



Passport

CONSUMER LIFESTYLES IN POLAND

Euromonitor International

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CONSUMER LIFESTYLES IN POLAND

STRUCTURE OF THE REPORT

This report forms part of the report series that complements the Euromonitor International Countries and Consumer Database. Each country profile is structured under the following primary headings:

- Consumer Trends
- Consumer Segmentation
- People
- House and Home
- Income
- Consumer Expenditure
- Work
- Learning
- Eating (including Soft Drinks)
- Drinking
- Smoking
- Personal Appearance
- Fashion
- Health and Wellness
- Leisure and Recreation
- Consumer Technology
- Transport
- Money

The information in this report was gathered from a wide range of sources, starting with national statistics offices. This information was cross-checked for consistency, probability and mathematical accuracy.

As well, the report seeks to fill the gaps in the official national statistics by using private-sector surveys and official pan-regional and global sources. Furthermore, Euromonitor International has undertaken an extensive amount of modelling in order to generate unique datasets that complement the available national standards.

The wide range of sources used in the compilation of this report means that there are occasional discrepancies in the data, which were not reconcilable in every instance. Even when data are produced on specific parameters by the same national statistical office, such as total population in a particular year, discrepancies can occur depending on whether the data was derived from a survey, a national census or a projection and whether the data were based on mid-year or January figures.

To identify recent past trends, data are presented for 2006, 2007, 2008, 2009 and 2010. For projections, data are presented for 2011, 2015 and 2020.

CONSUMER TRENDS

Polish Population Continues To Age

As in other European countries, the population in Poland is ageing and that is having a major impact on consumption trends. The number of older Poles increased from 5.1 million in 2006 to 5.2 million in 2010 (accounting for 13.5% of the total population) and it is projected to reach 6.9 million in 2020. The ageing of the population was also reflected in the median age which rose from 36.7 years in 2006 to 37.8 years in 2010. Average life expectancy also increased during the review period. Currently, it stands at nearly 76 years-old for men and 80 years-old for women. The ageing of the population is due in large part to medical advances and to overall improvements in the country's healthcare products and services. As well, general health awareness has increased. Many Poles now eat healthier foods and many others have given up unhealthy habits such as smoking. Adding to the ageing phenomenon is the country's declining birth rate.

The growing number of older Poles requiring assistance and healthcare services is putting pressure on the country's healthcare system. As well, some economists fear that the growing number of retirees may lead to the collapse of the pension system. The number of workers supporting the pension system is shrinking fast compared to the growth of those aged over 65 years-old and older.

Outlook

The number of Poles 65 years-old and older is projected to grow by 30.4% over the forecast period to reach 6.9 million in 2020. Moreover, the median age of population is projected to increase, reaching 41.1 years in 2020. People in Poland are expected to continue to live longer and birth rates are expected to continue to decline over the forecast period. According to the demographic forecast of the Central Statistical Office, Poles aged 65 years-old and older will account for 23% of the total Polish population in 2035.

Impact

The growing population of older Poles is expected to drive increased demand for health goods and medical services, including over-the-counter (OTC) medications, mobility assistance devices and vitamins and dietary supplements. Those that can afford it are expected to drive demand for leisure and recreation products and services as well as products related to gardening activities. The increase in number of older citizens is also expected to drive changes in workforce structure in the healthcare sector as the need for appropriate numbers of medical and nursing staff increases.

Single-person Households Increase

There has been a marked growth in the number of single-person households in Poland. In 2010, there were 4.3 million households of this type which accounted for nearly 30% of all households in Poland. Growth was due to a number of factors, including the increasing number of young single people deciding to live alone, the growing number of widows and widowers and the increase in the number of divorces. A large proportion of these households are occupied by young professionals in urban areas who have decided to postpone getting married and who are able to afford living alone. Many of them have relatively high levels of disposable income to spend on products and services that satisfy their 'personal' needs rather than those of family, children and household.

The longer life expectancy in the country has led to more widows and widowers. These single-person households have far less purchasing power than their younger counterparts. Older people living alone tend to be price-conscious and they continually look for bargains and sales.

For the most part, older single consumers are focused on satisfying essential needs such as food and running costs.

Outlook

The number of single-person households in Poland is expected to increase by over the forecast period, reaching 5.4 million in 2020 and representing 35.4% of total households. As during the review period, growth is expected to be the result in part of young people increasingly deciding to postpone getting married, pursuing careers or education and living alone while doing so.

Impact

Young singles, particularly those in urban areas, have significantly different spending patterns than older singles. Socialising is typically an important element of the lives of young singles and this is reflected in the products and services they buy. For example, young singles tend to drive demand for cosmetics, perfumes and fashionable clothing and footwear. They also tend to spend less time at home and more time dining out, drinking in bars and pubs and going to clubs and other entertainment venues. Weekend trips and holidays are also very popular amongst young singles. As their numbers increase over the forecast period, so will demand for these products and services.

As they are living by themselves, people living alone often buy smaller amounts or portions of food. This is expected to drive manufacturers and retailers to focus on meeting the needs of smaller households by offering smaller packages. At the same time, many singles live in smaller apartments or flats as they do not need the additional room to house children. In many instances, they will drive demand for smaller appliances and white goods which fit more comfortably in their smaller living spaces.

Spending on Alcoholic Drinks Rebounds

After a slight dip between 2008 and 2009 (a result of the economic downturn), spending on alcoholic drinks rebounded in 2010 with growth of 1.8% (in real terms) over prior year to reach PLN29.5 billion. In short, some consumers considered alcoholic drinks as non-essential during shaky financial times and cut back purchases while others, becoming more price-conscious and looking for value, 'traded down' and bought less expensive alcoholic drink products. For example, newly introduced Krupnik vodka from Belvedere, targeted at the lower end of the market, saw meteoric sales.

Outlook

Over the forecast period, spending on alcoholic drinks is projected to increase by 29.7% (in real terms) to reach PLN38.7 billion in 2020. Growth is expected in all drink categories over the forecast period with a 26.8% increase in spending on spirits, an increase of 32.1% in spending on wine and an increase of 31.4% in spending on beer. Growth will be facilitated in part by rising levels of disposable income.

Impact

Despite better economic times, over the forecast period many price-conscious consumers who 'traded down' during the recent downturn are expected to stick with their less-expensive brands of alcoholic drinks. In response, it is expected that some producers will seek growth by catering to these consumers and introducing more middle- and lower tier brands and products into the market. Regardless of this trend, demand for premium brands is expected to remain stable, buoyed by rising disposable income levels.

Polish Consumers Seeking More High-end Products

The purchasing habits of Polish consumers are becoming increasingly Westernised and this was reflected in the increased demand for luxury goods in the country during the review period. In 2010, the value of Poland's fast-growing luxury goods market was valued at PLN3.4 billion. Indeed, between 2005 and 2010 the luxury goods market grew by 50% (in real terms). The Polish market for luxury goods is relatively young and, in turn, value sales in all categories increased significantly. Indeed, by 2010 nearly all had registered double-digit sales growth.

In part, demand for luxury goods was fuelled by many consumers travelling to other countries where they got a taste for these products. Many Polish consumers travel to Germany, particularly to Berlin, to do their luxury shopping. As well, there has been aggressive marketing of these products, particularly luxury jewellery and watches.

Many retailers report that Polish consumers are paying much greater attention to brands and the success of Omega, TAG Heuer and Rolex are strong evidence of this trend. Widely promoted Maurice Lacroix, a relatively new entrant into the Polish luxury goods market, has been successful in conquering the minds and wallets of many Polish consumers. According to a recent article in the Economist magazine, "KPMG estimates that over half of the world's premium brands now have an official distributor in [Poland], with luxury cars especially well represented."

Outlook

Over the forecast period, per capita disposable income is projected to rise by 40.5% to reach PLN34,029 in 2020. This is expected to fuel consumer demand for a wide range of luxury products from international manufacturers and retailers. Luxury jewellery and timepieces are expected to retain their leading positions in the Polish luxury goods market with significant projected growth.

Impact

Over the forecast period, increased demand is expected to be fuelled by rising disposable incomes as well as the addition of new entrants into the Polish market. These include such brands as Italian luxury car giant Ferrari and global giants such as Louis Vuitton which plans to open its first stores soon. Carolina Herrera, which opened its first boutique in Poland in 2010.

Internet Retailing Increasing

An increasing number of Polish consumers are shopping online. Internet retailers offer convenience as well as competitive prices. This channel has been boosted by the growing number of internet users in the country. In addition to traditional internet retailers, an increasing number of retailers have launched online shopping sites to complement their brick-and-mortar outlets. These new virtual stores enable retailers to reach a wider audience and they serve as a means to raise brand awareness. Consumers are increasingly confident in buying music, films, video games and books online as many leading retailers such as Merlin.com.pl and Empik offer a vast selection of products at competitive prices. The largest Polish auction site is Allegro which offers goods such as branded clothes and fragrances. Additionally, IT products such as computers, laptops and mobile phones attract many young buyers. The largest auction site in the world, eBay, began operations in Poland in 2005 and it is gaining in popularity. Another common portal often used by Poles is gumtree.pl, an extensive network of online classifieds and community websites.

Outlook

It is expected that the number of households with broadband internet-enabled computers will increase over the forecast period and that is expected to drive growth in this channel. Internet retailing in Poland is expected to develop dynamically with value sales expected to rise at a CAGR of 14% (in real terms) between 2010 and 2015 to reach PLN12.3 billion in 2015.

Impact

The convenience and lower prices found on internet retail sites is expected to drive more retailers to offer more products online, altering the retail landscape in Poland over the forecast period and threatening growth of many brick-and-mortar retailers. Major companies with strong brand names, such as Merlin, Komputronik, Bon Prix and Empik are expected to see significant growth and benefit the most from the further development of internet retailing in Poland.

CONSUMER SEGMENTATION

Babies and Infants

As the Polish economy improved and as unemployment rates declined during the review period, Poland enjoyed somewhat of a baby boomlet. Indeed, the number of babies and infants grew by 14% going from 1.1 million in 2006 to 1.2 million in 2010. Nevertheless, the number of households consisting of families with children declined by 6.6% during the review period. Currently, many young Polish parents opt to have one child which keeps their disposable income levels relatively high. With rising household incomes, the tradition of 'handing down' clothing to younger children has been less frequent. Parents are not afraid to spend more money for better products that they perceive to be of higher quality for their babies and infants. In general, they are unwilling to economise on their newborns and they are more inclined to cut down on their own spending. Another important factor that has influenced sales of baby care products is the fact that more Poles are deciding to have babies at older ages which tends to make them more dedicated to their babies' needs.

Demand for baby food increased even during the economic slowdown. In general, baby food products offer safe and balanced nutrition as well as convenience. Moreover, the selection of product formats and flavours is very wide which also helped spur demand. Another important factor that boosted demand was that many young mothers returned to work earlier. Thus, they had less time to take care of their babies and to prepare regular home-made meals. Hence, they were increasingly eager to reach for convenient and time-saving baby food instead.

Breast-feeding is very popular in Poland. Therefore, manufacturers strive to produce milk formulae that are as close to mothers' milk as possible. They make great efforts to offer added health benefits, such as boosting the immune system with Immunofortis complex in Nutricia Polska's Bebilon milk. At the same time, an increasing number of infants are born with allergies, resulting in an increase in parents' awareness of the hypo-allergenic properties of various products. It has stimulated demand for hypoallergenic toiletries and food aimed at babies and infants.

Despite increasingly frequent warnings about the rise in pollution levels as a result of using disposable diapers, many parents simply find them easier to use. In 2010 value sales of nappies/diapers/pants increased by 3% (in current value terms) over prior year. Disposable pants saw the fastest growth (11%). However, it is a small segment in comparison with the others, holding only a 3% overall share (in volume terms) in the entire category in 2010. But more and more parents are deciding to use such products for their children. Purchasers of such products are mainly parents who live in large cities and go with their children to swimming pools and, therefore, they need special pants which children can use whilst swimming. Some parents

also use disposable pants whilst potty training or for children at night. In 2010 TZMO introduced Bella Baby Happy Pants Boys/Girls.

As the economy grew briskly and as disposable incomes increased during the review period, many Polish parents became convinced that they should not be sparing when it came to buying products for their children. Thus, it was considered best to buy more expensive high-quality products instead of cheaper products of uncertain quality. This changed somewhat as a result of the economic downturn and some parents switched to private label products.

Nivea and Johnson & Johnson Poland were the leaders in the baby care sector in 2010 with a combined value share of 37%. Both companies have a long-standing presence in Poland and they benefit from strong, widely recognised brand names, broad distribution and comprehensive product portfolios. They regularly support their brands with mass media advertising, which helps them sustain their strong positions.

Impact

Over the forecast period, the number of babies and infants is projected to decline by 11.4% to reach 1.1 million in 2020. This change is expected to affect volume sales and demand for a wide range of baby- and infant-related products and services. Regardless, value sales of these products is expected to be less affected as households with rising disposable incomes spend more on their children to ensure that their clothing, footwear, food, toys and other products are of the best quality.

Kids

During the review period, the number of kids in Poland declined by 5.3%, going from 2.3 million in 2006 to 2.1 million in 2010. With many young mothers in the workforce, there has been growth in the number of children who start kindergarten before the age of six years-old. In the largest Polish cities, where the use of kindergartens is the highest, there is a shortage of places. It is particularly difficult on new housing estates, where mainly young people live. Demand for places in private kindergartens offering flexible opening hours is increasing as the working hours of many parents may not coincide with the hours during which public kindergartens are open. Young parents also appreciate private kindergartens because they offer additional activities, such as learning foreign languages through playing, which are seen as particularly valuable by parents.

Polish children enjoy playing with the latest popular toys. For example, a number of 'superhero' characters are popular, including Batman, Spiderman, Bakugan, SonGoku and Superman. The Polish toys and games market is largely dominated by toys based on cartoons, animations and movies, such as Ben 10 or Bakugan. Cartoon heroes such as Shrek and movie heroes such as Harry Potter are also popular. As a result, characters have become an important factor in toy sales and a foundation of income for toy retailers and distributors. The Polish toys and video games sector has diversified distribution. For traditional toys the key retailer is SMYK which is well known and which has a solid position. The video games category is dominated by electronics retail chains such as Media Markt and Saturn and non-grocery chains such as Empik. In both categories internet sales are rapidly becoming popular.

In recent years parents have paid increasing attention to educating their children at very young ages. Many parents are willing to pay to purchase educational toys which combine fun and learning. Many parents' attitudes towards childhood have changed as a growing number of surveys and research reports indicate that the first three years of a child's life are essential in their future development. Toys and games teaching basic literacy and numeracy from brands such as Fischer-Price, Playskool and VTech are very popular.

Unlike their parents, kids are now growing up with technology. Kids are becoming more familiar with computers and the internet as well as using mobile phones. Owning a mobile

phone ranks first on list of most-desired gifts among elementary school students. Portable MP3 players have also become standard gadgets owned by youngsters, particularly as their unit prices have declined and they are relatively accessible for kids. Portable video and multimedia players are less popular due to their higher unit prices.

Impact

Over the forecast period, the number of kids in Poland is expected to increase by 10.6% to reach 2.4 million in 2020. Growth will reflect the baby boomlet the country has enjoyed as the economy has gotten stronger and as disposable incomes increased. In 2020, kids will account for 6.3% of the total population. The growing number of children is expected to drive increased demand for a wide range of kids-related products and services, including kids' clothing and footwear, food and drinks and toys and games. As well, parents are expected to continue to buy educational products to enhance their children's learning. Spending growth in all categories is expected to be facilitated by increasing levels of disposable income over the forecast period.

Tweenagers

During the review period, the number of tweenagers (aged between nine and 12 years-old) declined by 14.4%, going from 1.8 million in 2006 to 1.6 million in 2010. The decline was the result of the lower birth rates seen just before the recent baby boomlet. While tweenagers typically have little if any income, many nevertheless get allowances and spend it on snacks, drinks and games. At the same time, many tweenagers tend to emulate teens, not only in their attitudes but in their clothing, fashion and music choices. Significantly, it is in the tweenage years that many believe consumer habits and attitudes (including brand loyalty) first take hold. Thus, tweenagers very often buy widely advertised sweets and soft drinks. School shops and small shops located near schools are the most popular places in which tweenagers spend their pocket money.

In addition to spending time at school, tweenagers in Poland often spend a great deal of their leisure time on the internet. For the most part, Polish parents see technology as having a positive impact on the psychological development of their children as it stimulates thinking and helps them to develop cognitive skills. At the same time, however, there has been increasing amount of information highlighting the adverse impact that some computer games can have on children. As well, Polish tweenagers are more sedentary than tweens in the past and many are faced with being overweight or obese. Despite the fact the obesity rate in Poland is lower than in Western European countries, the trend is nevertheless alarming. Polish tweenagers tend to consume more sweets and snacks and drink more soft drinks than members of any other age group.

Impact

Over the forecast period, rising levels of disposable income combined with having fewer children is expected to help maintain value sales levels of products aimed at tweens as parents spend more per child. Apart from necessities such as clothing and footwear and food, many parents are expected to spend more on such items as consumer electronics products and computer games. Parents are also expected to spend more on educational products and services, particularly those related to learning foreign languages.

Teens

During the review period, the number of teens declined 13.2% to reach 3.4 million in 2010. In 2010, teens accounted for 8.8% of the total population, down from 10.2% in 2006. The shrinking

teenage population reflected the changing family model in Poland in recent years and, in turn, low birth rates during the 1990s.

Polish teenagers can have a significant impact on household purchasing decisions and Polish parents take into account the opinions of their teen children. This is particularly true when purchasing devices and equipment such as mobile phones, PCs, laptops, software and computer games. According to recent survey by Ipsos, teens often influence parents when they purchase phones (77%), choose places of entertainment (61%) and buy computer games (55%). The average monthly pocket money for teenagers was reported to be around PLN82 with younger teens having about PLN43 and the youngest children (aged four to six years) having about PLN21.

Teens tend to spend time socialising and many are strongly concerned about their appearances. Indeed, for some being thin and attractive sometimes means more than achieving good grades in school. The influence of the media, which promotes thinness, beauty and style, puts great pressure on many teens. Several years ago, the slightest trace of make-up being worn at school could lead to discharge. Today, however, girls taking their cosmetic bags to school are a common sight.

Polish teenagers spend more time online than watching TV and number of them could not imagine life without having a computer device at home. Nasza Klasa (NK), Facebook and twitter are the sites most frequently visited by Polish teenagers. American site Facebook has started gaining in popularity and it is now considered to be Nasza Klasa's biggest rival. The Polish version of Facebook arrived two years ago and it has been growing rapidly, gaining hundreds of thousands of users as NK loses hundreds of thousands of users.

The number of mobile phones used by teenagers is increasing in line with the growing penetration level of mobile phones in Polish society in general. Parents accept teenagers having their own mobile phone, as it allows them to keep in contact with their children. Pre-paid mobile phones are the most popular among Polish teenagers. The latest phone models and their features are frequent subjects of conversation amongst teens.

A reform in the education system in 2003 altered the exams and results needed for the certificate of secondary education. The results of these exams are now the deciding factor for high-school graduates wishing to go to university. Prior to this, university entrance exams were used. This change has resulted in an increase in the number of older teenagers attending extra courses intended to help them on their exams. Courses include not only group courses on foreign languages but also private lessons in a wide range of school subjects. As a result, private institutions giving courses are expanding and growing in number and an increasing number of Polish parents are now prepared to pay for these educational services. Qualified tutors usually come to the students' homes and fees range from PLN15 to PLN60 for a 45-minute session.

Impact

Over the forecast period, the number of teens is projected to decline significantly, by more than 22%, to reach 2.5 million in 2020. In 2020, teens are expected to account for 6.6% of the total population, down from 10.2% in 2006. Their declining numbers will certainly have an impact on volume sales but, as is the case with consumption patterns observed in other age groups, rising levels of disposable income over the forecast period are expected to soften the impact on value sales.

For the most part, there are not expected to be significant changes in consumption patterns of teens over the forecast period. In coming years, teens are expected to drive demand for many of the same products and services that they sought out during the review period. Thus, teens will spur demand for trendy clothing and footwear, cosmetics, fast food, consumer electronics

and mobile phones. Teenagers are also expected to remain loyal their favourite brands over the forecast period, saving up their pocket money in order to purchase desired branded items.

Twenty-somethings

The group of people in their twenties in Poland is made up in large part of students and young working adults. During the review period, the number of twenty-somethings declined slightly, by 3%, to reach 6.2 million in 2010. This group represented 16.3% of the total population in 2010.

Polish students have wide selection of universities from which to choose and a wide selection of subjects that they can pursue. In Poland there are nearly five hundred colleges and universities. Students are generally offered a broad package of scholarships for good academic performance as well as social services. On the other hand, according to a recent amendment to the Law on Higher Education Polish students will have a more difficult time getting access to scholarships. Polish universities which have long educational traditions are located in the largest urban centres such as Warsaw, Łódź, Wrocław, Poznań, Katowice and Kraków. Many young people attend university in these cities and, after graduation, settle there to work in their new jobs.

Students attending university away from their home towns can apply for accommodation in the university dormitories. Dormitories are two or even three times cheaper than private accommodation in Poland. As a result, the demand for places in student houses is usually very high. Many students are forced to rent self-contained flats which is beneficial for the real estate industry. However, apartment owners tend to be reluctant to let their property to students. Stereotypes and past bad experiences continue to prevail in the market behaviour of some home owners.

