



CBI
Ministry of Foreign Affairs

CBI Market channels and segments:

Wine in Poland

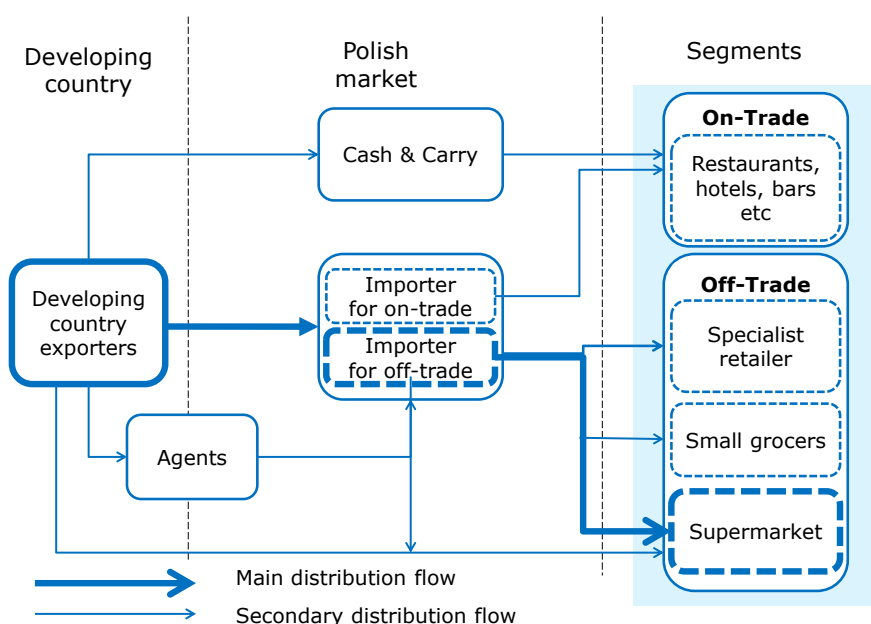
Introduction

Exporters from developing countries can best aim for the off-trade as it is the most important sales channel in the Polish wine market. Within the off-trade, supermarket chains are still gaining importance on the Polish market at the expense of small grocers. Polish supermarkets generally require large volumes in bulk packaging.

Trade channels

The trade channels for wine in Poland are presented in Figure 1. A further explanation of the channels can be found under Annex 1.

Figure 1: Trade channels for wine in Poland



Source: ProFound 2015

Off-trade is the most important market channel

The majority of wine sales in Poland are made via the off-trade, which accounts for an estimated 96% of the wine sold. Supermarkets, hypermarkets and discounters are the major market channels, accounting for 81% of off-trade sales (KPMG 2014). The leading supermarkets are foreign-owned multinationals: Tesco (British), Carrefour (French), Auchan (French) and Leclerc (French). Discounters are also growing strongly in importance and account for a high volume of lower priced wine sales. It is expected that direct imports of hyper- and supermarkets will increase strongly in the long term. The growth in sales of supermarkets is at the expense of small grocers. Although these small grocers still account for a significant share of the sales of table wine, they are losing market share. Wine continues to struggle in the on-trade, in part because it is much more expensive than other options.

Tips:

- Although direct sales are growing, importers are likely to be your best market entry in Poland as you will be able to profit from the sales growth in supermarket and specialist retailers.
- Only target supermarkets directly if you have significant experience in exports and are able to guarantee high volumes at a low price.

Specialist outlets are growing

Specialist retailers, consisting of wine boutiques and chains of delicatessen stores such as Alma, Bomi and Piotr & Pawel. The number of such outlets has been growing and, even though only 7-8% of wine is sold via this channel, they sell wines in the higher price segments. As knowledge on wine and demand for these segments are growing, their sales are expected to increase in the short term.

Tip:

- Develop a unique selling point, like unusual origins, varieties, wine show medals, production or region stories to gain access to this channel.

