of products and services.

The cross-border shopping in Poland is irregular, depending on quick changing factors (like exchange rate) or

political environment between Poland and its neighbors. A good example of the instability of shopping directions at Polish borders, can be given by the Polish-Slovakian border, which before the 2009 was often crossed by Polish people that wanted to acquire cheaper products. After Slovakia introduced the Euro, the movement changed and now the Slovaks are traveling to Poland for cheaper shopping.

Most studies made on the subject of cross-border shopping, focused mainly on the Western border, with Germany. The movement here is quite stable and goes in both ways, with Poles shopping for clothes items and high quality products in Germany, and Germans shopping for groceries and cheaper products in Poland.

## **2. Tri-City and the shopping potential of Russian tourists**

Tri-city is an urban area situated in the northern Poland, on the coast of the Gdansk Bay, consisting of three major Polish cities Gdansk, Sopot and Gdynia. The urban area has a population close to 745,000 residents. Tri-City is the most important industrial, educational and cultural hub of the northern Poland. Currently the region is going through a transition period, with the historically strong marine industry in recess, being increasingly replaced by the service sector as well as urban tourism and Baltic seaside leisure industry.

### **2.1. Retail in Tri-city**

The Tri-City city range and quality of shopping has enormously improved over the last decade. When once the old-style Gdansk Hala Targowa (Covered markets) was the main source for all types of goods, nowadays the area has a modern retail stock of over 641 000 sq m, which is still increasing.

In Gdansk, the high street retailing was previously concentrated along Długa Street in Gdansk's Old Town, but banks and service units now dominates the area, along with or tourist

focused offers. The new shopping street is Grunwaldzka, in the Wrzeszcz district. Gdansk is the host of the largest in Poland, internationally known seasonal market Jarmark Dominikanski (St. Dominique's Market).

While in Gdynia, Swietojanska Street is the home to many luxury stores, including national and international labels, Sopot is a totally leisure tourist focused city, with art galleries, restaurants and souvenirs small shops.

The Tri-City area is known for its amber trade business, here being manufactured some of the most beautiful amber jewelries and decoration objects. Gdansk's Old Town is the most representative location for this business, with lots of shops and workshops, offering a wide variety of products.

The commercial centers and the shopping malls developed mainly in two areas of Tri-City (Figure 2), on the administrative territories of Gdansk and Gdynia.

A part of the shopping centers is located along the junctions of the Tri-City ring road. The locations are easily reachable by drivers, which have a quick access from the road to the shopping center. These shopping centers are targeting people from Tri-City and its surroundings, having a variety of products for all family members. These locations are very popular on weekends, their range of products extending from groceries, furniture, clothing, electrics and children items to DIY utilities.

The second location for the shopping centers, is in the heart of the urban area, being localized along the main street crossing the Tri-City, named Aleja Grunwaldzka in Gdansk, Aleja Niepodległości in Sopot and Aleja Zwycięstwa in Gdynia. Alongside this street and in her near proximity we have a variety of shopping centers that address to a wide variety of buyers, from luxurious products, to furniture shops, electronics and supermarkets and DIY department stores.



No	Project	GLA (sq m)	Opening Date
1	Galeria Malta	54,000	2009
2	Stary Browar	47,500	2003
3	King Cross Marcalin	45,500	2005
4	Auchan Komorniki	44,500	2001
5	Galeria Pestka	42,500	2008
6	Auchan Swadzim	42,000	2000
7	M1 Poznan	41,500	1998
8	Poznan Plaza	30,500	2005
9	Centrum Franowo	30,000	1995
10	Panorama	23,500	1997



Figure 2 Shopping centers locations in Tri-City  
(Source: CB Richard Ellis)

Tri-City is little exploring its shopping touristic capacities, being very much focus on leisure (seaside) and cultural tourism. Tourists from the whole Poland, come to Tri-City to enjoy the sea during the short summer season, alongside with foreigners, mostly from Germany, perhaps nostalgic for old times, and UK. The cities are full of young British people, taking advantage of the low-priced airlines and enjoying the cheap beer and the rich nightlife.

In the meantime, the shopping tourism is slowly, but steady developing, until yet without big impact on the Tri-City economy.