It is very common for students to work while they attend university. Students usually choose jobs in food or retail to get some extra money as their spending power is quite low. Despite the fact that most courses are free, many students find that they have to spend relatively substantial amounts on other educational expenses such as books and private tuition. Polish students tend to spend their free time socialising and related activities, the most popular being social gatherings in pubs, cafes or bars. Students often attend parties, especially those organised in dormitories. This is less expensive than going out. Visiting fitness clubs, gyms and swimming pools is also becoming more widespread among young Poles, a trend attributable to the increasing concern about health and fitness. In general, young Poles are very health-conscious.

After completing their higher education, most graduates start their working careers. Once employed, most rent flats, either with their 'mates' or on their own. Very few return to live with their parents. In recent years, a considerable number of young Polish graduates emigrate from the country right after finishing their degree. Fear of not finding a job or a job that doesn't 'pay the rent' has forced many to leave the country.

Of course, not all people in their twenties are students. In fact, most young people tend to enter the workforce while many others decide to get married and establish their own households. Indeed, in 2010 the average age of men at first marriage was 27.9 years-old while the average age of women at first marriage was 25.7 years-old. Young married couples are not necessarily well-off but they nevertheless tend to drive demand for such items as furniture, kitchen appliances and white goods. As well, the household budgets of those that decided to have children are dedicated to kids' clothing and footwear, food and drinks and toys and games.

With relatively high disposable incomes and without the burden of having to spend on young children, young single professionals in their twenties tend to spur demand for high-end clothing and footwear. They tend to purchase from such stores as H&M, Zara, GAP and Esprit. These shops have benefited from the development of the shopping mall, a retail venue often visited by people in their twenties. This group also tends to drive demand for expensive portable consumer electronics, including smartphones, laptops and tablets. Indeed, nearly all people in their

twenties are comfortable with technology. Spending time on social networking sites such as Facebook, Nasza Klasa and twitter has become very common. People in their twenties also spend time surfing the internet for information and entertainment.

Impact

Over the forecast period, the number of people in their twenties is projected to decline dramatically, by 25.3%, to reach 4.6 million in 2020. In that year, people in their twenties are expected to account for nearly 12% of the total population, down from nearly 17% in 2006. Regardless of their decline in numbers, people in their twenties will still retain considerable consumer clout as this group tends to drive demand for a wide range of household 'big ticket' items such as cars, white goods and furniture. As well, many have relatively high levels of disposable income which make them attractive to manufacturers and retailers in nearly all sectors, including clothing and footwear, consumer electronics, consumer foodservice and leisure and recreation. Generally, while their numbers may decline their impact on consumer culture in Poland is not expected to wane.

Thirty-somethings

The number of Polish people in their thirties increased by 10.5% during the review period, going from 5.1 million in 2006 to 5.7 million in 2010. In 2010, people in the thirties accounted for nearly 15% of the total population in 2010, up from 13.5% in 2006.

Like many working people in their twenties, people in their thirties are often focused on their jobs and careers. On average, people in their thirties have higher disposable incomes than people in their twenties. Indeed, in 2010 people in their thirties had average annual gross incomes of PLN40,175. But with a higher number of thirty-somethings having families and owning homes, their budgets are dedicated to their households and their children rather than to buying more 'personal' products and services such fashionable clothing and footwear and leisure and recreation. Having reached somewhat of a level of financial stability, many people in their thirties begin to start to think of investment and securing the future of their families. As a result, insurance and pension schemes are popular products amongst many thirty-somethings.

Time is rationed out differently among members of the two groups, as well. With household chores to do and children to raise, thirty-something parents do not tend to find as much time to go out and socialise like their twenty-something counterparts. As well, to better manage what time they do have many households dedicate one day a week, usually on the weekend, to one large shop for groceries and other household goods, often at local hypermarkets or supermarkets.

Impact

Over the forecast period, the number of thirty-somethings is projected to increase by nearly 6.6% to reach 6.2 million in 2020. With rising numbers and rising disposable incomes, people in their thirties are expected to drive increased demand for a wide range of household- and children-related products and services. Indeed, over the forecast period, consumer expenditure on household goods and services is projected to increase by 39.7% (in real terms) to reach PLN53.7 billion in 2020 with much of that increased expenditure coming from thirty-something households.

Middle-aged Adults

During the review period, the number of middle-aged adults increased by 2.6% to reach 12.8 million, making this the largest age group (with 33.5% of the total) in Poland. Consumer expenditure patterns of members of this large group are strongly based on their levels of

disposable income. In 2010, people in their forties had the highest average annual gross income, PLN42,294, but again this was an average. There are many middle-aged people in Poland who do not have this level of income and this affects their purchasing decisions.

Rising unemployment during the economic downturn affected the purchasing power of many middle-aged workers. Many who lost their jobs had difficulty finding new ones. Many discouraged older workers ceased looking for new jobs as Polish employers tended to take on younger, less expensive workers. Regardless, there are certainly many middle-aged people in Poland who have achieved good positions in their lives and who can afford to spend on non-essentials, such as travel, consumer foodservice and leisure and recreation products and services. Middle-aged adults tend to spend more time at home, often watching television and entertaining or visiting friends. Many of those at the older end of this age group dedicate their free time to their grandchildren.

According to Payback Consumer Monitor, many middle-aged adults prefer to shop at discounters or local stores. Those with lower incomes and lower purchasing power tend to buy goods like clothing and footwear at bazaars and markets. Many attempt to make the most out of their shopping trips by preparing lists of products rather than shopping on impulse. Middle-aged consumers tend to choose well-known and trusted brands while paying close attention to prices and the length of warranties. They frequently seek out information about promotions and sales. As they get older, middle-aged adults tend to consume more health and medical products. They also tend to spend more on beauty products and skin care products, particularly so-called 'anti-ageing' products. Both men and women have increasingly turned to taking vitamins and dietary supplements as a preventative health measure.

Impact

Over the forecast period, the number of middle-aged adults is projected to stay relatively stable at 12.9 million. In 2020, middle-aged adults will still constitute the largest age segment, accounting for 33.7% of the total population. In their peak earning years, middle-aged adults will continue to wield considerable purchasing power and will continue to drive demand for a wide range of products and services. This will be facilitated by rising levels of disposable income over the forecast period. On the other hand, having suffered through the recent recession, it is expected that many middle-aged consumers will continue to be price-conscious and will look more often for value in their purchases.

Older Population

During the review period, the number of Poles aged 65 years-old and older increased by 1.8% to reach 5.2 million in 2010. In 2010, older Poles accounted for 13.5% of the total population, up slightly from 2006. Generally, the purchasing power of the older population is rather low and retirement pensions are mostly spent on necessities. In 2010, the average annual gross income of those 65 years-old and older was PLN33,100.

Not surprisingly, demand for health goods and medical services is high among older consumers. The average life expectancy for men is nearly 76 years while it is 80 years for women. These are low compared to life expectancies in other Western European countries. Indeed, Polish men live about eight fewer years than the average European man while Polish women live four to five fewer years than their European counterparts.

Polish pensioners tend to spend their spare time partaking in less expensive forms of entertainment, including watching TV and reading. Women, in particular, enjoy watching soap operas and Polish serials. They also spend time socialising with friends. Many older Poles enjoy spending time with their grandchildren, often acting as babysitters. Traditionally, many children tend to take care of their ageing parents in the autumn of their lives but this tradition has been declining in recent years.

Impact

Over the forecast period, the number of Poles 65 years-old and older is projected to increase by a dramatic 33.4% to reach nearly seven million in 2020. Those seven million older Poles are expected to account for 18.1% of the total population, up from 13.3% in 2006. The significant growth in the number of older Poles is expected to affect consumer demand in a number of sectors, in particular the healthcare sector. Indeed, over the forecast period consumer expenditure on health goods and medical services is projected to rise by 42% (in real terms) to reach PLN51.1 billion in 2020. A large proportion of that will be spent in an effort to take care of the rising number of older Poles.

The increase in the number of elderly citizens is also expected to impose changes in structure of the workforce as more medical and nursing staff will be needed to adequately treat the elderly. As well, the higher number of older Poles is expected to put greater pressure on the working-age population as they will have to find ways to keep levels of support and care high.

Table 1 Consumer Segmentation: 2006-2010

'000	2006	2007	2008	2009	2010	% Growth
Babies/Infants (0-2 years)	1,066	1,089	1,121	1,173	1,215	14.0
Kids (3-8 years)	2,271	2,210	2,172	2,153	2,149	-5.3
Tweenagers (9-12 years)	1,813	1,735	1,662	1,603	1,552	-14.4
Teens (13-19 years)	3,909	3,776	3,654	3,521	3,393	-13.2
People in their twenties	6,424	6,404	6,367	6,313	6,230	-3.0
People in their thirties	5,136	5,265	5,395	5,529	5,673	10.5
Middle-aged Adults (40-64 years)	12,462	12,529	12,612	12,699	12,788	2.6
Older Population (65+ years)	5,076	5,117	5,131	5,146	5,166	1.8

Source: National statistics, Euromonitor International

Table 2 Consumer Segmentation: 2011-2020

'000	2011	2015	2020	% Growth
Babies/Infants (0-2 years)	1,237	1,212	1,096	-11.4
Kids (3-8 years)	2,173	2,403	2,404	10.6
Tweenagers (9-12 years)	1,507	1,415	1,627	8.0
Teens (13-19 years)	3,251	2,776	2,530	-22.2
People in their twenties	6,133	5,474	4,582	-25.3
People in their thirties	5,807	6,274	6,192	6.6
Middle-aged Adults (40-64 years)	12,893	12,882	12,895	0.0
Older Population (65+ years)	5,188	5,834	6,922	33.4

Source: National statistics, Euromonitor International

PEOPLE

Population

During the review period the Polish population increased only slightly, by less than one percent, to reach 38.2 million in 2010. In terms of population, this makes Poland the sixth-largest country in the European Union and the 34th-largest in the world. One of the reasons for the population stagnation in Poland is Poles' changing attitudes towards the family. Structural societal changes and the introduction of the free market influenced the way Poles thought about the role of the family in the society. A contemporary picture of the typical Polish family does not fall far from that of Western Europeans with the Poland's fertility rate being one of the lowest in the world.

According to the Ministry of Foreign Affairs, around 15 to 16 million Poles live outside the country and this has also affected population growth rates. Since Poland joined the EU many people have moved to countries such as Ireland, the UK, Denmark, Sweden and Norway. Indeed, the number of Poles in the UK increased to 550,000 in 2010, up from 520,000 in 2009. As well, according to research by Krystyna Iglicka from the Centre for International Relations, Polish women in the UK are having babies at a faster rate than those in Poland. At the same time, however, an increasing number of Poles have been returning home. It was estimated that in 2007 more than 200,000 Poles returned to the country.

Compared with other European countries, Poland has not attracted many immigrants and the proportion of foreigners living in the country has increased only slightly in recent years. In 2010, almost 97% of the country was Polish, with small ethnic minorities hailing from countries such as Germany, Belarus and the Ukraine. Non-Poles accounted for 3.4% of total population in 2010.

As noted, the Polish population is ageing and this has had an impact in both social and economic circles. As well, the growing number of older Poles has put added pressure on the resources of the public healthcare system. In 2010, Poles 65 years-old and older accounted for 13.5% of the total population. The ageing was also reflected in the country's median age, which increased from 36.7 years in 2006 to 37.8 years in 2010. This trend is a result of population surge that took place after the Second World War when a baby boom occurred in the second half of the 1940s.

It is estimated that the Polish language is the mother tongue of about 44 million people worldwide, including residents of Poland and Polish people living abroad (so called Polonia). Languages most commonly used in Poland include Polish (the official language), Silesian and Kashubian. Silesian or Upper Silesian is considered to be a dialect of the Polish language and it's spoken in the region of Upper Silesia, in the area between historical border of Silesia on the east, and a line from Syców to Prudnik on the west, as well as in the Rawicz area. Kashubian is spoken every day by over 50,000 Poles and it's considered to be the most distinct dialect in the country.

Impact

Over the forecast period the Polish population is projected to grow by less than one percent, reaching 38.2 million in 2020. As a result, Poland is expected to face huge demographic and economic challenges including suffering from relatively low participation in the workforce which is needed to support the growing number of elderly. Indeed, the median age in Poland is expected to increase to reach 41.1 years in 2020.

The Polish population is projected to continue to age over the forecast period and this will continue to drive the development of numerous products targeted at seniors. For example, it is expected that there will be a rise in demand for leisure and recreation products and services to cater to the growing number of older people with more spare time on their hands. Perhaps most significantly, the rising number of older consumers is expected to drive increased demand for health goods and medical services. At the same time, however, some economists warn that the growing number of retirees may lead to a collapse of the country's pension system. The number

workers able to earn money and pay taxes for pensions is shrinking fast compared to the growth of the number of people retiring from work.

The number of young Poles (up to the age of 14 years-old) is expected to grow slightly over the forecast period, by 2%, going from 5.7 million in 2001 to 5.9 million in 2020. Combined with rising disposable incomes, it is expected that value sales of kids-related products and services will rise over the forecast period particularly as parents are not expected to hold back on buying their children quality products with higher prices.

Marital Status

Marriage remains a respected social institution in Poland. The frequency of marriages in urban areas and rural areas is similar. Religious marriages, those registered in churches and offices of civil status, account for approximately 68% of all marriages. In 2010, the age of men at first marriage was 27.9 while for women it was 25.7 years.

Many young Poles, particularly those working and living in urban areas, have recently displayed a tendency to postpone marriage and starting a family. This is due to more women pursuing education and careers and more men and women seeking to enjoy the single life for a longer period. Others postpone marriage until they are comfortable that they can provide a sound financial foundation for their new households. As well, the attitudes of some young Poles have changed due to their temporary migration to Western countries where they observed more liberal Western attitudes toward marriage and the family in general. Related to this, while the number of married people stayed relatively stable during the review period the number of divorced people increased by 13.2%. Again, this is due in part to changing social attitudes towards marriage brought about by the Westernisation of the country. Women are more likely to seek divorce. In more than 75% of cases it was the woman applied for the divorce. Statistics indicates that there are roughly three times more divorces in urban areas than in rural areas.

As well, despite Poland's strong links to the Catholic Church and its beliefs, there is an increasing number of people cohabitating. The Polish attitude toward cohabitation (called 'Zycie na kocia lape') is changing, especially among young people living in urban areas where sharing a flat before marriage is seen by some as a preparatory period rather than an end in itself.

Marriages between Poles and foreigners are becoming increasingly common and those weddings typically take place in Poland. Bozena Sobczak of Wedding-in-Poland.com, a Krakow-based company that specialises in organising weddings for foreigners and couples of mixed nationality, explains that family, atmosphere and cost are three reasons why many couples decide to get married in Poland. In the majority of cases, it is the bride who is Polish and being with their family during this time is very important to them. Most of the weddings are between couples of mixed nationality but Poland is also becoming a popular place for foreign couples to get married. Cost is a big factor as it is much cheaper to have a lavish wedding in Poland than in the UK or Ireland.

Impact

Over the forecast period, the number of married Poles is projected to decline slightly, by 2.3%, to reach 16.8 million in 2020. This group will account for just over 44% of the total population, down slightly from the 45.3% recorded in 2010. Over the same period the number of divorced Poles is projected to increase by 18.4%, reaching just more than two million in 2020. For the most part, the relatively stable state of the institution of marriage in the country means that spending patterns of young married couples will not be changed significantly over the forecast period. On the other hand, the growing number of divorcees is expected to spur an increase in the number of single-parent households, particularly households headed by women. These households tend to have less disposable income and less purchasing power. In many cases,

single parents seek out value rather than quality, driving demand for such items as low-cost clothing and footwear and a wide range of private label products.

The market for wedding planning services is growing in Poland. Polish traditions require that weddings should be celebrated with a wide circle of friends and relatives and include wedding gifts. The food and drink menus offered at weddings are typically generous and parents of the couple often splash out on this special event, sometimes beyond their spending abilities. "Zastaw sie, a postaw sie" (in a free translation) means "show off, even with borrowed money" is a typically Polish way of dealing with such an occasion. The Western tradition of going on a honeymoon is now popular amongst Polish newlyweds and many travel agents offer special services in this market segment.

Town Or Country

During the review period, the number of urban dwellers in Poland declined slightly, by 0.3%, to 23.3 million in 2010. Over the same period, the number of rural dwellers increased by 0.5% to reach 14.8 million in 2010. In 2010, 61% of Poles lived in urban areas. In particular, young, highly educated Poles tend to migrate to larger cities because they offer them better work opportunities and better prospects for the future. Cities also offer young working Poles better access to city attractions, clubs, cinemas and theatres. At the same time, however, social inequality is growing in Poland, especially between people who live rural and urban areas. According to Father Marian Subocz from Caritas Polska, the overall number of people living in poverty is rising.

According to GUS (Główny Urząd Statystyczny/Central Statistical Office), there are 908 cities in Poland with Warsaw, Łódź, Krakow, Wrocław, Poznan, Gdansk and Szczecin being the most populous. Warsaw, the capital city of Poland, is the largest city (in terms of population) with nearly 1.7 million inhabitants in 2010. Łódź, the second most populous city, had 740,000 inhabitants in 2010, down nearly 3% from 2006. According to GUS, the population increased in nine provinces and declined in seven in 2010. The largest increases occurred in the provinces of Pomorskie and Mazowieckie, Małopolskie and Wielkopolskie. Provinces where the population declined fast included Swietokrzyskie, Łódź, Lublin and Opolskie.

Moves to the country were mostly done by more affluent Poles. Rural areas have become more attractive owing to the development taking place through EU funding. As well, many rural Polish villages are now equipped with the necessary media, internet access and other modern facilities needed by those who wish to remain connected. The prices of dwellings in Polish cities are still very high and this has also encouraged people to build their own houses in suburban areas or in villages, even at the cost of a longer commute to work. Many other people, particularly the most affluent, tend to build second homes in rural areas. Areas with a natural, unpolluted environment are the most desirable places to settle down. Such houses are treated as places to spend free time at the weekend and on holidays.

Consumer spending patterns of urban and rural inhabitants differ significantly in Poland. While cosmopolitan city dwellers spend more on entertainment and dining eating out, rural dwellers participate in these activities far less often. Urban dwellers also tend to spend more money on premium products while the rural Poles, generally with lower incomes, tend to spend their money on necessities such as food and household goods and services. Their consumption habits coincide with the lower standards of formal retail in rural areas.

Internet access and computer usage tends to be lower in rural areas but this has improved significantly over the last few years. Mobile telephones have become indispensable devices both for urban and rural dwellers. In Polish cities, mobile phones are essential to business and leisure while families in remote rural areas rely on mobile communications for access to key services such as healthcare facilities.

In terms of food, the majority of people living in rural areas grow their own vegetables and fruits and therefore they do not need to shop in big supermarkets as often as urban dwellers. Members of rural households tend to prepare their own meals at home. Many people living in households located in the countryside still live off the land which means that essential elements of their food needs, including meat and dairy products, are home grown.

Impact

Over the forecast period, the number of urban dwellers is projected to increase by 2.2% to reach 23.9 million in 2020. This number will account for 62.4% of the total population of Poland. Over the same period, the number of rural dwellers is expected to decline by 3.1% to reach 14.4 million in 2020.

The rising number of urban dwellers is expected to drive increased demand for those products and services usually related to fast-paced urban lifestyles, including package foods and ready-meals, fast food and take-aways, fashionable clothing and footwear and entertainment services. Growth in spending on these and other urban products and services is expected to be fuelled by rising disposable incomes over the forecast period. As well, the projected rise in the urban population is expected to have a significant impact on the Polish housing and property market over the forecast period.