Re-emergence of small importers

In recent years, there has been a re-emergence of small importing companies. Currently, an estimated 800-1,000 importers are active on the Polish market. Most of these operate on a very small scale. They simply drive to the wine-producing countries in Europe and bring back a car or truckload of wine. They focus on importing quality wine and are competitors to the large importers in that segment. Online sales and small speciality shops are the main retail outlets for these small importers' wines. Due to the fierce competition and hard economic times that have characterised the last decade, many of them have only survived for a few years. In fact, in 2005, the market was dominated by around seven importers. These large importers include Ambra SA Group, Bols (subsidiary of CEDC) and Bartex.

Tip:

- If you focus on exporting high quality and exclusive products, get in contact with small importing companies. They can be your first step into the Polish market.

Online sales limited by government regulations

Online wine sales in Poland are very limited due to legal issues. The current law, Act on Upbringing in Sobriety and Counteracting Alcoholism, was adopted in 1982 and therefore did not mention online sales. However, the common legal interpretation is that online alcohol sales are prohibited.

According to the law, alcohol can only be sold on the premises of a seller with a valid license. There is disagreement in Poland over how this applies to online sellers. There are also ongoing concerns about verifying the age of buyers. While the Polish Ministry of Economy has recently made statements about updating the law, no concrete progress has been made.

In European countries where online wine sales are popular, this channel typically accounts for around 3% of the market. Online sales are expected to grow overall. In Poland, online shops are primarily used for promotion and marketing instead of a significant sales channel. The future of online wine sales in Poland depends on how the current legal issues are resolved.

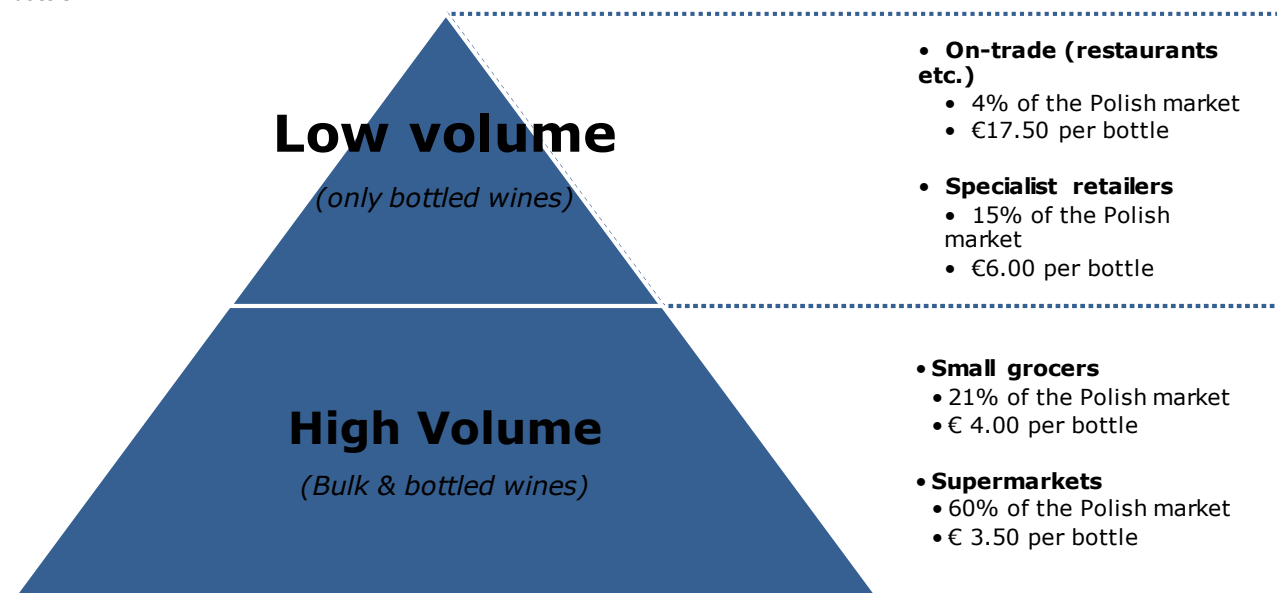
Tip:

- Although the online channel is currently very limited, this could change in the future. Growth in online sales would be particularly interesting for suppliers of premium wines. Read more on online sales in the [CBI Product Factsheet: Online sales of wine in Europe](#).

