

NEW RETAIL LOCATIONS AND CROSS-BORDER SHOPPING IN POLAND

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Summary

Shopping became nowadays a leisure activity, transforming itself from a primary necessity into a pleasant manner for many people to spend their free time. Cross-border shopping is a unique type of shopping, consisting in people travelling beyond the boundaries of their country, with the precise purpose of acquiring goods for personal use, on the other side of the border. Many travellers combine shopping with entertainment, in this way cross-border shopping tourism became popular. In Poland, Belarusian, Russian and Ukrainians proved to be the most active shopping tourists in the past years.

Shopping malls are fast developing in Central Europe, as a sign of novelty and capitalism, replacing successfully the old, basic retail structures. The new developments conquer the market using a retail formula based on products diversification, combined with entertainment activities and attractions. Strategically located, the developments, that arose in the cross-border regions are planned and build, in order to satisfy the local, as well as foreign shoppers' needs.

This situation led towards the increase of cross border interest in new retail developments. This paper aim is to underline the key role played by supermarkets, in choosing the shopping location, by the Belarusian cross-border shoppers.

Key words: order, shopping, retail, tourism, commercial centre, development

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Introduction

In late years, shopping evolved from a simple sell-buy activity, into a leisure one, becoming a regular, pleasant manner for many people to spend their free time. The consumers' behaviour changed a lot during the last century, with shopper altering their approach on the way they are doing the purchase. Shopping lists, known since ancient Rome¹, along with the examination of goods and services, were the primordial factors for purchase decisions. In our times, shopping developed and diversified, from the supermarket shopping style, with customers choosing and picking their own goods, towards window-shopping², which puts the focuses on the time spent on shopping rather than on the acquisition, or home shopping³, in front of the TV or personal computer.

The increase of mobility, lead towards the increase of shopping in places far away from people's home communities (Timothy, 2005) which, ones they became cheaper, they also became more popular. Nowadays, many shoppers choose to travel in order to complete their shopping activity, being interested in finding products, not present in the proximity of their homes or work places, better priced, unique or of better quality.

The following study aims to make a parallel between the evolvment of cross border shopping tourism and the development of new retail locations, like hypermarkets and shopping centres. Sensing the cross-border shopper's potential, retail developers started to pay attention to cross-border regions and began focusing their projects in these areas. Strategically located and adapted to new customers' needs and demands, the new retail developments that arose in the cross-border regions are planned and build, in order to satisfy the local, as well as foreign shoppers' requests. On the other hand, the cross-border shoppers' preferences when it

¹ According to the historian Dr Roger Tomlin, one of the documents found at Hadrian's Wall in 1970s, is a shopping list from a Roman soldier.

² Window-shopping is an activity that involves walking through a shopping district, a mall or a store, with the purpose of looking at the products on display, rather than to purchase them.

³ Home shopping is an activity that involves purchase of products from the privacy of your one home, using mail, telephone or internet. In the case of home shopping the products are display in catalogues, printed leaflets, periodicals, on TV, radio or online.

comes to shopping locations changed along the years, as it reflects the study conducted by the author in Białystok. The study revealed the key role played by the supermarket, in choosing the shopping location, by the Belarusian cross-border shoppers.

Cross-border shopping

Naturally, consumption across borders appears in many forms regarding both time and spaces and many differences can be detected in the circumstances and motivations of shopping. Shopping or consuming across borders can be interpreted from a number of different perspectives (Tömöri, M., 2010). In a wide sense we can refer to cross-border shopping as any purchase made from retailers or suppliers located on the other side of the border. In this case, cross border shopping includes beside purchases made during trips in the neighbouring country also distance shopping by mail, telephone or through internet.

The intention of this study is to correlate the retail developments with cross-border shopping in Poland; therefore, we find the wide definition of cross border shopping not proper to be applied here, since we need a direct contact between shoppers and retailers.