Table 3 Population by Age: 2006-2010

'000/as stated	2006	2007	2008	2009	2010	% Growth
0-14 yrs	6,189	6,022	5,901	5,829	5,780	-6.6
15-64 yrs	26,892	26,987	27,083	27,160	27,221	1.2
65+ yrs	5,076	5,117	5,131	5,146	5,166	1.8
TOTAL	38,157	38,125	38,116	38,136	38,167	0.0
Median age of population (years)	36.7	37.0	37.3	37.5	37.8	1.0 years

Source: National statistics, UN, Euromonitor International
Note: As of 1st January

Table 4 Population by Age: 2011-2020

'000/as stated	2011	2015	2020	% Growth
0-14 yrs	5,749	5,766	5,864	2.0
15-64 yrs	27,253	26,668	25,462	-6.6
65+ yrs	5,188	5,834	6,922	33.4
TOTAL	38,189	38,269	38,248	0.2
Median age of population (years)	38.0	39.3	41.1	3.1 years

Source: National statistics, UN, Euromonitor International
Note: As of 1st January

Table 5 Male Population by Age: 2006-2010

'000/as stated	2006	2007	2008	2009	2010	% Growth
0-14	3,172	3,087	3,026	2,990	2,967	-6.5
15-64	13,363	13,406	13,449	13,485	13,514	1.1

65+	1,919	1,934	1,936	1,940	1,948	1.5
TOTAL	18,454	18,427	18,412	18,415	18,429	-0.1
Median age of male population (years)	34.7	35.0	35.3	35.6	35.9	1.2 years

Source: National statistics, UN, Euromonitor International
 Note: As of 1st January

Table 6 Male Population by Age: 2011-2020

'000/as stated		2011	2015	2020	% Growth
0-14		2,952	2,961	3,010	1.9
15-64		13,526	13,248	12,683	-6.2
65+		1,956	2,251	2,747	40.4
TOTAL		18,435	18,460	18,439	0.0
Median age of male population (years)		36.2	37.6	39.4	3.2 years

Source: National statistics, UN, Euromonitor International
 Note: As of 1st January

Table 7 Female Population by Age: 2006-2010

'000/as stated		2006	2007	2008	2009	2010	% Growth
0-14		3,017	2,936	2,875	2,839	2,813	-6.8
15-64		13,529	13,580	13,634	13,675	13,707	1.3
65+		3,157	3,183	3,195	3,206	3,219	2.0
TOTAL		19,703	19,699	19,704	19,721	19,739	0.2
Median age of female population (years)		38.9	39.1	39.4	39.6	39.8	0.9 years

Source: National statistics, UN, Euromonitor International
 Note: As of 1st January

Table 8 Female Population by Age: 2011-2020

'000/as stated		2011	2015	2020	% Growth
0-14		2,797	2,805	2,854	2.1
15-64		13,726	13,420	12,779	-6.9
65+		3,231	3,584	4,175	29.2
TOTAL		19,755	19,809	19,809	0.3
Median age of female population (years)		40.0	41.1	42.9	2.8 years

Source: National statistics, UN, Euromonitor International
 Note: As of 1st January

Table 9 Population by Ethnic Groups: 2006-2010

'000		2006	2007	2008	2009	2010	% Growth
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Polish	36,883	36,847	36,833	36,848	36,875	0.0
German	120	114	109	104	101	-16.2
Byelorussian	40	39	38	36	35	-12.3
Ukrainian	19	17	15	13	12	-37.2
Gypsies	9	8	8	7	7	-24.1
Russian	5	5	5	4	4	-14.4
Lithuanian	5	5	5	4	4	-11.8
Slovakian	1	1	1	1	1	-43.0
Other	1,075	1,090	1,104	1,117	1,129	5.0
TOTAL	38,157	38,125	38,116	38,136	38,167	0.0

Source: National statistics, UN, Euromonitor International

Table 10 Population by Ethnic Groups: 2011-2020

'000	2011	2015	2020	% Growth
Polish	36,893	36,960	36,933	0.1
German	97	87	80	-17.9
Byelorussian	35	32	30	-12.8
Ukrainian	11	7	4	-59.5
Gypsies	7	5	5	-30.2
Russian	4	4	3	-15.5
Lithuanian	4	4	4	-12.1
Slovakian	1	0	0	-60.7
Other	1,139	1,169	1,189	4.4
TOTAL	38,189	38,269	38,248	0.2

Source: National statistics, UN, Euromonitor International

Table 11 Population by Marital Status: 2006-2010

'000	2006	2007	2008	2009	2010	% Growth
TOTAL	38,157	38,125	38,116	38,136	38,167	0.0
Married	17,551	17,459	17,386	17,328	17,289	-1.5
Divorced	1,469	1,519	1,568	1,617	1,663	13.2
Widowed	2,948	2,973	2,997	3,022	3,045	3.3
Single	16,189	16,174	16,164	16,168	16,170	-0.1

Source: National statistics, UN, Euromonitor International

Table 12 Population by Marital Status: 2011-2020

'000	2011	2015	2020	% Growth
TOTAL	38,189	38,269	38,248	0.2
Married	17,236	17,057	16,834	-2.3
Divorced	1,708	1,867	2,021	18.4
Widowed	3,068	3,150	3,225	5.1
Single	16,178	16,196	16,168	-0.1

Source: National statistics, UN, Euromonitor International

Table 13 Marriage and Divorce Rates/Average Age at First Marriage: 2006-2010

As stated	2006	2007	2008	2009	2010
Divorce rates (per '000 population)	1.5	1.6	1.6	1.6	1.7
Marriage rates (per '000 population)	5.2	5.2	5.2	5.3	5.3
Average age of men at first marriage (years)	27.4	27.7	27.8	27.9	27.9
Average age of women at first marriage (years)	25.2	25.3	25.5	25.6	25.7

Source: National statistics, UN, Euromonitor International

Table 14 Population by Urban/Rural Location and Population Density: 2006-2010

As stated	2006	2007	2008	2009	2010	% Growth
Urban ('000)	23,407	23,355	23,326	23,325	23,340	-0.3
Rural ('000)	14,750	14,770	14,790	14,811	14,828	0.5
Population density (persons per sq km)	125	125	125	125	125	0.0

Source: National statistics, UN, Euromonitor International

Table 15 Population by Urban/Rural Location and Population Density: 2011-2020

As stated	2011	2015	2020	% Growth
Urban ('000)	23,358	23,524	23,870	2.2
Rural ('000)	14,831	14,745	14,378	-3.1
Population density (persons per sq km)	126	126	126	0.2

Source: National statistics, UN, Euromonitor International

Table 16 Population by Major Cities: 2006-2010

'000	2006	2007	2008	2009	2010	% Growth
Warsaw	1,703	1,705	1,708	1,711	1,717	0.8
Lodz	763	756	750	745	740	-2.9
Krakow	759	758	756	755	755	-0.6
Wroclaw	635	634	633	632	632	-0.5
Poznan	567	563	559	556	554	-2.3

Source: National statistics, UN, Euromonitor International

Table 17 Population by Major Cities: 2011-2020

'000	2011	2015	2020	% Growth
Warsaw	1,711	1,728	1,754	1.5
Lodz	745	738	731	-0.9
Krakow	755	754	753	-0.1
Wroclaw	632	631	630	-0.1
Poznan	556	555	554	-0.1

'000	2011	2015	2020	% Growth
Warsaw	1,721	1,744	1,778	3.3
Lodz	737	729	730	-0.9
Krakow	755	758	767	1.7
Wroclaw	633	636	645	1.9
Poznan	552	548	550	-0.3

Source: National statistics, UN, Euromonitor International

HOUSE AND HOME

Households by Annual Disposable Income

Poland's total disposable income in 2010 stood at US\$300 billion, accounting for 17% of total disposable income for the Eastern European region. In the same year, the number of Polish households with an annual disposable income of more than US\$300,000 reached 74,000, up by 27% since 2005. The average income growth of the richest 10% of Polish households outpaced that of all other income bands between 2005 and 2010, making this group of the population a very attractive target for companies offering luxury products. On the other hand, Poland can be called only a moderately affluent country when compared to the world's economic giants. Indeed, in 2010 only 26% of households had annual disposable income of more than US\$25,000 and only 7% had annual disposable income of more than US\$45,000.

Since joining the EU, the Polish economy has undergone an extreme transformation and this has been reflected in rising household disposable incomes. Booming exports and increased investment have finally triumphed over hyper-unemployment, which fell to just 10% in 2010. Indeed, Poland was the only economy in the EU to escape an economic recession in 2009 thanks to its strong reliance on domestic demand. This strong demand created a positive backdrop for considerable growth in both income and expenditure despite slight dips between 2008 and 2009. Social Diagnosis, a biennial survey conducted by the Council for Social Monitoring, revealed in early 2011 that 80% of Poles believed that 2010 was a successful year. At the same time, the proportion of those who felt their current income was not enough to satisfy their needs fell from 28% to 26%.

The same survey also reported that 39% of households said that they were in debt. A recent report by the Credit Information Bureau and the Polish Bank Association revealed that more than 2.1 million Poles are finding it difficult to meet their loan repayments. On average, Poles owe around US\$4,977. According to the report, the biggest debtors are men in their thirties in the regions of Mazovian and Silesia.

Impact

Over the forecast period, annual disposable income per household is projected to grow significantly. Indeed, in 2020 nearly 89% of households in Poland are expected to have annual disposable income of more than US\$10,000; 46.6% are expected to have annual disposable income of more than US\$25,000; and 16.6% are expected to have annual disposable income of more than US\$45,000. The number of high-income households is also expected to increase dramatically with growth of 91% of households with annual disposable income of more than US\$75,000 and growth of 63.6% of households with annual disposable income of more than US\$150,000. Rising disposable incomes are expected to spur demand in a wide range of product sectors. In particular, over the forecast period consumer spending on household goods

and services is expected to increase by nearly 40% (in real terms) to reach PLN53.7 billion in 2020.

Households by Number of Occupants

During the review period, the number of households in Poland increased by 4.2% to reach 14.6 million in 2010. There was significant growth in the number of single-person and two-person households (13.3% and 10.5%, respectively) as well as slight growth in the number of households with six or more occupants (1.3%). All other household types saw declines, including three-person households (a decline of 4.8%), four-person households (a decline of 5.1%) and five-person households (a decline of 5%).

These numbers reflected several social and economic factors in play in the housing market. These include rising disposable incomes that allow more people to live alone; a rising divorce rate; young Poles pursuing education and careers and postponing marriage; Polish couples having fewer children or not having children at all; and the growing number of so-called 'empty nesters', i.e., older Polish couples whose children have left the family home to establish their own households.

Single-person Households

During the review period, the number of single-person households increased the fastest (13.3%) to reach 4.3 million households in 2010. Single-person households accounted for the largest share of total households in 2010, nearly 30%, up from 27% in 2006.

Growth was driven by a number of factors, including a growing number of young Poles deciding to postpone marriage and live alone. This was facilitated by rising disposable incomes during the review period. On the other hand, as Poles live longer, the number of widows and widowers has increased. Indeed, between 2006 and 2010 the number of widowed Poles increased by 3.3% to reach just more than three million, nearly 8% of the total population.

The spending patterns of younger singles and older singles differ greatly. Younger consumers typically have higher disposable incomes and, as they are often focused on socialising, they tend to spend more time out of the home dining out, going to clubs and pubs and other entertainment venues. Similarly, younger consumers who like to socialise drive demand for fashionable clothing and footwear and personal grooming products. Younger consumers, particularly those living the faster pace of life in the cities, also tend to look for products and services which promise convenience and time-savings, such as packaged and prepared foods and take-aways. Young singles also drive demand for personal communications/entertainment products such as smartphones, laptops and tablets and other portable consumer electronics. Young people who live alone often live in rented apartments. Thus, they typically do not buy 'big ticket' household goods unless they own their homes.

In contrast, because of their lower disposable incomes older singles tend to have less purchasing power than their younger counterparts. For the most part, they buy essentials such as food and household goods, prepare meals from scratch at home and spend their leisure time at home in inexpensive activities such as watching TV.

Impact

The number of single-person households in Poland is expected to increase by 21.6% over the forecast period, reaching 5.4 million in 2020. In 2020, single-person households will account for 35.4% of total households, by far the largest proportion. It is not expected that there will be significant changes in the spending or consumer preference patterns of younger singles or older singles over the forecast period. Rather, the types of products and services members of these groups now seek out will simply greater levels of demand as their numbers grow. In particular,

demand for clothing and footwear, consumer electronics, entertainment and consumer foodservice will be driven by the growing number of young singles.

Couples Without Children

The number of couples without children increased by 12.8% during the review period to reach nearly 3.6 million in 2010. Growth was driven in part by the increasing number of young Polish couples who have decided to postpone having children (or to not have children at all) as well as by the growing number of 'empty nesters', older couples whose children have grown up and moved away. In 2010, households consisting of couples without children accounted for 24.7% of total households, up from 22.8% in 2006.

As was the case with single-person households, the spending patterns of older couples without children are different from those of younger couples without children. Younger couples without children drive demand for many of the same products as their younger single counterparts, including fashionable clothing and footwear, consumer electronics, consumer foodservice and leisure and recreation products and services. However, as couples often have dual incomes and share the cost of housing, running costs and other household costs, they tend to have higher levels of household disposable income than singles and wield considerably more purchasing power.

Not surprisingly, the spending patterns of older couples without children often resemble those of their single counterparts. Although there are more affluent older couples who can afford to travel and take advantage of leisure services, most older couples focus on buying essentials and spend their spare time taking part in inexpensive activities such as watching TV or going to the cinema. As well, many spend considerable amounts of time with their children and grandchildren.

Impact

Between 2011 and 2015, the number of households consisting of couples without children is projected to increase by nearly 9%, reaching over four million in 2015. With their strong purchasing power strengthened even further by rising disposable incomes, this group is expected to drive demand in wide range of product categories, including consumer electronics, clothing and footwear, travel and consumer foodservice.

Couples With Children

During the review period, the number of households consisting of couples with children declined by 6.6% to reach 5.6 million in 2010. But despite their decline in numbers, households consisting of couples with children remained the largest household type, accounting for 38.5% of all Polish households in 2010.

Couples with children have very different spending patterns than couples without children. In short, their household budgets are dedicated to serving the needs of their children so there is less room for discretionary spending on personal items such as consumer electronics and travel. Always price-conscious, many couples with children tend to purchase products in bulk, which is a less-expensive option. As well, families with children often look for private label product options which save them money. On the other hand, many parents spend what disposable income they have on providing their children with the best, or at least the best that they can afford.

Impact

Between 2011 and 2015, the number of households consisting of couples with children is expected to decline further, by 6.6%, to reach 5.1 million households in 2015, representing just

more than 34% of the total Polish households. While their numbers may decline, couples without children will still represent the largest proportion of households in Poland, making them a formidable consumer force. It is not expected that spending patterns will change significantly in coming years, with these households continuing to drive demand for household- and kids-related products and services. Perhaps the only change will be fuelled by rising disposable incomes which are expected to convince many parents that they should spend more to buy their children quality products.

Single-parent Families

During the review period the number of households in Poland consisting of single-parent families declined by nearly 7% to reach 446,000 in 2010. Single-parent families accounted for 3.1% of total Polish households in 2010.

Single-parent families are typically headed by single mothers who live in urban areas. In the past, having a child while unmarried in conservative Poland would have incurred malicious comments and condemnation from most corners of society. Today, having and raising children while unmarried is more socially acceptable, particularly in urban areas. In contrast, in most rural areas it is still the common view that lone parenthood is unacceptable.

Single parents face all of the issues and challenges that couples with children face except that single parents do not have a partner on which to depend for additional income or time and energy to help with household chores. Due to their lower levels of disposable income, single-parent families are not considered to be a dynamic consumer group. Expenditure is typically focused on meeting the children's needs as well as buying essential products and services. Single parents tend to be price-conscious and due to income and budget considerations they often seek value over quality when buying household- and kids-related products and services. Single parents tend to use discount outlets more often, particularly when shopping for food. They also drive demand for less-expensive private label products.

Impact

Between 2011 and 2015, the number of households consisting of single-parent families is projected to decline by 6.6% to reach 412,000 households in 2015. For the most part, the attributes of single-parent households are not expected to change significantly in coming years. It is expected that single parents, with their lower household incomes, will continue to provide the essentials for their children and that they will continue to be price-conscious when shopping for nearly all household- and kids-related products. In short, it is expected that single-parent households will wield the same low level of consumer power in coming years that they did during the review period, primarily driving demand for low-cost items.

Table 18 Annual Disposable Income per Household (Current Value): 2006-2010

'000 households	2006	2007	2008	2009	2010
above US\$500	13,978	14,132	14,286	14,431	14,567
above US\$1,000	13,957	14,118	14,278	14,416	14,554
above US\$5,000	12,872	13,369	13,795	13,618	13,886
above US\$10,000	9,493	10,791	12,004	10,946	11,580
above US\$25,000	2,237	3,274	4,885	3,344	4,047
above US\$45,000	616	871	1,404	903	1,119
above US\$75,000	303	371	489	380	421
above US\$150,000	127	157	203	159	177

Source: National statistical offices, Euromonitor International

Table 19 Annual Disposable Income per Household (Constant Value): 2006-2010

'000 households	2006	2007	2008	2009	2010
above US\$500	15,507	15,311	14,832	14,432	14,183
above US\$1,000	15,492	15,298	14,819	14,419	14,170
above US\$5,000	14,682	14,552	14,119	13,750	13,519
above US\$10,000	11,876	11,939	11,677	11,421	11,274
above US\$25,000	3,613	3,829	3,903	3,902	3,940
above US\$45,000	960	1,029	1,074	1,080	1,089
above US\$75,000	410	426	439	429	410
above US\$150,000	171	178	184	180	172

Source: National statistical offices, Euromonitor International

Note: Constant value at 2010 prices

Table 20 Annual Disposable Income per Household (Constant 2010 Value): 2011-2020

'000 households	2011	2015	2020	% Growth
above US\$500	14,690	15,046	15,226	3.7
above US\$1,000	14,677	15,036	15,219	3.7
above US\$5,000	14,032	14,521	14,848	5.8
above US\$10,000	11,804	12,700	13,499	14.4
above US\$25,000	4,296	5,537	7,099	65.3
above US\$45,000	1,207	1,718	2,523	109.1
above US\$75,000	442	607	844	91.0
above US\$150,000	184	228	301	63.6

Source: National statistical offices, Euromonitor International

Note: Constant value at 2010 prices

Table 21 Households by Number of Persons: 2006-2010

'000	2006	2007	2008	2009	2010	% Growth
1 person	3,804	3,930	4,058	4,185	4,310	13.3
2 persons	3,456	3,546	3,638	3,730	3,819	10.5
3 persons	2,564	2,536	2,507	2,476	2,441	-4.8
4 persons	2,315	2,288	2,260	2,230	2,197	-5.1
5 persons	1,046	1,035	1,022	1,009	994	-5.0
6+ persons	798	801	803	806	808	1.3
Total households	13,983	14,135	14,289	14,435	14,570	4.2

Source: National statistics, UN, Euromonitor International

Table 22 Households by Number of Persons: 2011-2020

'000	2011	2015	2020	% Growth
1 person	4,433	4,893	5,390	21.6
2 persons	3,906	4,227	4,564	16.8

3 persons	2,403	2,221	1,942	-19.2
4 persons	2,161	1,992	1,737	-19.6
5 persons	978	903	788	-19.5
6+ persons	810	813	808	-0.3
Total households	14,693	15,049	15,228	3.6

Source: National statistics, UN, Euromonitor International

Table 23 Households by Type: 2006-2010

'000	2006	2007	2008	2009	2010	% Growth
Households by type [single-person]	3,804	3,930	4,058	4,185	4,310	13.3
Households by type [couples without children]	3,190	3,318	3,433	3,510	3,599	12.8
Households by type [couples with children]	6,007	5,899	5,792	5,697	5,609	-6.6
Households by type [single-parent family]	479	470	463	451	446	-6.9
Households by type [other]	503	517	542	592	606	20.5
Number of households	13,983	14,135	14,289	14,435	14,570	4.2

Source: National statistical offices, Euromonitor International

Table 24 Households by Type: 2011-2015

'000	2011	2015
Households by type (single-person)	4,433	4,893
Households by type (couples without children)	3,695	4,023
Households by type (couples with children)	5,502	5,136
Households by type (single-parent family)	441	412
Households by type (other)	622	585
Number of households	14,693	15,049

Source: National statistical offices, Euromonitor International

Home Ownership

During the review period, the number of households in Poland increased by 4.2% to reach 14.6 million households. Of those, 65% (9.5 million) were owned homes and 19.3% (2.8 million) were rented accommodation. Of the home owners, 91% owned their homes without a mortgage. Regardless, the number of home owners with a mortgage increased by almost 30% during the review period to reach 868,000 in 2010.

In 2010, houses were the most popular type of dwelling with a share of 49.3% of households. The number of houses grew by 1.7% during the review period, going from 7.1 million in 2006 to 7.17 million in 2010. Apartments were the next most popular type of dwelling and accounted for 48.2% of the total. The number of apartments grew by a healthy 6.5% during the review period to reach just more than seven million.

In rural areas, Poles tend to live in privately owned houses. Blocks are common in urban areas and they are characteristic of buildings built during the Communist era. According to a poll

by CBOS, 70% of residents of towns with populations between 20,000 and 100,000 lived in blocks of flats, called co-operatives, i.e., privately owned and managed by housing co-operatives. However, there has been an increase in the number of dwellings that are privately owned. This form of ownership is typical for new blocks of flats that allow residents to purchase flats directly from the developer. A growing number of Poles working abroad have bought properties, especially in cities like Warsaw, Krakow and Wroclaw, that they rent out. Buying rental properties has become a common investment for many Poles abroad. Generally, renting is the most popular option for young, urban residents. Due to high rental rates, it is common for young Poles to rent a room in a shared flat or to live with a landlord rather than rent the entire flat. In fact, rental rates are so high that many prospective homeowners save money when they take out mortgages because the repayments are less than rental rates.

For the most part, first-time home buyers don't plan to change their locations soon after purchasing their dwellings. As a result, they tend to drive demand for such items as white goods, furniture, household furnishings and other products to decorate their new dwellings. As well, many seek to alter or enhance their new homes and this has driven demand for DIY products and services.

Many people who took out mortgage loans during the review period are struggling as interest rates increase. Even those with foreign currency loans, which have been more affordable than those in the Polish zloty, have felt the adverse effects of higher interest rates and the decline in value of the zloty. Mortgage holders in this situation find that they must reduce household expenditure, often giving up non-essentials such as dining out. Many have become more price-conscious, increasingly seeking out less expensive goods as well as sales and bargains.