Segmentation of wine

The segmentation of the Polish wine market is presented in figure 2. A further explanation of the figure can be found under Annex 2.

Figure 2 Market segments for wine in Poland, including indication of share in sales per segment and average retail price per bottle



Source: ProFound 2015

Demand for bulk is growing in Poland

Most wine exported to Poland is bottled, but the larger importers also import in bulk. As Poland still has a small wine market, its bottling capacity is also small. This limits opportunities for bulk imports. Nonetheless, bulk wine imports will increase in the coming years, as growing demand for wine drives capacity development. The EU's dedication to environmental sustainability also stimulates bulk wine imports, as transport of wine in bulk packaging produces less CO₂ than the transport of bottled wine. The low-end segment is the most suitable segment for suppliers of bulk wine to Poland.

Comparing segments of the promising export markets

Match your wine with the most suitable export market. Table 1 provides some insight into which product options are appreciated in each of the selected promising export markets.

For more detailed information on specific segments, please read the [CBI PFS for Organic Wine in Europe](#), [CBI Product Factsheet: Bulk wine in Europe](#) or [CBI Product Factsheet: Online wine sales in Europe](#).

Table 1 Matching your product with a promising wine market in the EU/EFTA

		<i>Organic</i>	<i>Fairtrade</i>	<i>ISO quality</i>	<i>ISO social</i>	<i>Screw cap</i>	<i>Bag-in-box</i>	<i>Bulk wine</i>	<i>Online sales</i>
Germany	High volume segment	+++	-	++	+	++	+	+++	+
	Low volume segment	++	++	+++	++	+	--	-	+++
United Kingdom	High volume segment	++	+	++	+	+++	++	++	+
	Low volume segment	++	+++	+++	+++	++	--	---	+++
The Netherlands	High volume segment	++	+	++	+	+++	--	+++	+
	Low volume segment	+	+	+++	+++	+	--	---	+++

Poland	High volume segment	---	---	++	--	+	+	++	-
	Low volume segment	-	-	++	-	-	--	---	+
Denmark	High volume segment	+++	+	++	+	+++	++	+++	+
	Low volume segment	++	++	+++	++	++	--	--	+++
Belgium	High volume segment	+	+	++	+	++	+	+++	+
	Low volume segment	++	+	+++	+	+	--	-	+++
Czech Republic	High volume segment	-	-	++	-	-	-	++	-
	Low volume segment	+	+	++	-	-	-	-	++
Austria	High volume segment	+++	-	++	+	++	+	++	-
	Low volume segment	++	++	+++	+	+	--	-	++



CBI Market Intelligence

P.O. Box 93144
2509 AC The Hague
The Netherlands

www.cbi.eu/market-information

marketintel@cbi.eu

This survey was compiled for CBI by ProFound - Advisers In Development
in collaboration with CBI sector expert Theo Jansen and Cees van Casteren MW

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Annex 1: Explanation of trade channels in Figure 1

Cash & Carries are a type of wholesaler that supplies the on-trade sector. They mostly purchase from importers and sell the wines from their warehouse where customers pay on the spot and carry the goods away themselves. In Poland, Makro is the main Cash & Carry chain (<http://www.makro.pl>).

Agents are independent companies who negotiate on behalf of their clients and act as intermediaries between buyer and seller. Agents do not take ownership of the products, nor keep stock. Developing country exporters willing to supply importers or retailers can use an agent to link them up with a trading partner. Agents are starting to become again more important in the East-European markets. This development is expected to continue in the short to middle term.

The commission of a sales agent varies from 3-5% for large volume supplies to 10% for smaller quantities. Furthermore, once you are using an agent, direct trade with an importer or retailer afterwards is difficult due to legislative issues, where the agent has to be compensated for the commission he misses. Therefore, the content of the contract with an agent is very important.