A better definition we find in the framework of tourism, where is discussed the relation between shopping and tourism, which is divided into two categories. The first one where the primary purpose of the tourist trip is to shop is termed 'shopping tourism'. The second is called 'tourist shopping', where shopping is done as a secondary activity during a trip which might be motivated primarily by something other than shopping (e.g. sunbathing, ecotourism, etc.) (Timothy, 2005). Cross-border shopping tourism, therefore, can be describe as an activity starting with a trip that involves a border cross action and finishing with an entertainment activity, which in this case is shopping.

According to Timothy (2005), there needs to be accomplish four primordial conditions for cross-border tourism to appear and develop, given by the contrast, awareness, willingness to travel and border cross procedures.

First, it is necessary the existence of sufficient contrast between the local offer and the offer from the other side of the

border. The difference has to be noticeable at least regarding one of the following things: selection of goods, quality of goods and price of acquisition.

Second, it is important that people are conscious of what exists on the other side of the border, in order to get motivation for crossing the border.

Third, comes willingness to travel, generally emerged from 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.

Forth, is the border cross procedures, which must to be rather easy and unproblematic, for the cross-border shoppers. Currently, more and more borders 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 market contrast and their willingness to travel.

According to Timothy (2005), there is also a set of factors that contribute to the creation and maintenance of the cross-border shopping tourism. 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 factors Timothy (2005) mentions 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 and language.

Price is the main reason that motivates shoppers to travel abroad in order to acquire goods, however is not the only one. The original and exclusive nature of items it is also important, along with the extent of the choice and range available. Sometimes shoppers look for quality or authenticity of the products, in this case price being of no importance. Another important reason is the simple pleasure of shopping, when foreign shoppers are just browsing the shops without the intent of buying something concrete.

In the border regions, cross-border shoppers are local consumers taking advantage of their geographical location and benefiting fully from the possibility of choosing merchandise from two different locations. In the cross-border areas, shopping on the other side of the border tends to be a regular and fairly well organized activity, sustain mainly, but not only, by the economic reason. Another reason is leisure, given by the simple pleasure of shopping.

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 demand. A business focus strictly on cross border shopping tourists it is a risky one, and will probably prove unprofitable in time, as the movement can always change direction or the customers can face unexpected difficulties in crossing the border. However, a business focus on both local demand and on shopping tourist's requests and expectations can be the winning card for a good development in cross-border region.

Cross-border shopping in Poland

Cross-border consumption in Central and Eastern Europe has existed for some time but it became highly visible and more widespread during 1990s (Timothy, 2005). In Poland, like in other Eastern and Central European countries, shopping done by foreigners was greatly intensified when the limitations regarding the cross-border travel of people were lifted and the differences in prices and the living standards in the neighbouring countries were revealed (Powęska, 2008). The fall down of Iron Curtain, disclosed to consumers a new world of opportunities in matters of product choice and prices. Cross-border shopping became a regular activity, motivated by personal needs (in the case of single people acquiring goods for their own needs) and entrepreneurial possibilities (single people or organized groups of people, acquiring goods for resell).

Powęska classified in three categories (basic, main and complementary) the reasons for cross-border shopping activities in Poland in this period of transition (Fig. 1).