The Polish government recently introduced the Family's Own Home programme which subsidises the interest paid during the first eight years of paying back mortgage loans of eligible borrowers, mostly young couples and single parents. Single-person households and persons living in civil union households are excluded from the scheme.

Impact

Over the forecast period, consumers wanting to buy their own homes is a trend that is expected to continue. Indeed, the number of home owners is expected to increase by 17.8% to reach 11.4 million in 2020. The number of home owners with a mortgage is projected to increase by 42.3% to reach 1.3 million in 2020. This number will represent 8.5% of total households, up from 5.9% in 2010.

As home owners are more willing to invest in their homes, the growing number of home owners bodes well for spending on a wide range of product categories, including furniture and other household durables and in-home consumer electronics. As well, home owners rather than renters typically take on DIY home improvement and repair projects and the growing number of home owners is expected to drive demand in this sector, as well. Spending on homes over the forecast period is expected to be fuelled by increasing levels of household disposable income.

Running Costs

Expenditure on utilities increased significantly in Poland during the review period, going from PLN52.8 billion in 2006 to PLN74.6 billion in 2010, an overall increase of 41%. Expenditure on electricity, gas and other fuels grew in line with the increasing energy prices in international markets. Indeed, consumer expenditure on electricity grew by 41.4% during the review period to reach PLN25 billion, 33.5% of the total expenditure on running costs. Over the same period, consumer expenditure on gas increased by nearly 14% to reach PLN13.9 billion, accounting for 18.7% of total spending. According to Eurostat, while electricity and gas prices increased in Poland in 2009 they declined in the EU overall by 2% and 16%, respectively.

The growing cost to consumers of water and sewerage in Poland has been justified by suppliers as necessary to invest in water-supply systems, infrastructure that has suffered from a lack in investment for many years. Poland's entry into the EU obliged it to meet certain wastewater treatment requirements. Thus, by the end of 2015 all urban areas in Poland must have suitable sewage systems and sewage-treatment plants. The country also needs to meet European standards for water cleanliness and to carry out a thorough modernisation of existing water and sewer infrastructure. Even though this investment is partly financed by European sources, utility price increases are inevitable and the extra income is intended to be allocated to development.

Due to rising energy costs consumers are paying more attention to their energy consumption. Indeed, soaring energy prices in 2009 and 2010 boosted sales of energy-efficient consumer appliances. In 2010, the European Parliament approved changes in the law relating to energy efficiency labelling of household durables and other products. The mandatory labels will be placed on household appliances and consumers will be able to estimate their current costs of energy consumption. Such information will allow consumers to determine how much energy they want to use and help them control spending.

Impact

Running costs are expected to further increase in Poland over the forecast period as prices for electricity, natural gas and water continue to rise. In response, many consumers are expected to switch to energy-saving products, such as more efficient light bulbs and automatic washing machines and fridge freezers with A+ energy ratings. Currently, many appliances in Polish households have energy ratings of B, C or even D. Generally, however, rising running costs are expected to put added pressure on household budgets, particularly lower-income households, and this is expected to affect demand for a wide range of household goods and services.

Shopping for Household Goods

Poles do not change their household furniture and décor as often as inhabitants of some other European countries, particularly Western European countries. For Poles, the most common time to purchase new furniture is when they buy a home. Thus, where household goods are purchased is strongly influenced by the location of the home and the location of the store. Polish consumers tend to shop for household goods in mixed retail venues such as department stores and supermarkets. They also shop for goods in specialist retailers, such as furniture stores, bedding stores, white goods specialists and DIY stores. Inhabitants of small and medium-sized cities and country areas most often purchase decorating products from traditional, independent shops. In many of these small towns, consumers do not have access to large retail chains and travelling to large cities to purchase household goods from large chains is not viable owing to considerable transport costs.

Purchasing household goods can be unusually time-consuming. This, combined with the limited free time Poles enjoy, means that consumers usually shop for household goods at the weekend or on days off. Therefore, consumers most frequently shop at large chain outlets which are open all during the weekend rather than at independent outlets that are only open on Saturdays and for much shorter hours. Consumers also appreciate the impressive range of products large stores can offer as well as their professional service, attractive prices and numerous promotions.

Sales of household goods via internet retailers increased during the review period and this channel is expected to continue to develop. Skapiec.pl, the oldest Polish price comparison site, issued a recent report on the online market for household appliances. The report revealed that online shoppers pay a great deal of attention to brand. At the same time, however, online

shoppers report that price is the strongest influence on the purchase decision. Undoubtedly, the lower prices offered by online retailers are a competitive advantage in their battle with brick-and-mortar home appliance stores. According to a recent BCG report, buying online can save consumers on average 18% on purchases of home appliances. Poles often examine appliances in specialist shops, consult with shop assistants about the various products, ask questions about particular models and their functions and compare prices. In many cases, consumers then search for their chosen model online and purchase it for less.

Possession of Household Durables

The brisk Polish economy and the rising levels of disposable income observed during the review period led to very high household possession rates of many standard durables, including colour TVs, refrigerators and washing machines (97.7%, 98.8% and 90.4% of households, respectively). On the other hand, there is still room for growth amongst a wide range of other durables, including microwave ovens, dishwashers and tumble dryers.

Household possession of personal computers rose significantly during the review period, going from 43.7% of households in 2006 to nearly 66% of households in 2010. Over the same period, the growing popularity of mobile phones helped drive down the household possession rate of landline telephones. In 2006, 74% of households had fixed-line telephones and this declined to 58.7% of households in 2010.

A trend towards compact and simple-to-use household appliances was evident during the review period as food processors were increasingly replaced by smaller blenders, mixers and juice extractors. SEB Polska introduced two new models of compact food processors that occupy little space in the kitchen. Despite the drop in volume sales of in-home coffee machines there was an increased interest in coffee pods, which are easy to use and clean.

The review period witnessed growing sales of bagless vacuum cleaners. The most important factor behind this trend was the lower cost. However, the share of bagless cleaners fell in 2010 as more and more people found they disliked emptying their vacuum cleaners rather than throwing away full bags. In turn, sales of wet and dry vacuum cleaners, which are seen as useful for people suffering from allergies, increased dramatically.

Impact

As disposable incomes rise over the forecast period, Polish households are expected to drive increased demand for many of the durables that are commonly found in most other Western European households, such as microwave ovens, dishwashers and tumble dryers. A good performance is expected from built-in large cooking appliances, particularly hobs and ovens, which are expected to displace freestanding cookers. Further growth will also be seen in developing categories such as induction hobs which are becoming more popular despite being more expensive than their gas counterparts. Unit prices are expected to decline and they are likely to become increasingly affordable to a wider range of households. Producers are expected to promote them as being more cost-effective due to the shorter length of time it takes to bring a pan to the boil.

DIY and Gardening

Since Poland joined the EU, the country's economy has seen dynamic growth. A significant drop in the unemployment rate, a considerable increase in salaries and, as a consequence, higher disposable income levels have all contributed to consumer confidence. With access to easily available credit during the review period Polish consumers began to undertake large-scale and long-awaited home improvement projects. These efforts had a strong effect on demand for DIY products and services.

Big cities in Poland seem to be relatively flooded with DIY retailers but many Polish consumers, particularly those in rural areas, appreciate small, local DIY stores because of their professional service and advice and the possibility of price negotiations. Customers also appreciate free home delivery and the option to return unused materials.

During the review period, an increasing number of Polish homeowners decided to build and maintain their own garden spaces. This included people living in apartments and flats who turned their balconies and other small outdoor access areas into places where they could grow things. The definition of Polish 'gardening' has been modified to include these small areas and it is now associated not only with pensioners but with younger Poles, as well. This trend was enhanced by popular gardening magazines and TV shows which advised gardeners how to keep modern gardens. The perception of gardens in Poland has changed from simply a small cultivated area into a place for spending leisure time and enjoying the natural environment. Gardens are used to entertain friends and have meals, especially during the summer.

Impact

Over the forecast period, the growing number of home owners combined with rising levels of disposable income is expected to drive demand for DIY and gardening products and services. In both instances, growth will be the result of home owners being more likely to invest time and effort in enhancing their living spaces than renters.

The new Polish approach to their garden as 'outdoor rooms' appears to be long-lasting and it is expected to drive increased demand for gardening products over the forecast period. The growing number of new houses being built with gardens also bodes well for sustained demand for gardening products.

Pet Ownership

During the review period, the Polish pet population increased by 2.1% to reach 21.2 million pets in 2010. The most popular pets were dogs with a population of 7.3 million. This was followed by pet fish with a population of 6.1 million and cats with a population of 5.7 million. There were 1.3 million pet birds in Poland in 2010.

There are particularly high levels of dog and cat ownership in rural areas and many rural households have more than one dog. Rural Poles tend to like large dogs as they can play protective roles. Households with small children often prefer smaller breeds of dogs. Dogs are also popular in urban households and single-person households, especially among older people, as pets provide companionship.

Polish pet owners have become increasingly knowledgeable about how to keep their pets healthy. Educational campaigns have been organised by major pet product manufacturers to drive this increasing awareness. Many Polish pet owners look at their pets as members of their families and this has led to great demand for a wide range of pet products and services. Poles not only opted for well-balanced and healthy pet foods but they also became increasingly interested in complementary products such as pet dietary supplements.

Impact

Pet ownership is in part a reflection of levels of disposable income available and, thus, it is expected that Poles will continue to grow and take care of their pet population over the forecast period. As well, rising disposable incomes mean that more households will be willing to buy expensive pet food and other pet products and services, such as grooming services and boarding services.

Table 25 Households by Tenure: 2006-2010

'000	2006	2007	2008	2009	2010	% Growth
Home owner	8,529	8,764	9,002	9,238	9,471	11.0
Home owner, without mortgage	7,861	8,031	8,220	8,414	8,602	9.4
Home owner, with mortgage	669	733	782	825	868	29.8
Rented	3,075	3,014	2,951	2,884	2,814	-8.5
Other	2,378	2,358	2,336	2,312	2,286	-3.9
Total households	13,983	14,135	14,289	14,435	14,570	4.2

Source: National statistical offices, Euromonitor International

Table 26 Households by Tenure: 2011-2020

'000	2011	2015	2020	% Growth
Home owner	9,697	10,534	11,421	17.8
Home owner, without mortgage	8,784	9,436	10,121	15.2
Home owner, with mortgage	913	1,098	1,300	42.3
Rented	2,739	2,402	1,920	-29.9
Other	2,257	2,113	1,887	-16.4
Total households	14,693	15,049	15,228	3.6

Source: National statistical offices, Euromonitor International

Table 27 Households by Type of Dwelling: 2006-2010

'000	2006	2007	2008	2009	2010	% Growth
House	7,057	7,091	7,125	7,155	7,178	1.7
Apartment	6,592	6,700	6,809	6,916	7,019	6.5
Other	334	345	355	364	373	11.6
Total households	13,983	14,135	14,289	14,435	14,570	4.2

Source: National statistical offices, Euromonitor International

Table 28 Households by Type of Dwelling: 2011-2015

'000	2011	2015
House	7,195	7,194
Apartment	7,116	7,448
Other	381	406
Total households	14,693	15,049

Source: National statistical offices, Euromonitor International

Table 29 Running Costs: 2006-2010

PLN million	2006	2007	2008	2009	2010
Consumer expenditure	17,693	19,356	21,691	23,082	25,010

on electricity					
Consumer expenditure	9,932	10,843	12,145	12,907	13,957
on gas					
Consumer expenditure	1,987	2,172	2,446	2,617	2,853
on liquid fuels					
Consumer expenditure	8,140	8,842	9,905	10,532	11,389
on solid fuels					
Consumer expenditure	15,085	16,502	18,556	19,763	21,389
on heat energy					
TOTAL	52,838	57,716	64,744	68,902	74,598

Source: National statistical offices, Euromonitor International

Table 30 Possession of Household Durables: 2006-2010

% of households					
	2006	2007	2008	2009	2010
Colour TV set	96.9	97.3	97.5	97.6	97.7
Dishwasher	6.2	7.4	9.6	11.1	12.3
Freezer	31.8	31.4	31.0	30.6	30.3
Microwave oven	38.0	42.4	46.1	48.9	51.1
Personal computer	43.7	50.1	56.4	62.0	65.9
Refrigerator	98.6	98.9	98.8	98.8	98.8
Telephone	74.0	70.4	66.5	62.5	58.7
Tumble dryer	1.1	1.2	1.4	1.5	1.6
Vacuum cleaner	94.2	94.8	95.1	95.3	95.4
Washing machine	82.8	84.7	86.7	88.7	90.4

Source: National statistical offices, Euromonitor International

Table 31 Possession of Household Durables: 2011-2020

% of households			
	2011	2015	2020
Colour TV set	97.7	97.8	97.9
Dishwasher	13.1	15.2	16.5
Freezer	29.9	28.7	27.5
Microwave oven	53.3	59.2	63.0
Personal computer	68.7	75.8	79.9
Refrigerator	98.8	98.9	99.0
Telephone	55.0	44.5	37.1
Tumble dryer	1.7	2.0	2.1
Vacuum cleaner	95.5	95.6	95.7
Washing machine	91.7	95.1	96.6

Source: National statistical offices, Euromonitor International

Table 32 Pet Population: 2006-2010

'000s of animals						
	2006	2007	2008	2009	2010	% Growth
Pet	20,757	20,783	20,933	21,060	21,185	2.1
Dog	7,038	7,050	7,150	7,225	7,300	3.7
Cat	5,488	5,500	5,550	5,600	5,650	3.0
Bird	1,301	1,301	1,301	1,302	1,302	0.1

Fish	6,098	6,100	6,100	6,100	6,100	0.0
Small Mammal	812	812	812	813	813	0.1
Reptile	20	20	20	20	20	0.0

Source: National statistics, UN, Euromonitor International

INCOME

Average Income

During the review period, per capita annual disposable income in Poland increased by 14.4% (in real terms), going from PLN20,693 in 2006 to PLN23,667 in 2010. Significantly, there was no dip in real disposable income levels due to the economic downturn. Indeed, per capita annual disposable income increased by 2.6% between 2008 and 2009 and by a further 2.7% between 2009 and 2010. At the same time, income inequality increased slightly between 2005 and 2010 as the real disposable incomes of the top 10% of households rose by 16% compared to only 9.2% for the poorest 10%.

Over the forecast period, per capita annual disposable income is projected to increase by 40.5% (in real terms) to reach PLN34,029 in 2020. This rise will clearly have an impact on consumer expenditure over this period and will drive increased demand in nearly all product categories. Indeed, overall consumer expenditure over the forecast period is projected to increase by 39.6% (in real terms) to reach PLN1.3 trillion in 2020.

Average Income by Age

During the review period, average annual gross income increased in real terms for members of all age groups. In 2010, people in their forties had the highest average annual gross income, PLN42,294, followed by people in their fifties with PLN41,275, people in their thirties with PLN40,175 and people in their twenties with PLN33,513. Those aged 15 to 19 years-old who saw their average annual gross income rise by 24.5% during the review period to reach PLN29,808 in 2010.

In 2010, older Poles had lower levels of gross income than their younger counterparts. Those aged 60 to 64 years-old had average annual gross incomes of PLN39,335 while those 65 years-old and older had average annual gross incomes of PLN33,100.

Those Poles with average annual gross incomes of more than US\$150,001 were most often found in the 30-34 years-old and 50-54 years-old age brackets in 2010. By 2020, the largest group of high earners will be amongst those 65 years-old and older who will account for 17.2% of the total of 315,500 people in the country earning annual gross income of more than US\$150,000.

Table 33 Annual Gross and Disposable Income (Current Value): 2006-2010

PLN per capita	2006	2007	2008	2009	2010
Annual gross income	23,926	26,080	28,361	30,086	31,754
Disposable income	18,162	19,472	21,077	22,445	23,667

Source: National statistical offices, Euromonitor International

Table 34 Annual Gross and Disposable Income (Constant 2010 Value): 2006-2010

PLN per capita	2006	2007	2008	2009	2010
Annual gross income	27,260	29,022	30,244	30,901	31,754
Disposable income	20,693	21,668	22,476	23,054	23,667

Source: National statistical offices, Euromonitor International

Note: Constant value at 2010 prices

Table 35 Annual Gross and Disposable Income (Constant 2010 Value): 2011-2020

PLN per capita	2011	2015	2020
Annual gross income	32,453	38,151	45,627
Disposable income	24,212	28,409	34,029

Source: National statistical offices, Euromonitor International

Note: Constant value at 2010 prices

Table 36 Average Annual Gross Income by Age (Current Value): 2006-2010

PLN	2006	2007	2008	2009	2010
15-19 yrs	22,115	24,190	26,240	27,840	29,808
20-24 yrs	24,028	26,203	28,379	30,067	31,873
25-29 yrs	27,026	29,363	31,745	33,358	35,151
30-34 yrs	29,853	32,393	34,946	36,953	38,963
35-39 yrs	31,595	34,342	37,213	39,230	41,386
40-44 yrs	32,824	35,451	38,144	40,202	42,075
45-49 yrs	33,049	35,638	38,493	40,494	42,513
50-54 yrs	32,149	34,833	37,726	39,942	41,817
55-59 yrs	30,914	33,511	36,469	38,680	40,733
60-64 yrs	29,101	31,825	34,771	37,254	39,335
65+	25,782	27,733	30,016	31,721	33,100

Source: National statistical offices, Euromonitor International

Table 37 Average Annual Gross Income by Age (Constant 2010 Value): 2006-2010

PLN	2006	2007	2008	2009	2010	% Growth
15-19 yrs	25,197	26,918	27,982	28,595	29,808	18.3
20-24 yrs	27,377	29,159	30,263	30,882	31,873	16.4
25-29 yrs	30,793	32,676	33,853	34,262	35,151	14.2
30-34 yrs	34,013	36,047	37,266	37,955	38,963	14.6
35-39 yrs	35,998	38,216	39,684	40,294	41,386	15.0
40-44 yrs	37,398	39,450	40,677	41,291	42,075	12.5
45-49 yrs	37,655	39,658	41,049	41,592	42,513	12.9
50-54 yrs	36,629	38,762	40,231	41,024	41,817	14.2
55-59 yrs	35,222	37,291	38,890	39,728	40,733	15.6
60-64 yrs	33,156	35,415	37,079	38,264	39,335	18.6
65+	29,375	30,861	32,009	32,581	33,100	12.7

Source: National statistical offices, Euromonitor International

Note: Constant value at 2010 prices

CONSUMER EXPENDITURE

Living Costs

During the review period, overall consumer spending increased by 15% (in real terms) to reach PLN861.8 billion in 2010. Growth was driven by double-digit increases in spending in nearly every category. The fastest rises were seen in spending on communications, which increased by 24%, spending on housing which increased by 19% and spending on health goods and medical services which increased by 17.4%.

The biggest expenditure categories in 2010 were housing with spending of PLN211.3 billion which accounted for 24.5% of total spending and food and non-alcoholic beverages with spending of PLN174.1 which accounted for 20.2% of total spending. After these two categories, proportions of total spending fell to 8% on transport, nearly 7% on leisure and recreation and 6.5% dedicated to alcoholic beverages.

The emigration rate in Poland is one of the highest in Eastern Europe and the spending power of many Polish households increased during the review period based on remittances from abroad. This combined with a strong domestic economy and rising domestic disposable incomes to drive increased spending. There are considerable regional differences in consumer expenditure patterns across Poland, in particular between the wealthier, urban central part of the country and the poorer, agricultural eastern side. In 2010, households in the central region had the highest per household consumer spending, US\$22,152. The average household in the well-off central region dedicated 9% of its total household expenditure to transport and 3.5% to hotels and catering in 2010, considerably higher than any other region. Households in poorer regions tended to dedicate a greater share of their expenditure to food and non-alcoholic beverages. Households in the eastern region dedicated 22.5% of their total spending to this category in 2010.

Generally, there has been a shift in recent years amongst Polish consumers from spending on necessary items such as food, housing and utilities to spending on such items as consumer electronics, private cars, travel and, in particular, jewellery and other luxury goods. This has been a reflection of the strong Polish economy and, in turn, the establishment of a modern consumer society.

Impact

The projected rise in disposable income of 40.5% (in real terms) over the forecast period is expected to fuel significant increases in spending in nearly every product category and to move Poland further ahead as Western-style consumer society. Overall, spending is projected to rise by 39.6% (in real terms) to reach PLN1.3 trillion in 2020, with an increase in spending of 53.4% on communications, an increase of 45.8% on housing, an increase of 42% on health goods and medical services and an increase of 35% on food and non-alcoholic beverages. In terms of spending share, there will not be much change from what was seen during the review period. In 2020, spending on housing (PLN316.3 billion) will account for 25.7% of total spending, the largest share, and spending on food and non-alcoholic beverages will account for 19.4% of total spending, the second-largest share.