Importers: The majority of large importers distribute via their own wholesale operation or sell their products to wholesale firms, which redistribute to the appropriate channels. They supply over 50% of their wine to small grocers and the on-trade.

They generally add a mark-up to cover commissions, credit risk, after-sales service and the cost of carrying a local inventory to meet small orders. Their margin generally ranges from 30-40% of the selling price, but can go down to 20% when supplying supermarkets.

Supermarkets: Supermarkets are the most suitable channel for high-volume exporters. They only import directly per container, so you need to be able to fill at least an entire container. Supermarkets primarily focus on price. Their margin in the stores is between 15% for a discounter to 30% for hyper- and supermarkets.

Sales by supermarkets are expected to increase in the coming years. However, Polish supermarkets charge relatively high listing fees compared to their sales, complicating entry for a developing country exporter. Working with supermarkets therefore requires good price calculations and involves higher risks, as the sales quantities are not guaranteed.

Small grocers: Smaller grocers account for most of the table wine sales. They are mostly supplied by importers and do not import the wine directly. Their margin in the stores is approximately 15-20%. Sales by small grocers are expected to increase in the coming years, as supermarkets become more competitive within the off-trade market.

Specialist retailers: Specialist shops are smaller, look for higher quality wines, and usually buy their wines from an importer. In Poland, such shops usually work with small importers who specialize in high-quality wines. Examples are wine boutiques or chains of delicatessen stores. The number of such outlets has been growing and, even though only 6% of wine is sold via this channel, they sell the wine which is the most expensive. Their margin on the selling price is 30% or higher. Sales by specialist retailers are expected to decrease in the coming years.

On-trade: The on-trade sector consists of many small players, and therefore usually does not import directly. If you target the on-trade sector, you can supply an importer which redirects your wine to the restaurants and other players in the Polish on-trade segment. An importer with a high quality image can provide support in selling your wine to the on-trade, by making use of his image. Restaurants mostly look for wines with a reputable image and of a good quality.

Prices in the on-trade are relatively high, and although there is a number of high quality restaurants which focus on fine wines, the majority of restaurant owners still do not have much interest in it.

Annex 2: Explanation of market segments in Figure 2

High-volume:

High-volume trade plays an important role in Poland. It usually concerns lower quality wines suitable for the low-end market addressed by supermarkets. Competition on price is very high in this segment. High-volume wines are imported per container.

Low-volume:

Low-volume trade concerns bottled wine only, and usually involves speciality wines, of a high quality or with another unique selling point. Targeting the low-volume segment, therefore, requires at least some level of authenticity. Note that branding is important in the middle to premium segments in the Netherlands.

Bulk:

Bulk wine imports are increasing. You need to be able to export a large volume when supplying bulk wine; 100 thousand litres is usually the minimum required quantity (20-25 thousand litres per shipment).

This private label market could be an opportunity for developing country producers, although it is also a risk, as buyers can more easily switch to other producers to make up their blends. As such, it is mostly interesting for developing country producers without a brand.

Bottled:

Exporting bottled wine is most suitable for smaller exporters and for producers of branded wines. Transportation is more expensive in this case, but value addition for developing countries is higher as well since bottling takes place in the producing country.

Supermarkets:

Supermarkets are a suitable channel for high-volume exporters. Like discounters, they import per container and also highly focus on price, although to a lesser extent than the discounters. However, listing fees are problematic, making it difficult for a developing country exporter to successfully target this channel.

Specialist retailers:

Specialist shops are small, look for higher quality wines, and usually buy their wines from an importer, specialised in the off-trade. This channel, therefore, can only be reached indirectly by developing country exporters.

On-trade:

The on-trade sector consists of many small players, and therefore usually does not import directly. If you target the on-trade sector, you can supply an importer or wholesaler, which redirects your wine to the restaurants and other players in the Dutch market. Restaurants mostly look for wines with a reputable image and of a good quality.

Online sales:

Although supermarkets have engaged in online sales, these sales only play a small role in the Netherlands yet. The online segment is currently mostly suitable in the specialist trade. However, the importance of e-commerce is expected to grow significantly in the future.