## **2.2. Cross-border shopping tourists and the potential of Russian tourists**

Tri-City is located approximately at 170 km from Kaliningrad Oblast, the Russian exclave between Poland and Lithuania on the Baltic Sea. The oblast has a population of 955 281 people according to the 2002 Census, which is mostly focus around the city Kaliningrad. Although the region was strongly affected by the geographical separation from Russia, after Lithuania independence, and the isolation brought by the access to EU of Poland and Lithuania, the Oblast has currently a strong economy growth and a rising industrial output. The average GDP growth is of more than 10% per year, which makes Kaliningrad the fastest growing region in Russia.

Regardless of the visa requirements for entering European Union territory, many Russians from Kaliningrad frequently travel to and through Poland. Parts of these visits are center around on shopping and leisure activities, which represents the main reason for travel.

The shopping tourism practiced by the Kaliningrad tourists in the area of Tri-City is intermittent, appearing randomly, mostly during the summer time and just before the holidays. The tourists' most common transport means are cars and busses.

The tourists traveling by car are usually making one or two days shopping and leisure trips, together with their family. They come to Tri-City with the precise purpose to purchase goods and enjoy the area entertainment opportunities. They target mainly two locations, big shopping malls from the center of Tri-City and family focus shopping centers, located around the ring road.

In the case that the tourists are traveling by bus, they are usually transiting through Poland, coming from other parts of Europe, and they stop for the last shopping acquisitions in Tri-City, before they return home. Their main purpose is the acquisition of goods and their target limits to shopping centers spared around the Tri-City ring road with big parking lots.

### **2.3. Conditions and factors that sustain the development of cross-border shopping**

The shopping visits of Russian tourists in Tri-City are not accidental. They developed with time, despite the difficulties given by the distance created between the two countries especially after Poland adhesion to European Union structures.

The favorable conditions for developing shopping tourism activities between Tri-City and Kaliningrad are sustain by the sufficient difference in matter of selection, quality and price of goods that exists between the two areas. Although Kaliningrad benefits from the presence of shopping center, their offer still does not have the big variety, which exists in Poland, some companies refusing to enter the Russian market for reasons based on safety and corruption issues.

The Kaliningrad Oblast has a small area of only 15,100 sq km, so the people living there are anxious to travel outside its borders. For them a one-day shopping trip represents a great entertainment, which combines the pleasure of acquisition with the excitement of crossing the border. The border cross procedures are not easy, visas are necessary for entering the European Union territory, but neither difficult.

The limited area of Kaliningrad Oblast motivate the people living there to be well informed regarding the opportunities, offers and merchandise of their neighbors, so most of the Russians are familiar with Tri-City shopping possibilities. The main factors that have a positive impact in developing shopping tourism activities between Tri-City and Kaliningrad are:

- Proximity between the two areas
- A satisfactory transport infrastructure, which is actively developing
- The accessible opening hours of the Tri-City shops, especially during the weekend time
- Similarities between the two languages, which facilitates the communication
- The good connection of culture, history and shopping opportunities created by the Tri-City, from which emerges great opportunities for spending the free time

### **Conclusions**

The shopping tourism is a new and developing form of tourism, with a great potential, part of which remaining unexplored. Since shopping became a leisure activity, strongly supported by the big variety of shops and shopping centers, which successfully combines shopping with other entertainment activities, shopping tourism started to replace the traditional forms of tourism. On weekends, family cars, loaded with parents, children and in some cases grandparents, instead of heading for the mountains or sea, they take the direction of commercial centers and shopping malls.

The shopping activity does not always focus strictly on the purchase of the goods, sometimes it can concentrate exclusively on the entertainment given by the selection of the goods. People travel to shop motivated by the products availability and price differences of other locations, as well as from the need of entertainment they benefit from, during the trip.

In Poland, the shopping tourism is a primitively developed business, mainly focus on local products and gift shops. Properly exploited, this type of tourism could be of great success, especially in the cross-border regions.

Tri-City is a great area for developing shopping tourism, combining successfully elements of culture, history and shopping opportunities. Shopping tourism has the great advantage of not depending on the weather forecast, a very problematic indicator when it comes to the success of touristic season in the North of Poland.

Russian tourists from the Kaliningrad Oblast have a small but stable and increasing impact in Tri-City retail industry. Unlike local customers, their visits are rarer, but each of them finalize with consistent acquisitions. Their presence can be stimulated by a good cooperation between the local authorities, touristic agencies and retailers that would motivate them to increase their visits. Marketing and sales campaigns could be a good start as well.

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