Table 38 Consumer Expenditure by Broad Category (Current Value): 2006-2010

PLN million	2006	2007	2008	2009	2010
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Food and non-alcoholic beverages	137,310	145,555	159,278	165,785	174,079
Alcoholic beverages and tobacco	43,308	46,342	51,051	53,366	56,380
Clothing and footwear	30,157	31,954	34,831	35,989	37,497
Housing	155,815	169,479	188,145	198,007	211,307
Household goods and services	28,618	30,815	33,911	35,499	37,600
Health goods and medical services	26,295	28,578	31,748	33,428	35,171
Transport	56,307	59,798	65,101	66,995	69,556
Communications	21,780	23,844	26,830	28,563	30,764
Leisure and recreation	48,183	51,359	56,611	58,624	60,945
Education	8,510	9,148	10,022	10,362	10,811
Hotels and catering	18,736	19,940	21,891	22,744	23,866
Misc goods and services	82,456	90,002	100,386	106,148	113,785
TOTAL	657,474	706,814	779,806	815,509	861,761

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Table 39 Consumer Expenditure by Broad Category (Constant 2010 Value): 2006-2010

PLN million	2006	2007	2008	2009	2010	% Growth
Food and non-alcoholic beverages	156,445	161,973	169,854	170,279	174,079	11.3
Alcoholic beverages and tobacco	49,344	51,569	54,440	54,812	56,380	14.3
Clothing and footwear	34,360	35,558	37,144	36,964	37,497	9.1
Housing	177,529	188,596	200,638	203,374	211,307	19.0
Household goods and services	32,606	34,291	36,163	36,462	37,600	15.3
Health goods and medical services	29,959	31,801	33,856	34,334	35,171	17.4
Transport	64,153	66,543	69,424	68,811	69,556	8.4
Communications	24,815	26,534	28,611	29,337	30,764	24.0
Leisure and recreation	54,898	57,152	60,370	60,213	60,945	11.0
Education	9,696	10,180	10,688	10,643	10,811	11.5
Hotels and catering	21,347	22,189	23,344	23,361	23,866	11.8
Misc goods and services	93,947	100,155	107,051	109,025	113,785	21.1
TOTAL	749,099	786,543	831,583	837,615	861,761	15.0

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

Table 40 Consumer Expenditure by Broad Category (Constant 2010 Value): 2011-2020

PLN million	2011	2015	2020	% Growth	% CAGR
Food and non-alcoholic beverages	176,740	203,216	238,447	34.9	3.3
Alcoholic beverages and tobacco	57,477	66,964	79,291	38.0	3.6
Clothing and footwear	37,904	42,495	48,334	27.5	2.7
Housing	216,927	259,904	316,254	45.8	4.2
Household goods and services	38,409	45,034	53,671	39.7	3.7

services					
Health goods and medical services	36,032	42,592	51,139	41.9	3.9
Transport	70,079	77,789	87,449	24.8	2.5
Communications	31,727	39,050	48,681	53.4	4.8
Leisure and recreation	61,474	69,311	79,143	28.7	2.8
Education	11,045	12,623	14,681	32.9	3.2
Hotels and catering	24,239	27,748	32,271	33.1	3.2
Misc goods and services	118,279	144,623	179,819	52.0	4.7
TOTAL	880,332	1,031,351	1,229,180	39.6	3.7

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

WORK

Working Conditions

The Labour Code (LC) is the main instrument that regulates the rights and duties of employees and employers in Poland. It also notes the conditions of employment for workers in both the public and the private sectors. It covers all persons employed on the basis of “a contract of employment, appointment, nomination, election or a cooperative contract of employment”. It regulates and covers a wide range of work-related issues including working hours, work safety, minimum wage, non-discrimination in employment and collective bargaining. According to the Labour Code, the working day consists of eight hours and the working week consists of 40 hours over five days. On the other hand, among other socio-economic changes Polish workers are working longer hours and consequently suffering from a lack of physical activity. In addition, longer working hours have resulted in higher levels of stress and an increasingly hectic pace of life.

The most common formal basis of employment is a contract of employment. Contracts of employment may be concluded for indefinite periods, for fixed periods or for the time needed to complete specific tasks. Job contracts may be preceded by initial trial periods of no longer than three months. Other types of employment relationships are based on civil law contracts, including freelance agreements, service agreements, specific-task agreements and agency agreements. People working with any these types of contracts do not have the employee rights that are set out in the Labour Code. For example, freelance agreements are commonly used to hire students for temporary jobs as there is no obligation to pay national insurance or social security contributions for such employees.

Minimum wages in Poland are determined by a special committee comprising members of the government, trade unions and employer organizations. For 2011, the minimum wage was PLN1,386. Obviously, trade unions are doing their best to try to make sure that the minimum wage is as high as possible. The minimum wage is calculated as a gross amount which means that it is reduced by statutory deductions such as income tax and social and health insurance contributions.

Usually, employees are entitled to 20 days of paid annual vacation after their first year of employment and up to 26 days after 10 years of service. There are 12 national holidays, typically religious holidays and holidays based on important historical events. If there is a holiday close to a Saturday or Sunday on the calendar it may create a long weekend. According to the Polish Labour Code, if an official holiday falls on a Saturday or Sunday it is compensated by choosing another day in the week as a day off. Employees are not allowed to work during the 12 national holidays. However, such restrictions do not relate to owners of private shops who may personally perform services in their own shops on national holidays.

Commuting

The time spent commuting to work in Poland and the transport method used varies and depends on income, location of home, transport system development and other factors. According to recent research from Euro RSCG, one-half of Poles commute to work by public transport, using train, buses and or trams; 34% choose to drive to work; only 10% walk to work; and 6% choose to cycle to work. In smaller cities commuters can often walk to work or use public transport or they can get to work by car if the distance allows. The situation is different in larger urban areas. Inhabitants of Warsaw, Krakow and other big cities spend a lot of time commuting on public transport while those choosing to drive their cars face incredible traffic jams during the rush hours. As a result, travel to work in urban areas typically takes at least one hour or more. Underground rail transport is the fastest way to get around but Poland has only one underground railway system (called Metro) and it one of the youngest in the world. On average, Poles spend approximately 42 minutes commuting to work.

The majority of Poles tend to look for jobs within the immediate area in which they live, ideally no further than 15 kilometres from their house. According to a recent report from the Research Institute of Homo Homini, almost one-half of Poles said that, depending on the job, they would be willing to opt for a longer commute to work. Less than 26% said that they were confident taking a new job which was located between 15 to 50 kilometres from their home. Clearly, Poles are much less mobile society than those in other nations of Western Europe. Despite this, the latest figures indicate that every fourth Pole would commute to a neighbouring city or town to seek better working conditions.

Commuting by cycling is still not popular in Poland as there is still a lack of cycle paths in most cities. However, cycling is slowly gaining in popularity in Poland and there are some amongst the younger generations who continue to cycle to work.

Working Women

During the review period, the number of working women in Poland increased by 7.6%, going from 6.5 million in 2006 to just more than seven million in 2010. In 2010, women accounted for 45% of the total workforce. Of those, nearly 13% were part-time workers. Over the forecast period, the number of working women is projected to decline by 2% to reach 6.8 million in 2020, representing 44.4% of the total workforce.

Paid maternity leave was prolonged from 16 to 18 weeks in October 2006 and to 20 weeks in January 2009. Additional (optional) maternity leave of two weeks was introduced in January 2010 together with paternity leave of one week. Both are intended to be extended gradually until 2014 when they reach six weeks for the mother and two weeks for the father.

According to recent research by Sedlak & Sedlak, the median male worker's wage in 2010 was PLN4,000, more than 33% higher than the median women's wage of PLN3,000. It is also worth noting that the report revealed that 25% of working men received wages exceeding PLN6,300 and that the wages of one-quarter of female workers exceeded PLN4,600. The highest salaries were recorded in Warsaw with median salaries of women registering at PLN4,500 PLN compared to PLN6,000 for men. The lowest-paid employees were found in Lublin, where median salaries were PLN2,700 for women and PLN3,250 for men.

Poland's relatively low participation rate of women in the workforce is due to several factors, including a lack of affordable and accessible childcare. Workplace discrimination against women is also widespread. It is not uncommon for young women to lose their jobs when they get pregnant and for older women to get pushed out of their jobs and asked to retire.

Alternative Work Options

The continuing development of new IT and telecommunications technologies has led to greater support of modern work options such as part-time work and flexible hours. Students appreciate alternative work options as they are often able to obtain professional experience while still being able to devote adequate time to studies. In other cases existing employees treat flexible employment as an opportunity to earn additional money, which improves their standard of living. Such additional work can be performed in free time, such as in the evening.

Working remotely is increasing in popularity in Poland. In 2008, it became regulated by the Labour Code which now considers such employment as a regular job contract. Remote working is usually done via some means of electronic communication technology, such as the internet. Distance workers are obliged to work the usual eight hours per day and they have the same rights to leave as regular employees. Such regulation is advantageous for remote employees as they are treated the same as regular employees with the same benefits as regular workers, including training, promotion opportunities, qualifications, leave and national insurance and social security payments. Remote workers are usually in much better positions than those working on contracts of mandate or specific-job contracts.

In 2010, part-time employees accounted for 13% of the total workforce with women accounting for the majority of part-time workers (68.6%). Part-time employment is often the domain of women with children as it allows them to combine meeting their family responsibilities with the pursuit of their professional careers.

According to recent research, there are approximately three million self-employed Poles. Self-employed workers are not protected by the Labour Code in the same way as regular employees. Moreover, self-employed workers are not able to take advantage of such benefits as paid leave and they are obliged to pay all of their social insurance contributions, such as health insurance, pension and accident premiums. The tax regulations, however, are often advantageous for the self-employed. Since 2004, they are able to opt for a flat-rate tax of 19% on their aggregate income, although at the same time they lose entitlement to many of the tax exemptions available to entities paying the progressive tax. Worth noting is the fact that in 2007 the Constitutional Tribunal improved the situation for entrepreneurs and for self-employed individuals by recognising as unconstitutional some of the regulations of the 1999 Act on financial allowances connected to social insurance in the case of the sickness and maternity. This decision allowed them to claim child care benefits if they were taking care of sick children under the age of 14 years-old or another sick family member.

In 2011, legislation bringing Poland in line with EU regulations concerning equal treatment in the workplace came into force. These extended discrimination protection and ensured that contractors and self-employed workers are treated equally regardless of sex, race, ethnic origin, nationality, religion, belief, world view, disability, age or sexual orientation. Previous protection applied to employees only.

Freelance work is still a fairly new concept in Poland but it is slowly gaining in popularity. The most popular areas for freelance work are photography, journalism, copywriting, translation, programming, painting, graphics, consulting and other occupations mainly related to creative work.

Retirement

In Poland, the retirement age is 60 years-old for women and 65 years-old for men. Social benefits are handled separately for farmers (by the Agricultural Social Insurance Fund) with the rest handled by ZUS, Poland's social insurance institution. The number of pensioners in Poland is growing, a consequence of the so-called Baby Boom that occurred after World War II. Generally, the purchasing power of Polish pensioners is rather low and they usually spend what

income they have on essential products and services. Not surprisingly, apart from grocery products spending on health goods and medical services is a core expenditure of people over the age of 65 years. With few if any professional or family duties, pensioners tend to have plenty of free time. Polish pensioners often spend their time partaking of inexpensive forms of entertainment, such as watching TV. Many pensioners also enjoy reading. Others spend time looking after their grandchildren.

The Polish Prime Minister recently announced government proposals for radical reforms to the country's pension system. Currently, workers pay 19.5% of taxable income to the mandatory pensions system with 12.2% retained by ZUS. The remaining 7.3% is transferred to privately managed open pension funds (OFEs). Under the new proposals, the amount transferred to the OFEs will decline to 2.3% and the remaining 5% will be retained in the public pension system, with newly created funded accounts managed by ZUS. Annual returns will be indexed to gross domestic product growth and inflation. The 5% share to be managed by ZUS will be progressively reduced after two years, falling to 3.8% by 2017. Individuals will be able to make additional tax deductible contributions starting at 2% of wages and rising to 4% by 2017. The measures aim to cut public debt, which is now close to levels which would trigger spending cuts under Polish law.

A recent report from the World Bank asserts that the main opportunity for increasing labour force participation in Poland is to be found among older workers and women. If older workers in Poland were as active as they are in Germany it is estimated that Polish GDP would be up to 6% higher. The differences between Poland and other EU countries are greatest in the cases of older workers who, until recently, could enjoy very generous early retirement benefits. Specifically, only 35% of persons aged 55 to 64 years-old are economically active in Poland compared with the EU average of 51%. This is considered by some to be a significant gap and closing it is seen by many as particularly important as they believe that if it is not closed the pension system will be fiscally unsustainable. The report recommends raising economic activity among older workers (and older female workers, in particular) through the reform of social security benefits and the further development of flexible forms of employment, particularly of part-time employment. The report also suggested increasing skill levels of older workers and raising the retirement age of women to correspond to that of men (age 65).

Table 41 Employed Population: 2006-2010

'000	2006	2007	2008	2009	2010	% Growth
Employed male population	8,079	8,403	8,721	8,718	8,564	6.0
Employed female population	6,510	6,833	7,080	7,143	7,007	7.6
Total employed population	14,590	15,235	15,801	15,861	15,571	6.7
Male part-time employees	523	506	466	435	413	-21.0
Female part-time employees	1,060	1,028	995	939	901	-15.0
Total part-time employees	1,583	1,534	1,462	1,374	1,314	-17.0

Source: ILO, Euromonitor International

Table 42 Employed Population: 2011-2020

'000	2011	2015	2020	% Growth
Employed male population	8,540	8,597	8,562	0.3

Employed female population	6,970	6,934	6,828	-2.0
Total employed population	15,510	15,531	15,390	-0.8
Male part-time employees	398	383	382	-4.1
Female part-time employees	889	876	877	-1.4
Total part-time employees	1,287	1,259	1,259	-2.2

Source: ILO, Euromonitor International

Table 43 Unemployed Population: 2006-2010

'000	2006	2007	2008	2009	2010	% Growth
Unemployed male population	1,205	831	596	738	882	-26.8
Unemployed female population	1,146	793	614	680	778	-32.1
Total unemployed population	2,350	1,624	1,209	1,418	1,660	-29.4
Male unemployment rate	13.0	9.0	6.4	7.8	9.3	—
Female unemployment rate	15.0	10.4	8.0	8.7	10.0	—
Unemployment rate	13.9	9.6	7.1	8.2	9.6	—

Source: ILO, Euromonitor International

Table 44 Unemployed Population: 2011-2020

'000	2011	2015	2020	% Growth
Unemployed male population	881	780	751	-14.7
Unemployed female population	774	678	646	-16.6
Total unemployed population	1,655	1,458	1,397	-15.6
Male unemployment rate	9.3	8.3	8.1	—
Female unemployment rate	10.0	8.9	8.6	—
Unemployment rate	9.6	8.6	8.3	—

Source: ILO, Euromonitor International

LEARNING

School Life

Full-time compulsory education starts during the calendar year in which children reach the age of seven years-old and it lasts until the end of the gymnasium (lower secondary school) or until they reach the age of 18. Attending of both primary and lower secondary school is obligatory. Following a reform of the system of education, there are the following types of schools in Poland: six-year primary school, three-year gymnasium and post-gymnasium school.

Nursery schools for children aged three to five years-old are becoming more popular in Poland. The level of care of the child when parents are at work is a significant factor in choosing a nursery school, as are the lessons children can learn. However, Poland's pre-school education sector is still underdeveloped compared with other EU countries and the number of children participating in pre-school classes in the country is far lower than the EU average. Indeed, despite the proportion of children between the ages of three and five who attend kindergarten in

Poland increasing from 44% to 60% over the past three years, the EU average is still over 90%. In large cities there is a lack of places in public nursery schools and in some cases parents must put their children on waiting lists soon after they are born in order to ensure a place.

Since changes were made in 2009, education in Poland starts at the age of five to six years-old for kindergarten and six to seven years-old for the first class of primary school (szkola podstawowa). It is compulsory that children do one year of formal education before entering their first class, no later than seven years of age. Teaching at this stage includes such subjects as Polish language, history and civics, modern foreign language, mathematics, natural science, music, art, technology, computer sciences, physical education and religion or ethics.

At the end of sixth class, when the students are 13 years-old, they take compulsory exams that determine to which lower secondary school, gymnasium (middle school/junior high) they will be accepted. The exams are compulsory for all pupils. The gymnasium is considered as the last stage of general compulsory education. One of the aims of this stage is to identify the abilities and interests of pupils in order to help them make good decisions about their further education routes.

Students then attend upper secondary school after other compulsory exams. Upper secondary education is not divided into cycles and there are several alternatives, the most common being three years in a lyceum or four years in a technikum. Both result in a maturity examination called matura.

The academic year is divided into two semesters, between 1 September and the end of June. Classes are held five days per week from Monday to Friday. The summer months of July and August are school holidays and pupils have a two-week break during the winter holidays as well as breaks at Christmas and Easter.

University Life

In Poland full-time education at state institutions is free for Polish citizens. It is also free for foreigners who commence studies at state institutions on terms applicable to Polish citizens. All other foreigners are required to pay tuition fees. Before 1990, there were only state-funded higher education institutions in Poland with the exception of the Catholic University of Lublin. The Higher Education Act enabled the creation of non-state institutions. When the Schools of Higher Professional Education Act came into force in 1997, courses for professional higher education were established. Now, a phenomenon somewhat unique to Poland is the large share of the education sector which is in the hands of private institutions. In fact, the composition of the Polish sector is comparable to that in the US. There are now 310 privately owned universities and colleges in Poland and 138 state schools of higher learning. Thanks to the high level of competition the cost of studying is lower than in other European countries.

Polish universities which have long educational traditions are located in the large urban centres such as Warsaw, Lodz, Poznan, Wroclaw, Katowice and Krakow. Young people from smaller cities and rural areas tend to go to the cities for their education, selecting a college not only for its prestige but also for the future prospects of finding a job. Polish universities are moving forward and are constantly modernising their structure, organisation and curricula. Poland's high-level, internationally renowned universities include Jagellonian University (Krakow), Warsaw University and Adam Mickiewicz University (Poznan). One of the best technical and engineering universities in the country is the Warsaw University of Technology. Warsaw Medical Academy and the Medical University in Lodz are among the top medical universities in Poland.

Since 2007, Polish higher education has been divided to three stages: Bachelor (Licencjat, Inzynier), Master (Magister), and Doctor (Doktor). This applies to all fields except law, pharmacy, psychology, veterinary medicine, medicine and dentistry. These remain based on a two-stage system, i.e., Master and Doctor. Prospective students, regardless of the school they

attend, must have passed the matura exam. Studies are organised into the following systems: intramural, extramural and evening classes. Intramural studies are the standard system in Poland. At university, the number of students who study via the intramural system exceeds the number which study part-time. Intramural studies at public universities are free of charge, but any other form of learning is fee-based.

The academic year is divided into two parts: the fall semester (October to mid-February) and the spring semester (mid-February to June). Each ends with an examination period. Teaching is provided in the form of lectures, classes, seminars, laboratory classes and discussion groups. To complete semesters successfully students must receive passing notes for all examinations. The most common grading scale includes the following marks: very good (5), good plus (4.5), good (4), satisfactory plus (3.5), satisfactory (3) and failing (2). Under the European Credit Transfer System a certain number of credits are allocated to a given subject independently of marks received on exams.

Once in university, Polish students usually live in dormitories. Other forms of accommodation, however, have been gaining in popularity, with many students now looking for rooms or flats to rent or for apartments to share. Generally, in their spare time students are keen on going to nightclubs, bars, shows, exhibitions, concerts and theatres. Many prefer going to non-commercial places as it is less expensive to drink with friends and to have fun. Those students who live away from their parents do not frequently go back home because it is time-consuming and usually quite expensive.

Along with 29 other countries, Poland signed the Bologna Declaration which aims to create the European Area of Higher Education. Institutions of higher education in Poland have implemented the ECTS (European Credit Transfer System). They are also engaged in the international exchange of students, based on individual schools activity and programmes like SOCRATES/Erasmus. The Diploma Supplement facilitates international recognition of completed education and acquired qualifications. The goal of the ECTS is to simplify procedures of comparing education completed by students in their course of studies.

Some employers have sought to reorient the content of university courses in Poland. Changes include the introduction of compulsory internships, more teaching hours dedicated to practical exercises (rather than theoretical seminars) and the adjustment of the curriculum to the needs of the local job markets. Many employers also expect graduates to have professional experience and to speak foreign languages. The government of Poland is encouraging young people to go into technical fields of study rather than the humanities. This is because the labour market lacks technical specialists such as architects, engineers and electrical engineers. Attractive scholarships are one tool being used to encourage young people to choose technical studies.

Adult Learning

Many Polish adults undertake further education in order to adjust their skills to reflect changes in the labour market, to gain new qualifications or to retrain in order to reduce the risk of unemployment. Some seek new skills to facilitate getting higher-paying jobs. As well, many international companies have recently begun operating in Poland and they have brought with them innovative management and human resources practices, among these worker and executive training. There is a wide range of training centres, faculties and institutes where Polish adults can update and enhance their professional skills and it is increasingly common for employers to send their employees on training courses and to finance them.

In Poland there are close to 110 Universities of the Third Age, the oldest established in Warsaw in 1975. As in traditional universities, the academic year lasts from October to June. The University of the Third Age provides courses adjusted to the needs of older people. They are taught primarily through lectures and seminars and include foreign language courses.