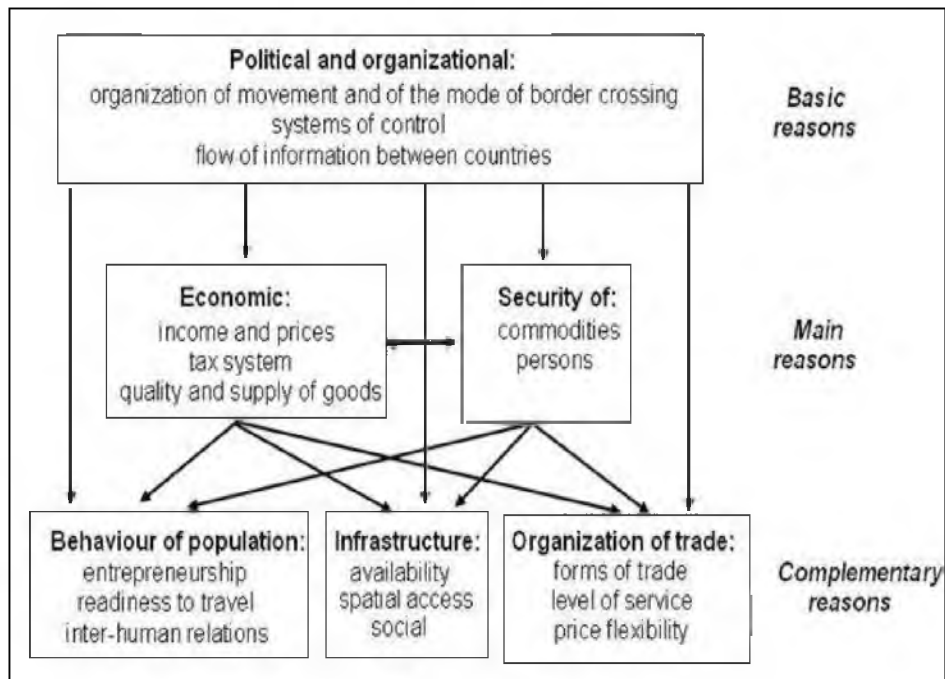


Fig. 1. Reasons for cross-border shopping in Poland
 Source: Halina Powęska, 2008, *The character and conditions for development of cross-border shopping in Poland in the period of transition.*

The year 2004, when Poland joined European Union, marked a significant change in shopping tourism activities, as new regulations of trade installed in Poland. From here further, we are obliged to follow the cross-border shopping tourism in terms of EU or non-EU members. If at the borders with EU members, the differences in retail sector began to diminish, and cross-border shopping tourism started to slowly be replaced by touristic activities, at the borders with non-EU member, cross-border shopping began to intensify. The most active shopping tourists are coming to Poland from outside the European Union (Bar-Kořelis, Wiskulski 2012). For example, in 2010, the most active declared shopping tourists arriving in Poland were from Russia, Byelorussia and Ukrainian. The contrast offered by Polish market in terms of price, did not limit itself to traditional products, but extended to a variety of goods, from food to clothes or childcare products. For shoppers, the price advantages offered by Polish market were

doubled by the flexible opening hours and language similarities, between Slavic speaking countries.

Awareness of Polish market possibilities mainly spread between cross-border shoppers through oral way, from one to another. The places for shopping most popular among shopping tourists changed over time, being marked by internal market changes and customers' preferences. With the increase of new retail developments, based on elaborated retail formulas and sustained by marketing campaigns, started to increase the interest of retail locations managers in cross-border shopping. In this way, some of the retail locations, placed in the proximity of the borders, introduced among their marketing targets the cross-border shopping tourists, which started to benefit from planned promotional campaigns, through internet, radio or advertisement.

Retail market transformations in Poland

In Poland, like in other Central European countries, the retail sector underwent drastic changes since the break down of communism until to current times. The key issue in Poland was to replace the inefficient public retail system with a more efficient private retail supply (Herman, 2007). The transformations started with the so-called "small privatization", followed by a "wild-east" phase and completed with the entry of "greenfield investors" (Michalak, 2001). The entry and expansion of international retailers marked the development in Poland of Western-style retail properties, in responded to the strong demand, closely influenced by Western consumption-oriented customs.

In the initial years of 1990s, private retailers started and conducted their business in former communistic outlet or converted retail premises, by transforming basements, apartments or garages in small shops or service locations. This period was followed by the extension of bazaars, selling both food and non-food items. Bazaars extended in the lower and middle range of the market, with small shops establishing their position at the upper end. The latter triggered some of the very first pioneering up-market retail developments, like Panorama in Warsaw (Herman, 2007). However, without a proper retail formula and anchors, the first up-market retail developments fade away. The change was brought by the start

of big investments in the Polish retail market, announcing the arrival of large retail premises like cash-and-carry, DIY stores and hypermarkets. Massive construction of large-scale retail units started and by 1998, there were over 1 600 stores of over 400 sq m floor space (Michalak, 2001). After an initial focus on the capital cities and the largest cities, hypermarkets operators shifted to secondary and tertiary cities to establish nationwide networks (Herman, 2007). From the development of hypermarkets to shopping centres was just a small step, retail developers taking quickly advantage of Poles shopping habits and growing popularity of Western shopping customs. An unprecedented dynamism of new changes took place, different types of large-scale retail units being introduced simultaneously on the Polish market (Kreja, 2004).

Shopping centres of different sizes and concepts started to speed quickly in Poland, in a fight for survival with “old type” locations. Finally, Western retails formulas based on anchors and themed shops won the Polish market, managing to successfully marrying retail with services and leisure (Kreja, 2004).

In Central Europe, as well as in Poland, shopping centres are perceived as a sign of novelty and capitalism, with full shelves of products and reverse roles, where the customers are in control and sellers are trying to please.

The new retail developments attracted the customers with well studied and tested retail formulas, that included anchor shops and a good mixture of products, services, entertainment activities and in some cases even public institutions (some commercial centres hold public offices). The culture of shopping centres developed so strongly in Central and East Europe, that some commercial centres include as well wedding facilities.

A successful shopping centre is properly design in order to cover all customers’ needs and demands. The key anchor in Poland is the supermarket or hypermarket⁴, which is present in almost all successful shopping centres. Some of the first shopping centres from Poland were hypermarket malls, with a hypermarket surrounded by a few shops. Later appeared the

⁴ The hypermarket is bigger in size than the supermarket, including as well a wider range of goods durable goods.

shopping centres based on a tenant mixture and a profile, having around 40-50% of the leasable area allocated to the hypermarket. Slowly, the hypermarket lost ground in the favour of other anchors, like DIY or home appliance shops, in some cases transforming itself into a supermarket, situated on the bottom floor of the commercial centres (Fig. 2). However, its presence remains indispensable in a successful retail formula.



Fig. 2. Example of a floor plan – Shopping Centre Bielawy in Toruń

Source: <http://www.torun-bielawy.pl/pl/plan-centrum>

A shopping centre with a good mix of retailers has in its scheme a variety of products ranking from clothes, shoes or jewellery, to children articles and personal hygiene products. Bigger and more complex shopping centres also comprise a library, a pharmacy, laundry and tailor services, as well as food locations, represented by coffee shops, fast food bars and restaurants.

The entertainment area vary according to the size of the shopping centre, typically consisting from a cinema, a playground location for children, bowling or climbing

premises. Each floor of the shopping centre is properly plan in order to offer similar advantages of visibility and accessibility to all tenants. All these complex and elaborate locations are well projected in order to attract and retain customers, so it is not wonder the preference of cross-border shoppers for them.

Cross-border shoppers and the new retail locations. Bialystok case study

Bialystok is a city with a population of almost 300 000 inhabitants, located in the North-East of Poland, in the proximity of the Polish-Belarusian border. The nearest border crossing point is located at about 50 km from Bialystok.

Bialystok benefits from old and new retail developments, comprising a mixture of high-end commercial centres, with branded shops, coffee places and children playground (e. g. Alfa Centrum, Atrium Biala), hypermarkets malls (Auchan, Carrefour, Real), low prices department stores (Central Dom handlowy PSS) and bazaar markets (Bazar Palacowy).

Shopping tourism activities are widely spread in Bialystok, the presence of Belarusian shoppers in the city being a know fact among citizens and retailers. Cars with Belarusian registration plates are easily observed every day on the cities' streets or in the parking lots of commercial centres.

Retailers define Belarusian shoppers as good customers, due to the amount of merchandise they are purchasing, which sometimes rank up to 5 times more than what local customers purchasing. Some of the retailers even declared that from their point of view the Belarusian shopping tourism activities sustain the retail sector from Bialystok.

A study conducted in Bialystok in the in the autumn of 2012, targeting the Belarusian cross-border shoppers, reveals the importance of new retail developments, and the cross-border shoppers preference for them (Fig. 3).