Table 45 School Students: 2006-2010

As stated	2006	2007	2008	2009	2010	% Growth
Pre-Primary School ('000)	863	872	919	929	937	8.6
Primary School ('000)	2,485	2,375	2,294	2,212	2,139	-13.9
Secondary School ('000)	3,363	3,232	3,170	3,141	3,029	-9.9
Compulsory Education	7	7	7	7	7	—
Commencement Age (years)						
School Leaving Age (years)	15	15	15	15	15	—

Source: International Bureau of Education, World Data on Education, UNESCO, Euromonitor International

Table 46 Graduates: 2006-2010

number	2006	2007	2008	2009	2010	% Growth
Graduates in all programmes	504,051	532,827	558,023	562,198	562,441	11.6
in education	87,259	87,255	98,543	99,133	99,357	13.9
in humanities and arts	43,713	45,583	46,548	47,434	47,323	8.3
in social sciences, business and law	214,939	229,352	236,116	235,728	235,429	9.5
in science	42,824	42,931	42,575	43,423	43,007	0.4
in engineering, manufacturing and construction	42,564	46,328	47,102	48,017	48,092	13.0
in agriculture	8,312	8,963	9,834	10,004	10,081	21.3
in health and welfare	39,457	43,818	47,654	48,811	49,312	25.0
in services	24,983	28,597	29,651	29,648	29,840	19.4
in unspecified programmes	0	0	0	0	0	—

Source: EUROSTAT, OECD and UNESCO, Euromonitor International

Note: Graduates are those who have successfully completed an educational programme

Table 47 Higher Education Students: 2006-2010

As stated	2006	2007	2008	2009	2010	% Growth
Higher education students inc. universities ('000)	2,146	2,147	2,149	2,159	2,179	1.5
Male ('000)	914	915	918	924	933	2.0
Female ('000)	1,232	1,232	1,231	1,235	1,246	1.2
Foreign students as % in higher education	1	1	1	1	1	—

Source: UNESCO, Euromonitor International

EATING (INCLUDING SOFT DRINKS)

Shopping for Food and Drinks

Consumer expenditure on food in Poland grew by nearly 11% (in real terms) during the review period, reaching PLN158.7 billion in 2010. This double-digit growth was attributable, in part, to an increase in the prices of basic consumer goods. In 2010, the largest proportion of spending was for meat (33%) followed by bread and cereals (16.8%) and milk, cheese and eggs (15.3%). The fastest-growing spending during the review period was seen for fish and seafood (spending growth of 16%), fruit (13.8%) and meat (13.6%).

Where consumers shop for food is influenced by where they live. For example, residents of Lodz, Malopolskie, Mazowieckie and Slaskie are more likely to shop for food at hypermarkets as hypermarkets and supermarkets are characteristic of urban areas. The best-known network of hypermarkets and supermarkets are Biedronka, Tesco, Real, Geant and Auchan. At the same time, Mazovians and people living in Podlasie tend to prefer markets and bazaars because they are the most convenient options. Generally, Poles like to shop at retail venues close to home, at stores offering attractive prices and products of good quality. As well, doing the food shopping no longer solely women's work. According to recent research, one in every ten men in Poland takes on the duty to shop for the household food alone.

During the economic downturn, Polish consumers did not drastically cut down on their spending on food, being more eager instead to limit their expenditure on non-essential goods and services. Nevertheless, a certain shift towards cheaper brands and private label products was noted, particularly among less affluent households for whom price is the major factor influencing purchasing decisions.

Increased awareness of health and wellness is increasingly becoming an important factor influencing demand for packaged food. A growing number of Poles wish to lead healthier lifestyles in order to feel better and look better as well as to be able to prevent illness. As a result, sales of food positioned as healthy, such as pro/pre biotic yoghurt, bread substitutes, breakfast cereals, snack bars, reduced-calorie sweets and savoury snacks and functional spreadable oils and fats are seeing greater demand. On the other hand, sales of traditional packaged food in Poland experienced positive growth in both value and volume terms during the review period. Consumers readily reached for chilled processed food which constitutes a base for many diversified and quick dishes. In the case of chilled processed meat, dynamic development in value terms will basically be driven by unit price increases caused by rising production costs. Nevertheless, demand is rising as many Poles consider meat to be the main ingredient of nearly every meal.

The economic downturn seemed to confirm for many Poles their belief about organic food products, i.e., that due to their higher prices they can be purchased only by the most affluent consumers. Indeed, in some cases the price of organic products is almost two times higher than that of standard equivalents. Despite the wide range of organic products available, their distribution is limited to selected stores and this has stimulated further development of online retailers selling organic food. Generally, awareness of organic products amongst consumers aged 65 years-old and older is very low as most pensioners with low disposable incomes cannot afford to buy them.

Between 2006 and 2010 expenditure on coffee, tea and cocoa grew by an impressive 16.5% to reach PLN7.2 billion in 2010. Even larger growth, 17.2%, was registered for spending on mineral water, soft drinks and fruit and vegetable juices, which reached PLN 8.2 billion in 2010. Bottled water attracted increasing numbers of consumers away from less healthy soft drinks such as carbonates during the review period. Consumers increasingly drank bottled water not only during the summer months but throughout the entire year. Shoppers became more sophisticated, checking the contents of bottled water in order to establish the levels of elements such as magnesium or sodium. The economic downturn benefited demand for bottled water as

it is generally less expensive when compared to other non-alcoholic drinks. In 2010, the off-trade value sales of bottled water increased by more than 8% to reach nearly PLN3.6 billion.

Impact

Over the forecast period, consumer expenditure on food is projected to increase by 33.8% (in real terms) to reach PLN215.2 billion in 2020. Overall, the spending patterns seen during the review period are expected to remain true over the forecast period. The largest proportion of spending on food will be for meat (35%), bread and cereals (16%) and milk, cheese and eggs (15.2%). The fastest-growing spending is expected for fish and seafood (45%), fruit (40.2%) and meat (40%). Despite the growing interest in health and wellness by many Poles, some tastes never change. Indeed, overall spending on oils and fats is expected to rise by 37.2% to reach PLN12.3 billion in 2020 and spending on sugar and confectionery is expected to increase by 20.5% to reach nearly PLN11 billion.

As disposable incomes rise, many Poles are expected to increase their demand for premium and super-premium brands and reduce their demand for private label products, although these less expensive products will still be popular amongst less affluent consumers. In addition, many food shoppers are expected to become more inclined to visit retailers which offer the most pleasant shopping environment and a range of additional services, such as loyalty programmes.

Internet retailing has been becoming an increasingly important distribution channel in Poland. Polish consumers like online retailers because they provide access to niche products, which are difficult to find in brick-and-mortar stores, such as organic products and food intolerance products. Generally, more consumers are choosing the low prices and convenience of internet retailers and growth in this channel is expected to be seen in the food sector over the forecast period.

Dining in

Poles generally prefer homemade meals and cooking at home remains highly popular. Polish national cuisine is similar in many ways with cuisines of other Central European and Eastern European countries, being rich in meat, especially pork, beef and chicken and winter vegetables and spices. On the other hand, due to their increasingly fast-paced lifestyles and the necessity for many females to combine work and family duties, many consumers continually look for ways to save time, driving demand for packaged food, frozen food, ready meals and takeaways. Indeed, during the review period the value of the home delivery/takeaway meals segment increased by 15.5% to reach PLN194 million in 2010. Though fresh foods are generally recognized as healthier and tastier, many consumers have simply decided to sacrifice freshness for convenience.

Traditional Polish dishes are often demanding in their preparation and many Poles allow themselves a generous amount of time to prepare their meals, especially the Christmas Eve dinner (Wigilia) and the Easter breakfast. These could take a number of days to prepare in their entirety. Beyond special meals, Poles typically eat three main meals a day, with the main meal eaten at about 2pm or later. This meal usually consists of two courses, starting with soup such as popular chicken soup (rosół), tomato soup or beet borscht (barszcz). Due to the growing number of working women, the dinner meal has increasingly become more customary to serve in the evening. The main course usually consists of boiled potatoes with meat such as a roast or breaded pork cutlet served with surówka, shredded root vegetables with lemon and sugar (carrot, celeriac, beetroot) or sauerkraut (kapusta kiszona). As well, Poland has a number of unique regional cuisines, such as Tatra mountains or Greater Poland, with differences in preparation and ingredients.

While most Poles still prefer traditional Polish cuisine, a growing number are driving demand for meals originating from other countries, in particular from exotic regions or from

Mediterranean countries. This acceptance of new cuisine is associated with the increased foreign travel undertaken by Poles. The number of culinary-based TV shows has increased the willingness among Polish consumers to practise cooking at home. Numerous women's magazines also present and popularise uncomplicated meals originating from other countries, such as spaghetti, pizza or paella, which are easy to make at home.

Dining Out

The year 2010 was difficult for the consumer foodservice sector in Poland. The long and cold winter as well as the floods that affected a number of Polish households translated into fewer visits to restaurants, cafés and bars. As well, the impact of the media, which often took up the subject of worsening economic circumstances, had a psychological effect on consumer spending in the consumer foodservice sector. The worsening situation in the labour market resulted in the deterioration of consumer spending. In addition, real increases in the cost of living in 2010 caused many consumers to reduce expenditure on non-essential products and services including visiting foodservice outlets. As a result, during the review period consumer expenditure increased in only some foodservice segments.

Younger Poles are most likely to spend their free time dining outside the home and pizza restaurants and other fast food outlets became more popular. Indeed, fast food and casual dining restaurants coped relatively well during the economic downturn as many restaurant goers 'traded down' and visited these less expensive venues. Moreover, fast food operators began including healthier options on their menus and this also attracted new customers. During the review period, value sales in the fast food segment increased by 21.8% to reach PLN6.1 billion in 2010. McDonald's Polska and American Restaurants (the master franchisee of Pizza Hut, KFC, Burger King and Starbucks, and additionally its own Freshpoint and Rodeo Drive brands) were the market leaders with value shares of 11% and 10%, respectively, in 2010. Other less expensive foodservice segments also took advantage of consumers' desire to spend less with dining out. During the review period, value sales of pizza venues increased by 10.2% to reach PLN2.5 billion in 2010 while the value sales of street stalls/kiosks increased by 7.4% to reach PLN2 billion in 2010.

Café Culture

The coffee culture is becoming increasingly widespread and sophisticated in Poland. In particular, many urban dwellers are regular visitors to cafés. The results of a survey conducted for Makro Cash & Carry indicated that it is both the coffee and the opportunity to meet with friends that attract consumers to cafés. As well, the survey revealed that young people aged 20 to 29 years-old living in large cities visited cafés a few times a month. Most Poles prefer small cafés as these venues tend to pay greater attention to the atmosphere, climate and distinctive character of the place. A distinguishing feature of coffee shops in Poland is the underdeveloped nature of the takeaway segment. This is because there is no real tradition for takeaway coffee in the country.

Polish consumers have become familiar with the formats and styles of coffee on offer in that are available in cafés, particularly with the increasing presence of international coffee chains such as Costa Coffee and Starbucks. These operators primarily target middle-class consumers, professionals, affluent singles and foreigners.

Table 48 Consumer Expenditure on Food (Current Value): 2006-2010

PLN million	2006	2007	2008	2009	2010
Consumer expenditure	21,717	22,849	24,736	25,489	26,626

on bread and cereals					
Consumer expenditure	40,634	43,291	47,652	49,901	52,612
on meat					
Consumer expenditure	3,948	4,221	4,663	4,914	5,214
on fish and seafood					
Consumer expenditure	19,369	20,489	22,334	23,215	24,328
on milk, cheese and eggs					
Consumer expenditure	6,908	7,317	8,046	8,409	8,838
on oils and fats					
Consumer expenditure	7,510	7,958	8,790	9,229	9,735
on fruit					
Consumer expenditure	13,983	14,699	15,930	16,429	17,069
on vegetables					
Consumer expenditure	7,523	7,864	8,524	8,763	9,056
on sugar and confectionery					
Consumer expenditure	4,160	4,421	4,823	4,989	5,213
on other food					
TOTAL	125,753	133,110	145,499	151,339	158,690

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Table 49 Consumer Expenditure on Food (Constant 2010 Value): 2006-2010

PLN million	2006	2007	2008	2009	2010	% Growth
Consumer expenditure	24,743	25,427	26,379	26,180	26,626	7.6
on bread and cereals						
Consumer expenditure	46,297	48,174	50,815	51,254	52,612	13.6
on meat						
Consumer expenditure	4,499	4,697	4,972	5,047	5,214	15.9
on fish and seafood						
Consumer expenditure	22,068	22,800	23,817	23,844	24,328	10.2
on milk, cheese and eggs						
Consumer expenditure	7,870	8,143	8,580	8,637	8,838	12.3
on oils and fats						
Consumer expenditure	8,557	8,856	9,374	9,479	9,735	13.8
on fruit						
Consumer expenditure	15,932	16,357	16,988	16,874	17,069	7.1
on vegetables						
Consumer expenditure	8,571	8,751	9,090	9,001	9,056	5.7
on sugar and confectionery						
Consumer expenditure	4,740	4,920	5,144	5,124	5,213	10.0
on other food						
TOTAL	143,277	148,124	155,159	155,441	158,690	10.8

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

Table 50 Consumer Expenditure on Food (Constant 2010 Value): 2011-2020

PLN million	2011	2015	2020	% Growth	% CAGR
Consumer expenditure	26,840	29,993	34,114	27.1	2.7
on bread and cereals					

Consumer expenditure on meat	53,638	62,759	75,026	39.9	3.8
Consumer expenditure on fish and seafood	5,342	6,362	7,747	45.0	4.2
Consumer expenditure on milk, cheese and eggs	24,645	28,121	32,732	32.8	3.2
Consumer expenditure on oils and fats	8,986	10,417	12,331	37.2	3.5
Consumer expenditure on fruit	9,913	11,617	13,902	40.2	3.8
Consumer expenditure on vegetables	17,194	19,114	21,607	25.7	2.5
Consumer expenditure on sugar and confectionery	9,051	9,880	10,910	20.5	2.1
Consumer expenditure on other food	5,263	5,955	6,861	30.4	3.0
TOTAL	160,871	184,217	215,230	33.8	3.3

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

Table 51 Consumer Expenditure on Non-Alcoholic Beverages (Current Value): 2006-2010

PLN million	2006	2007	2008	2009	2010
Consumer expenditure on coffee, tea and cocoa	5,443	5,876	6,465	6,778	7,221
Consumer expenditure on mineral waters, soft drinks, fruit and vegetable juices	6,114	6,569	7,315	7,668	8,167
TOTAL	11,557	12,445	13,779	14,446	15,388

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Table 52 Consumer Expenditure on Non-Alcoholic Beverages (Constant 2010 Value): 2006-2010

PLN million	2006	2007	2008	2009	2010	% Growth
Consumer expenditure on coffee, tea and cocoa	6,201	6,539	6,894	6,962	7,221	16.5
Consumer expenditure on mineral waters, soft drinks, fruit and vegetable juices	6,966	7,310	7,801	7,876	8,167	17.2
TOTAL	13,168	13,849	14,694	14,838	15,388	16.9

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

Table 53 Consumer Expenditure on Non-Alcoholic Beverages (Constant 2010 Value): 2011-2020

PLN million	2011	2015	2020	% Growth	% CAGR
Consumer expenditure on coffee, tea and cocoa	7,450	8,902	10,863	45.8	4.2
Consumer expenditure on mineral waters, soft drinks, fruit and vegetable juices	8,418	10,096	12,353	46.7	4.3
TOTAL	15,868	18,999	23,217	46.3	4.3

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

Table 54 Consumer Foodservice by Type (Current Value): 2005-2009

PLN million	2006	2007	2008	2009	2010
Consumer Foodservice by Type	24,652	26,306	28,364	27,445	26,937
100% Home Delivery/ Takeaway	148	166	179	186	194
Cafés/Bars	6,967	7,331	7,702	7,454	6,894
Full-Service Restaurants	7,778	8,436	9,096	8,092	7,807
Fast Food	4,416	4,839	5,560	5,797	6,094
Self-Service Cafeterias	3,672	3,800	4,002	3,968	3,916
Street Stalls/Kiosks	1,670	1,733	1,825	1,949	2,032
Pizza Consumer Foodservice	1,990	2,219	2,519	2,472	2,484

Source: National statistical offices, Euromonitor International

Table 55 Consumer Foodservice by Type (Constant 2010 Value): 2006-2010

PLN million	2006	2007	2008	2009	2010	% Growth
Consumer Foodservice by Type	27,930	29,108	30,078	28,155	26,937	-3.6
100% Home Delivery/ Takeaway	168	184	190	191	194	15.5
Cafés/Bars	7,894	8,111	8,167	7,647	6,894	-12.7
Full-Service Restaurants	8,812	9,335	9,646	8,301	7,807	-11.4
Fast Food	5,003	5,355	5,896	5,947	6,094	21.8
Self-Service Cafeterias	4,160	4,205	4,244	4,071	3,916	-5.9
Street Stalls/Kiosks	1,893	1,917	1,935	1,999	2,032	7.4
Pizza Consumer Foodservice	2,255	2,455	2,672	2,536	2,484	10.2

Source: National statistical offices, Euromonitor International

Note: Constant value at 2009 prices

DRINKING

Drinking Habits

Despite a slight dip between 2008 and 2009, during the overall review period consumer expenditure on alcoholic drinks increased by just more than 10% to reach PLN29.5 billion in 2010. Growth was driven by increased spending in all drink categories, including expenditure on spirits (growth of 8.7%), wine (11%) and beer (just more than 11%). In 2010, spending on spirits accounted for 41% of total spending on alcoholic drinks, followed by spending on beer (31.3% of total) and spending on wine (27.5% of total). According to a recent report from the World Health Organization, Poland is among the countries with the highest consumption of pure alcohol per adult resident. Poles drink 13.3 litres of pure alcohol per adult resident compared with the global average 6.13 litres.

Poles often consume alcoholic beverages with friends and family members. Traditionally, drinking takes place mainly in the home on occasions such as when friends visit, religious occasions, name days and birthdays. Although an increasing number of Poles are able to afford to go out and meet friends for drinks, drinking alcohol outside the home is more typical for students and young people when they socialise in pubs, clubs and discos. However, an increasing number of professionals now go out for drinks with their colleagues after work, mainly on Fridays.

Vodka, the national alcoholic beverage, remains the most popular type of alcohol in Poland. Whisky, cognac and gin are less popular and mostly purchased by well-off individuals and consumed on special occasions.

Due to the economic downturn, spending on spirits declined slightly (by less than one percent) between 2008 and 2009 but it rebounded between 2009 and 2010. Due to the economic downturn, some consumers switched to brands on the lower end of the vodka segment but the excise duty rise dampened the popularity of many economy vodkas. Consumers chose Wodka Zoladkowa Gorzka Czysta de Luxe at the price of PLN17 instead of buying economy vodkas, such as Starogardzka. The brand Krupnik was extended with a pure, unflavoured variant priced at PLN17 to PLN18 in 2010. The new launch enjoyed a tremendous response from Polish consumers and the brand has seen an increase in sales of several hundred percent. Zubrowka Biala, a pure version of Zubrowka vodka, was a surprise in the market in 2010. In contrast, vodkas from the premium segment such as Bols and Pan Tadeusz posted declines.

Within the vodka segment, pure, plain vodka dominates. However, coloured vodkas are seeing increasing interest from drinkers who like to experiment with alternative beverages. The growing number of women drinking spirits boosted sales of flavoured vodka in Poland during the review period. Female consumers showed more interest in mixed drinks featuring flavoured vodka. Bison grass-flavoured Zubrowka is the leader in terms of total volume sales of flavoured vodka. The second most popular flavour is citron/lemon, followed by blackcurrant, vanilla and forest fruits. In addition to simply drinking vodka in shots, an increasing number of the Poles are experimenting with different variations of cocktails made with vodka.

Beer is also frequently consumed by Poles. It is particularly popular among young people. Many Polish consumers are price-conscious and price plays an important role in the decision to purchase beer. Beer is relatively cheap in comparison to vodka and, in particular, in comparison to grape wine. Many consumers are turning away from what they see as the 'anonymous' beer offered by multinationals to beer manufactured by local producers. This is despite the relatively high prices of most locally produced beers. Zubr and Tyskie Gronie are two leading brands in Poland. Combined, they account for 26.9% brand share.

The economic downturn slowed the expansion of the wine culture in Poland. Regardless, champagne enjoyed great demand based on the rising aspirations of many Polish consumers. Moreover, some consumers simply like to indulge themselves during uncertain economic times. Polish consumers are familiar with the leading grape varieties such as cabernet sauvignon,

merlot and chardonnay but taste, rather than grape varietal, is the main factor when purchasing wine for most Polish consumers. Most Polish consumers choose sweet or semi-sweet wines rather than semi-dry or dry wines. This preference is currently widespread, but the palates of Polish drinkers are becoming more sophisticated and an increasing number of Poles are switching to semi-dry and dry products. A growing number of younger Poles tend to choose wine, particularly New World wines. As well, a number of older Poles drink wine because it is perceived as a healthier option than spirits or beer.

The restrictions on advertising and promoting beverages with alcohol content greater than 18% are severe. In contrast to wine producers, vodka producers and distributors may not display their brand names on television advertisements or in sponsored promotions for concert or sporting events. In addition, warnings about the damaging health impact of alcohol abuse must appear on packaging labels. Health warnings must cover at least 10% of the area. Advertisers of alcoholic drinks must include information about the dangers of alcohol consumption and stress that it is forbidden to sell alcohol to people under the age of 18. This information must cover at least 20% of the advertising area. In addition, producers of alcoholic drinks with a content of 8% to 18% of pure spirit are allowed to inform consumers about events sponsored by them. To do this, they may use announcements in newspapers and magazines and on invitations, tickets, posters and information boards. Wine producers may also advertise through the sponsorship of sporting events, concerts or other large-scale events by placing their name on a limited range of promotional materials, including magazines, posters, and billboards. But they may not promote the wine product itself. The same restrictions apply to television and radio.