The principal locations for shopping in Poland for Byelorussian cross-border shoppers are the supermarkets/hypermarkets, chosen in a proportion of 69%, closely followed by the commercial centres with a 60% of the options. The majority of respondents, indicating the commercial centres as locations for their shopping, also indicated the supermarkets among their main preferences, and vice versa. This shows the

correlation existing between the two retail locations and the preference of cross-border shoppers for modern retail spaces.

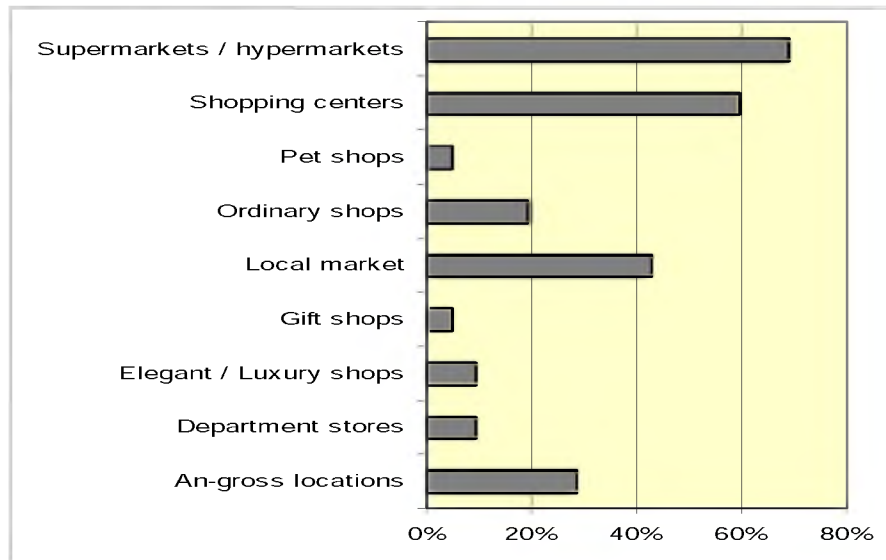


Fig. 3. The most visited shopping locations by Belarusian shopping tourists in Bialystok
Source: Author's own research

Next most visited location is the local markets chosen in a proportion of 43%. The majority of respondents that chosen the local market as shopping location, also chose the supermarket among their preferences, but very little of them chose the an-gross locations, which rank next in the top of preferences, with 29% of options. Ordinary shops are preferred in a proportion of 19%, followed by elegant or luxury shops, as well as department stores, both with 10%. The least visited locations are the pet and gifts shops, ranking with 5% of the options.

From these observations, we can assume that new retail locations gain a strong position in the cross-border shoppers' preferences and their presence in the border regions stimulates the cross-border shopping tourism activities.

Conclusion

Shopping became a leisure activity, sustain by the big variety of products and shopping locations that successfully

combine shopping with entertainment activities. Shopping tourism activities do not focus strictly on purchase, they rather consist from the full package of enjoyment offered by the trip and entertainment given by the selection of goods. People travel for shopping, motivated by the price of goods, but this is not the only reason. Merchandise originality and exclusivity, along with the extent of choice, products availability and the pleasure of shopping are also important motivations.

Cross-border shoppers are local consumers taking advantage of their geographical location, using the possibility of choosing merchandise from two different locations. In 2010, cross-border shopping was the main reason for Russians, Byelorussians and Ukrainians to cross Polish borders. The preference of cross-border shoppers for new retail locations is easily noticeable in border cities like Bialystok, where the parking lots of commercial centres or supermarket malls are full with cars registered in Belorussia.

A successful shopping centre located in the proximity of Belarusian border, should include beside a good mix of retailers, also a strong anchor, like a supermarket or a hypermarket, the most preferred location among Belarusian cross-border shoppers.

From these observations, we draw the conclusion that commercial centres development in border areas positively influence the increase of cross-border shopping and vice versa, as the increase of shopping tourists motivates developers to invest in more retail spaces.

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