The maximum permitted level of alcohol in the blood when driving is 0.2mg/ml. Drink driving is considered to be a major problem in Poland, with around 22% of all road accidents caused by drivers under the influence of alcohol. In 2000, the government introduced a new law that made drink driving a separate criminal offence. Prior to this, drink driving was regulated alongside other driving offences, such as speeding.

Impact

Over the forecast period, consumer expenditure on alcoholic drinks is projected to increase by 29.7% (in real terms) to reach PLN38.7 billion in 2020. This growth is expected to be facilitated by rising disposable incomes and increasing sophistication of Polish consumers which is expected to draw them to more expensive alcoholic beverages. Regardless, expenditure patterns are not expected to alter significantly from those seen during the review period, with spending on spirits expected to account for 40% of total spending, spending on wine expected to account for 28% of total spending and spending on beer expected to account for 31.8% of total spending.

While vodka is expected to remain the most popular spirit over the forecast period, the increasingly sophisticated palates of Polish consumers are expected to drive increased demand for imported spirits such as tequila. As well, domestic producers such as Nalivkas are expected to benefit from the growing interest by consumers in buying local products, regardless of their price.

Shopping for Alcoholic Beverages

In the retail sector for alcoholic drinks, discounters continue to advance strongly. Generally, small stores are suffering from a downward trend as they were heavily hit by the economic downturn. On the other hand, specialist retailers are on the rise although they are still limited in number. For wine connoisseurs, the availability of specific products is crucial regardless of price but the average consumer is looking for relatively low-priced products.

The leading wine discounters include Biedronka, owned by the Portuguese player Jerónimo Martins, and Lidl (Schwarz-Gruppe). They have continuously extended and rebuilt their offerings of grape wine in order to attract consumers. According to trade sources, consumers look to specialists as stores where they can choose a gift based on the advice provided by staff. However, if the same wines are simultaneously available in supermarkets, consumers tend to buy them there. When shopping in independent small grocers, Polish customers often base their purchasing decisions on the opinions of the sellers, who are not always trained or expert.

The metal beverage can gained in popularity to overtake glass bottles as the most popular package type for beer. This trend goes against European preferences. The popularity of canned beer may have its roots in the past when foreign canned beer was regarded as a symbol of luxury. It is worth emphasising that 0.5-litre cans dominate beer sales in Poland while 0.33-litre cans tend to lead across other European markets. Glass bottles are clearly the most popular type of packaging for wine. Non-grape wines are also available in PET bottles. Many consumers, however, perceive wines in this type of packaging to be of lower quality.

Table 56 Consumer Expenditure on Alcoholic Beverages and Tobacco (Current Value): 2006-2010

PLN million	2006	2007	2008	2009	2010
Consumer expenditure on alcoholic drinks	23,507	24,942	27,227	28,173	29,479
Consumer expenditure on spirits	9,797	10,375	11,293	11,640	12,139
Consumer expenditure on wine	6,413	6,812	7,447	7,720	8,102
Consumer expenditure on beer	7,297	7,755	8,488	8,813	9,238
Consumer expenditure on tobacco	19,801	21,400	23,823	25,193	26,901
TOTAL	43,308	46,342	51,051	53,366	56,380

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Table 57 Consumer Expenditure on Alcoholic Beverages and Tobacco (Constant 2010 Value): 2006-2010

PLN million	2006	2007	2008	2009	2010	% Growth
Consumer expenditure on alcoholic drinks	26,783	27,756	29,035	28,937	29,479	10.1
Consumer expenditure on spirits	11,162	11,545	12,043	11,956	12,139	8.7
Consumer expenditure on wine	7,307	7,580	7,941	7,929	8,102	10.9
Consumer expenditure on beer	8,314	8,630	9,051	9,052	9,238	11.1
Consumer expenditure on tobacco	22,561	23,814	25,405	25,875	26,901	19.2
TOTAL	49,344	51,569	54,440	54,812	56,380	14.3

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

Table 58 Consumer Expenditure on Alcoholic Beverages and Tobacco (Constant 2010 Value): 2011-2020

PLN million	2011	2015	2020	% Growth	% CAGR
Consumer expenditure on alcoholic drinks	29,849	33,737	38,714	29.7	2.9
Consumer expenditure on spirits	12,261	13,707	15,543	26.8	2.6
Consumer expenditure on wine	8,230	9,382	10,871	32.1	3.1
Consumer expenditure on beer	9,358	10,648	12,300	31.4	3.1
Consumer expenditure on tobacco	27,628	33,227	40,577	46.9	4.3
TOTAL	57,477	66,964	79,291	38.0	3.6

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

SMOKING

Smoking Habits

During the review period, consumer expenditure on tobacco increased by 19.2% (in real terms) to reach PLN26.9 billion in 2010. During the same period, the smoking prevalence of Polish adults increased only slightly, going from 28.4 in 2006 to 28.7 in 2010. Thus, the considerable increases in expenditure were the result in great part of price increases rather than a significant increase in the number of smokers. In 2009, the government decided to increase tax rates on all tobacco products. Cigarettes was the only category to record a decrease in retail volume sales. By contrast, cigars and cigarillos and smoking tobacco registered volume growth. Smoking tobacco benefited from rising demand as a cheaper alternative to cigarettes, whereas cigars and cigarillos enjoyed growing interest due to the spread of a cigar culture, particularly among affluent smokers. American blend cigarettes are most common in Poland and have a 74% share.

The rising prices of cigarettes forced many Polish smokers to reach for cheaper alternatives. Most shifted towards value options such as smoking tobacco, particularly pipe tobacco, which has lower unit prices and is commonly used for roll-your-own cigarettes. At the same time, a growing number of smokers decided to purchase illicit products.

Polish smokers appreciate menthol cigarettes much more than consumers in other countries and they accounted for 17.5% of retail volume sales. Such cigarettes are targeted mostly at women. Indeed, female smokers report that they prefer flavoured cigarettes to non-flavoured ones and female consumers are expected to be the main driver of demand for flavoured cigarettes.

Shopping for Cigarettes and Tobacco

Cigarettes in Poland are mainly distributed through small grocery retailers such as convenience stores, independent small grocers and forecourt retailers. In 2010 these channels accounted for 55% of volume sales. Newsagents/tobacconists and kiosks accounted for the second-highest volume share, 20%, in 2010. Supermarkets/hypermarkets accounted for a 7.7% volume share followed by discounters with a share of 7.4%.

During the review period buying cigarettes from supermarkets/hypermarkets became more popular as consumers found it to be more convenient to buy cigarettes while doing the rest of their shopping. These outlets also provided consumers an opportunity to save money by buying multiple packs of cigarettes. Discounters also increased their share during the review period.

The leading cigarette brand in the Polish market is L&M, produced by Philip Morris International Inc., with a share of 15.4%. The next most popular brand is Marlboro, from the same manufacturer; its retail volume share in 2009 was 9.1%. Red & White remained third in the market with a share of 8.8%. Polish smokers most often purchase packs of 20 cigarettes. This pack size accounted for more than 82.5% of total volume sales. Packs containing 30 or 40 cigarettes are less popular, with each accounting for 2% and 1% of total sales, respectively.

It is prohibited to sell tobacco to those under the age of 18 years. The fine to retailers who do so is between PLN 200 and PLN 5,000. The fourteen edition of the STOP18! Program has recently begun. Its aim is to limit the access of tobacco products to those under the age of 18 years and to teach retailers how to assertively refuse to sell cigarettes to those under the age of 18 years. The police monitor the shops suspected of breaking the ban on tobacco sales. According to recent research, 73% of district courts did not execute any actions against sellers of tobacco products and fines imposed in most cases did not exceed PLN200.

Impact

Over the forecast period, consumer expenditure on tobacco is expected to increase by 38% to reach PLN79.3 billion in 2020. As was the case during the review period, growth in spending over the forecast period is expected to be the result of higher prices rather than a significant increase in the number of smokers. As well, growth is expected to be driven by new product developments and the entry of new players and brands which will be attractive to consumers with higher levels of disposable income.

Table 59 Smoking Prevalence: 2006-2010

	2006	2007	2008	2009	2010
Male (% of male adult population)	36.5	35.6	35.7	35.5	35.0
Female (% of female adult population)	21.1	22.2	21.7	22.0	23.0
TOTAL (% of total adult population)	28.4	28.6	28.4	28.4	28.7

Source: WHO, OECD, Euromonitor International

PERSONAL APPEARANCE

Shopping for Toiletries and Cosmetics

Expenditure for beauty and personal care products continued to grow in Poland during the review period despite the impact of the economic downturn. Polish women consider colour cosmetics as an affordable luxury that helps to make them feel and look good. Generally, women apply make-up daily. An increasing number of young girls are also reaching for make-up as schools no longer forbid them to wear it. A growing interest in looking fashionable, widespread promotion campaigns, frequent innovations and broad distribution and availability combined with rising disposable incomes ensured that demand for such products as colour cosmetics, hair care products and skin care products remained high.

The main trends in new products have been cosmetics and other beauty products developed specifically for different groups, whether these groups are based on gender, age (with a particular focus on mature consumers and teens) or skin types. In addition, an increasing number of new products have been launched based on them consisting of so-called natural ingredients which many consumers prefer.

During the review period, consumer expenditure on colour cosmetics increased by 8.5% (in real terms) to reach PLN1.2 billion in 2010. Mass-market products dominated sales in colour cosmetics as the majority of Polish consumers are still very price-sensitive. Polish women typically opt for cosmetics which offer good value for money. In general, women are keen to try out many different products and brands as well as experiment with make-up. As a result they readily switch brands which make affordable mass products particularly popular. At the same time, demand for premium cosmetics also increased, particularly among more affluent consumers. L'Oréal, Coty and Avon Cosmetics are the leading players in colour cosmetics in Poland.

On the other hand, there is still room for growth in the colour cosmetics segment as there is still a limited overall consumer base. Many women, in many cases residents of smaller cities and rural areas, still consider daily make-up as unnecessary or use only one product type, such as lipstick or mascara. However, this situation is changing rapidly due to the ongoing emphasis on personal appearance. By 2015, it is projected that value sales of colour cosmetics will reach PLN1.4 billion.

Spending on skin care products increased by 13.4% to reach PLN2.2 billion in 2010. Nourishers/anti-agers were the most dynamic category in 2010 with an increase of 10%. Demand for nourishers/anti-agers benefits from more women believing that proper facial care can often delay the effects of the ageing process. In response, manufacturers have introduced more advanced products that claim to visibly improve skin condition. By 2015, spending is projected to reach PLN2.5 billion.

Poles are increasingly paying more attention to proper sun protection. Indeed, in 2010 sun protection enjoyed dynamic growth, rising by 5% in current value terms. One of the most popular premium brands in sun care is Vichy by L'Oréal. Milk, balms and lotions are the most popular application formats for sun care products. However, innovative solutions such as sprays are gradually gaining share as many consumers find them more convenient to use. In order to satisfy changing consumer demands, manufacturers have also introduced more advanced products offering added benefits. For example, Ziaja Zakład Produkcji Leków offers firming sun, after sun and self-tanning balms, anti-stress self-tanning balm and anti-ageing sun protection cream. In 2015, spending on sun care products is projected to reach PLN143 million.

Sales of cosmetics and toiletries via the traditional distribution channels remain strong. Health and beauty specialists are an important distribution channel and many Polish consumers like to shop in specialist outlets such as Sephora or Douglas. Indeed, consumers are visiting health and beauty specialists as they offer a wide selection of brands, frequent price promotions and professional advice on beauty and personal care products. In 2010, health and beauty retailers accounted for a 49% distribution share.

Chemists/pharmacies are also an important channel, particularly for therapeutically positioned/pharma brands such as Vichy or Avène. Among the most common are Rossmann, Nature, Sephora and Super-Pharm. Parapharmacies and drugstores held a 13% distribution share in 2010. Supermarkets/hypermarkets are also increasingly devoting shelf space to cosmetics and beauty products. Tesco, Real and Carrefour are among the most popular hypermarket chains.

Direct sellers held a 37% distribution share in 2010. Direct sellers are particularly strong in selling mass brands of fragrances. Through their beauty consultants, Avon and Oriflame have

achieved the leading position in the direct sales segment. Indeed, in 2010 Avon Cosmetics was the leading player in the skin care segment with a 10% value share.

In urban areas, consumers have a variety of options regarding where they might buy their beauty products. These include shops located in malls or in the high street, supermarkets and hypermarkets and pharmacies. In smaller towns and in rural areas, however, where formal retail is less developed, beauty shops are often the only place where consumers can buy cosmetics.

Consumer expenditure on men's grooming products increased significantly, by 19.3%, during the review period to reach PLN1.3 billion in 2010. Clearly, Polish men, particularly young Polish men, are paying more attention to their appearances and purchasing products that they believe will make them more attractive and fashionable. This has been boosted by intense advertising of men's grooming products. Men's bath and shower products represented the most dynamic category in value terms in 2010 with value sales increasing by nearly 12%. Dynamic growth in this and other men's grooming segments is expected to continue over the forecast period and manufacturers are expected to launch a wide range of new and innovative products. By 2015, spending on men's grooming products is expected to reach PLN1.5 billion.

Attitudes Towards Hair and Beauty

During the review period, consumer expenditure on hair care products increased by nearly 11% (in real terms) to reach PLN2.4 billion in 2010. Nearly all Polish women (and an increasing number of men) use hair care products daily. There are a wide range of products including those specially formulated to suit different hair types, shades, lengths and textures. During the review period, there has been increased demand for supplemental hair care products such as conditioners and styling agents which saw value sales growth in 2010 of 8% and 5%, respectively, over prior year. L'Oréal, Henkel and Procter & Gamble were the leaders in the hair care segment in 2010 with a combined value share of 42%.

Hair care is a relatively mature segment in Poland and growth has been boosted by a number of new product launches. In 2009 and 2010, new product launches included new Ziaja shampoos by Ziaja Zakład Produkcji Leków which were based on natural ingredients. This is a development trend that is expected to continue over forecast period. The Dr Irena Eris Nu'Fusion Hair line by Laboratorium Kosmetyczne Dr Irena Eris is a new line of shampoos and conditioners suited to different hair types, such as normal, oily, coloured, dry and thin. Syoss is a new brand range that includes shampoos, conditioners, styling agents and colourants. All products are claimed to offer similar properties to salon hair care products.

At the same time, salon hair care sales increased in 2010 over prior year and reached PLN5 million. Growth was based on greater consumer interest in and demand for perceived high-quality products (particularly among affluent consumers) and the increasing number of hair salons in Poland that offered professional services.

Plastic surgery is very expensive in Poland and, thus, it is a rarity. Instead, some Poles tend towards cosmetic services that need occasional repetition such as wrinkle reduction, depilation and anti-cellulite treatment.

However, widespread knowledge of plastic surgery combined with the growing purchasing power of Poles and the 'cult of the beautiful' bodes well for the development of aesthetic medicine in Poland. Currently, knowledge of plastic surgery amongst Polish consumers has largely come from TV programmes (one American series and later a Polish edition with the same idea) where women requiring significant changes to their appearances were filmed having beauty treatments and plastic surgery. A recent documentary by Portuguese director Miguel Gaudencio called *Pragnienia Piekna* (Desire for Beautiful) presents the Polish environment of plastic surgery. Gaudencio said he became interested in the world of plastic surgery in Poland because it is still a controversial subject in the country.

Table 60 Expenditure on Cosmetics and Toiletries (Current Value): 2006-2010

PLN million	2006	2007	2008	2009	2010
Colour Cosmetics	996	1,022	1,070	1,136	1,208
Fragrances	1,437	1,526	1,632	1,728	1,755
Hair Care	1,949	2,030	2,177	2,295	2,418
Men's Grooming	984	1,064	1,149	1,230	1,314
Skin Care	1,720	1,804	1,940	2,063	2,182

Source: National statistical offices, Euromonitor International

Table 61 Expenditure on Cosmetics and Toiletries (Constant 2010 Value): 2006-2010

PLN million	2006	2007	2008	2009	2010	% Growth
Colour Cosmetics	1,114	1,117	1,121	1,166	1,208	8.5
Fragrances	1,608	1,667	1,709	1,773	1,755	9.2
Hair Care	2,181	2,218	2,279	2,354	2,418	10.9
Men's Grooming	1,101	1,163	1,204	1,262	1,314	19.3
Skin Care	1,925	1,972	2,031	2,117	2,182	13.4

Source: National statistical offices, Euromonitor International

Note: Constant value at 2010 prices

FASHION

Fashion Trends

How Poles dress themselves depends on such factors as age, income, ambition, occupation and where they live. Females living in the urban areas often follow international and local fashion trends gleaned from magazines, movies, TV and, increasingly, the internet. Polish men are also increasingly trying to dress in a fashionable manner, especially younger Polish men. This is helped by most international companies enforcing a smart dress code during the workday.

Many Polish women follow the latest trends as presented in women's magazines. The increasing number of professional women in Poland has stimulated growth in the number of stores with branded clothing. Big brands such as Valentino and Balmain have opened stores in large cities and in shopping malls. Consequently, people walking down the streets in Polish cities do not look much different from their counterparts in Paris or London. On the other hand, it is no secret that designer clothes in Poland are several times more expensive than they are in other countries. At the same time, older Polish women and those from rural areas are much more price-conscious and they often purchase their clothes from bazaars.

There is no traditional clothing typical of all Polish people. However, there are some examples of traditional regional clothing which are recognizable in most parts of the country. The best examples are mountain inhabitants who wear special jackets, waistcoats, trousers and boots. Other regions that have traditional costume include Kaszuby, Mazovia and Kurpie. The traditional clothes of the Mazovian people are amongst the most recognizable in Poland owing to the Mazowsze (the Polish Song and Dance Ensemble) which perform folk dances and songs across Poland.

Shopping for Clothes, Shoes and Luxury Goods

Consumer expenditure on clothing increased significantly during the review period, by 11.3% (in real terms), reaching PLN 28 billion in 2010. Over the same period, expenditure on footwear increased by 3.2% to reaching PLN 9.5 billion in 2010. Over the forecast period, consumer expenditure on clothing is projected to increase by a further 32.5% (in real terms) to reach PLN37.7 billion in 2020 while spending on footwear is projected to increase by 12.5% to reach PLN10.6 billion in 2020. Growth in both segments is expected to be the result of rising levels of disposable income and a growing desire by aspiring Polish consumers to buy fashionable and high-quality (and more expensive) clothing and footwear.

The distribution landscape in the clothing and footwear sector is strongly polarised with numerous outlets offering unbranded goods. The share of outdoor markets in Poland has declined significantly mainly due to the increasing number of hypermarkets and supermarkets which offer clothes and footwear at competitive prices. As well, most are conveniently located and offer a comfortable shopping environment.

Chains became more popular as disposable incomes and purchasing power increased. The great number of new shopping malls has also weakened the position of traditional, independent clothing shops and markets. One of the biggest shopping malls is the Silesia City Centre, a shopping mall in Katowice with almost 250 shops. Opened in 2005, it is one of the three biggest malls in Poland.

With their rising disposable incomes, Poles have become enamoured by luxury goods. Indeed, in 2010 the Polish luxury goods market was valued at PLN3.4 billion, reflecting growth of 50% (in real terms) between 2005 and 2010. Designer clothing and footwear is the third largest luxury category in Poland and it was valued at PLN611 million in 2010, reflecting an increase of 55% from 2005. Over the same period, the men's designer shirt and men's designer top segments recorded the strongest growth, by 100% and 94%, respectively. This impressive growth was fuelled by the growing interest of Polish men in fashion and designer brands and rising levels of disposable income.

The designer clothing and footwear market is highly fragmented with Polish designers still having a strong hold on the haute couture niche whilst international luxury labels are highly sought after in the ready-to-wear niche. Hugo Boss is currently the most popular brand in Poland. The company's strong position stems from its wide product range, good distribution and strong brand presence. Max Mara, Hexeline, Armani, Zegna, Burberry, Escada, Max&Co and Deni Cler also feature high on the most-wanted fashion lists. On the other hand, despite high consumer demand, only one-third of the world's luxury clothing and footwear brands are currently available in Poland. Thus, Polish consumers cannot buy coveted brands such as Prada, Gucci and Valentino in their country. Designer brands which have been able to enter the Polish market, such as Armani, Zegna and Burberry, offer only limited product ranges and often their latest season's collections are not available to Polish consumers. Many consumers seeking the latest products from these designer brands find that they must go abroad where the available product range is much wider.

It is worth noting that the Polish market has a significant shortage of luxury retail destinations and exclusive shopping areas along the lines of London's Bond Street or Rodeo Drive in Beverly Hills. Aside from Burberry, Emporio Armani, Hugo Boss, Escada and Ermenegildo Zegna, which all have mono-brand stores in Poland, most international luxury brands are available through a handful of multi-brand stores. One favourite amongst sophisticated Polish shoppers is the Likus Concept Store, now located in Warsaw, Krakow and Wroclaw. Set in restored historic buildings, these stores are home to some of the finest luxury goods and niche brands that Poland has to offer.

The luxury accessories segment was valued at PLN265 million in 2010, reflected growth of 39% (in real terms) between 2005 and 2010. The growth drivers in this category were luxury

eyewear and men's luxury accessories. Men's luxury bags, ties and cufflinks were the star performers with all three registering real growth of around 60%. Luxury men's bags, in particular, have benefited from the growth in men's luxury products overall, a trend that has taken off since 2003. However, the market is vulnerable to counterfeits. Indeed, fake luxury bags, wallets, eyewear and belts are at the top of the list of counterfeit products sold in Poland. Valued at PLN1.2 billion in 2010, the luxury jewellery and timepieces segment is by far the largest luxury goods category in Poland, accounting for 34% of the total luxury market

Table 62 Consumer Expenditure on Clothing and Footwear (Current Value): 2006-2010

PLN million	2006	2007	2008	2009	2010
Consumer expenditure on clothing	22,082	23,525	25,767	26,755	28,000
Consumer expenditure on clothing materials	326	346	384	391	400
Consumer expenditure on garments	20,536	21,863	23,904	24,805	25,951
Consumer expenditure on other articles of clothing and clothing accessories	683	738	832	876	924
Consumer expenditure on cleaning, repair and hire of clothing	537	578	647	683	725
Consumer expenditure on footwear	8,075	8,429	9,064	9,234	9,497
TOTAL	30,157	31,954	34,831	35,989	37,497

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Table 63 Consumer Expenditure on Clothing and Footwear (Constant 2010 Value): 2006-2010

PLN million	2006	2007	2008	2009	2010	% Growth
Consumer expenditure on clothing	25,160	26,179	27,478	27,480	28,000	11.3
Consumer expenditure on clothing materials	372	385	409	402	400	7.6
Consumer expenditure on garments	23,398	24,330	25,491	25,478	25,951	10.9
Consumer expenditure on other articles of clothing and clothing accessories	778	821	888	899	924	18.7
Consumer expenditure on cleaning, repair and hire of clothing	612	643	690	701	725	18.6
Consumer expenditure on footwear	9,200	9,380	9,666	9,484	9,497	3.2
TOTAL	34,360	35,558	37,144	36,964	37,497	9.1

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

Table 64 Consumer Expenditure on Clothing and Footwear (Constant 2010 Value): 2011-2020

PLN million	2011	2015	2020	% Growth	% CAGR
Consumer expenditure on clothing	28,453	32,487	37,706	32.5	3.1
Consumer expenditure on clothing materials	401	436	476	18.7	1.9
Consumer expenditure on garments	26,356	30,031	34,794	32.0	3.1
Consumer expenditure on other articles of clothing and clothing accessories	948	1,126	1,353	42.7	4.0
Consumer expenditure on cleaning, repair and hire of clothing	748	894	1,083	44.9	4.2
Consumer expenditure on footwear	9,451	10,008	10,628	12.5	1.3
TOTAL	37,904	42,495	48,334	27.5	2.7

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

HEALTH AND WELLNESS

Healthcare

The Polish healthcare system is based on free-of-charge access to medical services for those with health insurance and the freedom of choice of institutions and doctors providing those services. This means that patients have the right to choose their doctor (general practitioner or GP) and any necessary specialists from those fully qualified and employed by the national health system. Beneficiaries have the right to free medical services if they use service providers contracted to the National Healthcare Fund. To do this, they must show their insurance card or pension card. The Ministry of Health is in charge of the country's healthcare policy, regulation of the healthcare system and the National Health Fund (NHF), the healthcare insurance scheme. The state healthcare system is funded in two ways, i.e., through government funding and through compulsory individual contributions to the state healthcare insurance scheme. The Polish healthcare system was reformed at the beginning of the 1990's and universal and compulsory health insurance was introduced in 1999. In 2004, pooling and distribution of funds within the social insurance system was centralised with the creation of the National Health Fund. Employers must register their employees with the health insurance fund when they start work. Employees pay around 8.5% of their gross salary to the NHF and this is deducted directly from their pay checks. The state fund covers most medical services including treatment by GPs and specialists, diagnostic examinations, hospitalisation, emergency care, prescription medicine and surgical appliances, pregnancy and childbirth and rehabilitation.

Government health expenditure has not kept pace with GDP growth and the low level of public expenditure for healthcare has been a major restraint upon healthcare sector reform and has put a substantial strain upon the provision of health services. Inadequate financing has resulted in limits to access to healthcare services (waiting lists), indebtedness of hospitals and

the dissatisfaction of many patients. According to a recent article in the Guardian newspaper, about 72% of health spending is public in Poland compared to 81% in the UK. Worryingly, many Polish patients pay under-the-counter payments to doctors for their services

In order to improve the situation the Ministry of Health is working on several initiatives to make system more effective. These include a restructuring of the hospitals and improving quality assurance. In 2010 the Patients Rights Ombudsman Office was established. In addition to funding issues, the public sector has seen (particularly since accession to the EU) shortages in the medical workforce, both in specific specialities and in specific regions. According to recent research, Poland has a lower number of doctors and nurses working than most Western European countries. As well, those that are in Poland tend to be located in urban areas rather than rural areas.

Private healthcare is also available in the country and approximately one million Poles choose this to avoid the waits sometimes imposed by the state system. However, Poland's private health insurance market continues to be very immature relative to those in Western countries. Private healthcare is used by more people in Poland than in other EU member states. This is largely due to the perceived inadequacies of the state system. According to recent research by PMR, the value of the private healthcare sectors was close to PLN29 billion in 2010.

Dispensing chemists sell medicines in Poland and only doctors and consultants can prescribe medicine. Prescription medicine is only obtainable from qualified and registered chemists or from hospital pharmacies. Costs for prescription drugs are reimbursed through the national health system. But the country spends extravagantly on medicine. Indeed, the pharmaceutical bill of Poles is 2.4% of GDP, amongst the highest in Europe, with each Pole swallowing an average 29 prescriptions a year. Recently, the Ministry of Health submitted the Drug Reimbursement Act which is designed to control the growth of drug reimbursement expenditure. The measures in the Act, which are to take effect from January 2012, include the introduction of fixed retail prices of reimbursed medicines and fixed margins on wholesale sale of these medicines; the introduction of a 17% fixed limit for expenditure on the reimbursement of medicines as a total of public health expenditure limiting; and the introduction of a payback system, which, following an amendment by the Senate, envisages that 50% of expenditure on drug reimbursement exceeding the 17% will be met by pharmaceutical companies. There are concerns among many that as a result of the Drug Reimbursement Act many of the elderly and those with low incomes will not be able to afford medicines.

Health and Well-being

The health and wellness trend was widespread in Poland during the review period, with a growing number of Poles seeking to lead healthier lifestyles. This resulted in certain changes in lifestyle such as eating more balanced meals, exercising more and paying attention to reducing stress levels. This boosted demand for health and wellness products resulted in increased spending on such items as healthier food and drinks, vitamins and dietary supplements and sports nutrition, weight management and herbal/traditional products.

Growing health awareness amongst Polish consumers has led to deliberate choices when it comes to the health products and OTC drugs they buy. Poles are becoming more aware of the active ingredients used in products, their properties and possible side effects. They pay more attention to the product packaging and carefully study the list of ingredients. As a result, there has been increased demand for safe and mild solutions which have fewer, if any, side effects. These include such products as ibuprofen and herbal/traditional products. Indeed, herbal products are generally well-regarded in Poland. In addition, herbal medicines are generally cheaper than the standard alternatives, also adding to their popularity.

The economic slowdown confirmed many Poles' belief that organic products are premium products. The price of organic products is almost two times higher than their standard

equivalents so only the more affluent consumers can afford such purchases. Despite the wide range of products available, their distribution is limited to selected stores and this has stimulated the growth of online retailers selling organic food.

According to World Health Organisation, non-communicable diseases are the primary causes of healthcare problems in Poland. Although the mortality rates due to cardiovascular diseases (especially ischemic heart disease) are on the decline they are still the most frequent cause of hospitalization and death. The number of deaths from cerebrovascular diseases is high and is not declining. It is estimated that about 42% of men and 32% of women in the country suffer from hypertension.

Impact

The health and wellness trend in Poland is expected to become even stronger over the forecast period, with an increasing number of Poles seeking to lead healthier lifestyles. This, in turn, is expected to further propel sales of health and wellness products including vitamins and dietary supplements and sports nutrition, weight management and herbal/traditional products.

Sport and Fitness

The number of physically active Poles is increasing but the majority of Poles still do not exercise or practise sports regularly. Physical education is a mandatory subject up to higher education. The classes last usually 45 minutes. A number of Polish parents enrol their children in paid sports groups for extracurricular training but this is primarily done in large urban cities. Indeed, urban dwellers more often demonstrate an interest in active leisure, the result in part of the increased availability of suitable exercise facilities. According to a survey conducted by Body Life magazine, major gyms and sports and fitness centres in Poland have noted increased membership rates. The survey also pointed out that the average member is 30 to 35 years-old. The most popular activities are aerobics, body-building, personal training, yoga and pilates. In smaller cities and in villages there is a shortage of such venues as swimming pools and gyms and fitness clubs, although Poland's entry into the EU has created the opportunity for financial support for investment in sports infrastructure. Among those who do keep fit, swimming and aerobics are the most popular activities. But aerobics is losing out in popularity to dance classes. The popularity of dance schools is a direct result of the numerous TV dance competitions.

Football (soccer) is the country's most popular sport with a rich history of international competition. Track and field, basketball, boxing, ski jumping, fencing, handball, ice hockey, swimming, volleyball, and weightlifting are other popular sports. Poles love watching sports, both on TV and at live performances in sports arenas. Football matches are most watched, especially by men who love watching the World Cup and European Championship. Poles also watch basketball and volleyball matches. During the winter season ski jumpers bring Poles to their TV sets. This sport has gained in popularity due to the success of Polish jumper Adam Malysz. The first Polish Formula One driver, Robert Kubica, has also brought increased awareness of Formula One Racing to Poland.

Nutrition

Traditional Polish cuisine is high in calories but as the awareness of the benefits of healthy eating increases many Poles are attempting to watch their diets and consume more proteins and avoid fat. Generally, many Polish consumers want to lead healthier and more balanced lives and that includes paying more attention to what they eat and how they feel. Dieting and calorie counting are gaining popularity in Poland. There are many articles on such topics in the media and various internet sites have been established to discuss the topic in recent years.

Many celebrities share their stories on dieting and calorie counting and influence the popularity of diets among younger Poles.

Obesity among children is a growing concern with 6% of high school children considered overweight. A further 11% have been diagnosed as obese. Many Polish children are eating too much unhealthy food and not exercising enough. Among the unhealthy foods popular with children and young people is fast food as well as sweets, snacks, chocolate and fizzy drinks. The research of dieticians from the Institute of Food and Nutrition (Instytutu Żywności i Żywienia) indicate that there are now three times the number of obese boys and 11 times the number of obese girls in Poland than there were 40 years ago. As well, their report said that 20% of boys and 15% of girls of school age were overweight. According to a report from the Child Health Centre (Centrum Zdrowia Dziecka) the worst obesity rate has been observed in Mazovia (Mazowsze). Here the problem relates to about 18% of boys and 14% of girls.

Polish parents are increasingly conscious of the obesity problem and it is now identified as potentially threatening their children's health in their adult lives. The Polish media has made Poles more conscious of the health risks of obesity, emphasising that obesity is a cause of heart disease and diseases of the circulatory system. Consequently, the public opinion about fat children is changing. 'Well-fed' children are no longer perceived as the picture of health but rather as potential sufferers of disease. Regardless, the percentage of obese people in the total population aged over 15 years-old is expected to rise to 22% in 2014, up from 20% in 2009.

Home Medication and Vitamins

During the review period, demand for vitamins and dietary supplements increased, fuelled by the rising health awareness of Poles as well as by the great number of new products launched, such as Centrum Cardio by Wyeth and Mastika by A-Z Medica. The media played an important role in spreading the word about vitamins and dietary supplements with newspapers, television, radio and the internet offered a vast amount of valuable information. Indeed, consumer expenditure on vitamins and dietary supplements grew by 4.2% during the review period, going from PLN1.07 million in 2006 to PLN1.1 million in 2010.

The concepts of self-medication and preventative medicine are popular in Poland. An increasing number of Polish consumers try to resolve their health issues themselves. In some cases, this is done in order to avoid visiting a doctor, especially as many Poles consider the healthcare system to be generally ineffective. Patients are often forced to wait a long time to see a doctor which prompts them to opt for self-medication (or to purchase private health insurance).

As health awareness grew during the review period, consumers became more knowledgeable about the causes of common diseases and the measures which could be taken to prevent the onset of health problems. Preventative medicine and timely medical intervention can delay or even prevent serious illnesses or significant health problems and consumers became increasingly aware of this.

Impact

The vitamins and dietary supplements segment is expected to benefit from further new product development during the forecast period. As well, demand is expected to remain strong due to consumers' ever-increasing interest in health and the pursuit of well-being. The growing focus on health, personal appearance and maintaining a healthy body weight is expected to drive significant demand for vitamins and dietary supplements over the forecast period.

Table 65 Health Expenditure: 2006-2010

% of total health expenditure	2006	2007	2008	2009	2010
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Public health expenditure	70.0	70.9	71.0	71.5	72.0
Private health expenditure	30.0	29.1	29.0	28.5	28.0

Source: National statistics, Euromonitor International

Table 66 Healthy Life Expectancy at Birth: 2006-2010

years	2006	2007	2008	2009	2010	Growth
Healthy life expectancy at birth	66.9	67.0	67.2	67.3	67.3	0.5 years
Males	63.8	64.0	64.1	64.2	64.2	0.4 years
Females	69.7	70.0	70.1	70.2	70.2	0.6 years

Source: National statistics, Euromonitor International

Note: Healthy life expectancy at birth is the average number of years that a person at birth can expect to live in "full health" by taking into account years lived in less than full health due to disease and/or injury.

Table 67 Obese and Overweight Population: 2006-2010

% of population aged 15+	2006	2007	2008	2009	2010
Obese population (BMI 30kg/sq m or more)	18.1	18.7	19.2	19.7	20.2
Overweight population (BMI 25-30kg/sq m)	33.0	33.0	33.1	33.1	33.2

Source: OECD, International obesity taskforce, Euromonitor International

Table 68 Consumer Expenditure on Health and Wellness (Current Value): 2006-2010

PLN million	2006	2007	2008	2009	2010
Analgesics	957	1,044	1,093	1,137	1,187
Calming and sleeping	85	88	92	94	98
Cough, cold and allergy (hay fever) remedies	844	1,030	1,123	1,182	1,247
Vitamins and dietary supplements	939	982	1,025	1,067	1,111

Source: National statistics, Euromonitor International

Table 69 Consumer Expenditure on Health and Wellness (Constant 2010 Value): 2006-2010

PLN million	2006	2007	2008	2009	2010	% Growth
Analgesics	1,086	1,157	1,161	1,164	1,187	9.3
Calming and sleeping	97	98	97	97	98	0.9
Cough, cold and allergy (hay fever) remedies	959	1,142	1,193	1,210	1,247	30.1

Vitamins and dietary supplements	1,066	1,088	1,089	1,091	1,111	4.2
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Source: National statistics, Euromonitor International
 Note: Constant value at 2010 prices

LEISURE AND RECREATION

Staying in

Most Poles spend a great deal of their spare time at home. Watching TV and reading magazines and newspapers are preferable activities at home, especially for the older population. Spending time at home costs considerably less than going out which is another reason it is so popular. Younger Poles spend more time at home browsing the internet, playing video games and listening to music. Of course, during the summer those home owners with gardens spend more time outside.

According to a recent report from CBOS, 54% of Poles said they spend more than 12 hours per week at home watching TV and watching DVD or videos. At the same time, 13% said they do 'nothing' in their free time. Over one-third of respondents (37%) said they spend a little over seven hours a week reading newspapers and books. Twenty-three percent said that they devoted 12 hours of their free time per week to cooking, shopping, renovation work at home or work. Twenty-one percent engaged in hobbies. Other reported activities included use of the computer and the internet (11 %), listening to the radio or music (9 %) and generally spending time with the family (6%).

Impact

Most Poles enjoy spending time at home with family and friends and this trend is expected to continue over the forecast period. As disposable incomes rise, it is expected that households will seek to enhance their living spaces and make them more attractive and comfortable, driving increased demand for such items as in-home consumer electronics. As well, it is expected that demand for DIY and gardening will rise as household members spend more time outdoors at home.

Going Out

The growing affluence of Polish consumers has been reflected in consumers' increased appetites for spending time outside of the home dining, drinking and being entertained. However, many consumers remain price-conscious and cautious about spending whilst going out. Spending per capita on going out in Poland still remains low when compared with the Czech Republic, Hungary and Slovakia.

According to a recent survey conducted by the UPC, almost one-half of Poles have reduced their visits to the restaurants and bars (47%) and visits to the cinema (45%). Instead, spending time on the internet has become the most common way of spending free time. The Interactive Market Research Institute completed a study on the leisure activities of young people and they report, not surprisingly, that young Poles like to spend their free time away from home visiting pubs, clubs and discos. Krakow and Warsaw are well-known for their pubs and clubs and discos are prevalent in Poznan.

However, the survey revealed that the most popular activity for young people outside the home was visiting shopping malls (68%). Indeed, shopping malls draw Poles of all ages not only by offering spacious and modern décor but also by offering a variety of attractions such as restaurants and cinemas. The popularity of shopping malls is clearly seen at weekends and in

evenings when a near state of siege occurs with parents and children doing the shopping and then taking a welcome break in a restaurant or meeting with friends.

Impact

As disposable incomes rise over the forecast period and as the number of dining, drinking and entertainment venues grows (particularly in urban areas), spending on going out is expected to increase. There are many established places for going out in Poland, including sports centres, cultural establishments, bowling alleys and restaurants and clubs, and it is expected that many more will be launched over the forecast period in an attempt to capture the growing amount of consumers' money spent on leisure and recreation.

Public Holidays, Celebrations and Gift-giving Occasions

There are currently thirteen public holidays in Poland and these are, by law, non-working days. They include New Year's Day (1 January), Epiphany (Trzech Króli, 6 January), Easter Sunday and Monday (first Sunday after the first spring full moon), Labor Day (1 May), Constitution Day (3 May), Pentecost Sunday (Zielone Świątki, seventh Sunday after Easter), Corpus Christi (Boże Ciało, ninth Thursday after Easter), Assumption of the Blessed Virgin Mary (15 August), All Saints' Day (1 November), Independence Day (11 November) and Christmas (25-26 December). It is worth noting that Catholic religious holidays are widely observed in Poland. Stores, malls and restaurants are likely to be closed or have very limited business hours on Easter, All Saints Day, Christmas Eve and Christmas Day.

There are also holidays that are usually working days. These include Fat Thursday, the day of eating paczki (doughnuts) on the last Thursday of the Carnival; International Women's Day on 8 March, a popular holiday from the Communist era when men show their appreciation of women by giving them flowers or gifts; First Day of Spring on 21 March, an unofficial occasion popular among children who traditionally play truant from school on that day; April Fool's Day on 1 April (in Poland called by its Latin name Prima Aprilis), a day that celebrates a tradition of making fools of everyone; Child's Day on 1 June, when children are given presents and sweets; and the Eve of St Andrew's Day on 29 November, when people read the future from the shapes of wax earlier melted and then poured into cold water.

In Poland, Easter (Wielkanoc) is celebrated as a significant and meaningful Christian holiday. On the Saturday before Easter, churches offer special services in anticipation of the holiday, including the blessing of food. Children enjoy attending these services, bringing small baskets of painted eggs and candy to be blessed. On Easter Sunday itself, practising Catholics go to the morning Mass followed by a celebratory breakfast made from food blessed the day before. On Easter Sunday, shops, malls and restaurants are commonly closed. Lany Poniedziałek, or Smigus Dyngus, is the Monday after Easter and it is also a holiday. The holiday is based on an old tradition with pagan roots. Groups of kids and teens wander around looking to soak each other with water. Often groups of boys will try to catch groups of girls and vice versa. Common 'weapons' include water guns and water balloons but many children arm themselves with buckets of water.

Christmas Eve is arguably the most important Christian holiday and an important day throughout Poland. On this day everything closes down as people go home to celebrate with friends and family. It's also one of the most interesting holidays in Poland due to the country's traditions and customs. Typically, Poles prepare a 12-course vegetarian meal (the courses corresponding to the number of apostles) and begin eating it after seeing the first star in the night sky. Many also leave an extra chair and place set at their table just in case anyone (even a stranger) stops by for dinner. In Poland, Wigilia is more important than Christmas Day even though it is a working day. Shops are usually open until early afternoon.

As in most Western countries, after Christmas the primary gift-giving occasions are birthdays. Smaller gifts are often given on Mother's Day and Father's Day while many sweethearts send and receive candy on St Valentine's Day.

Cards are usually purchased and given for occasions such as weddings, birthdays or Mother's Day. They can be purchased in specialist retailers as well as in grocery retailers and stationery stores. E-cards and online greetings cards have also become a very popular option, in large part because they can be so easily personalised.

Culture

According to the web site polandforvisitors.com, "Poles...have a keen interest in the arts. Polish writers and filmmakers in particular are internationally renowned. Poland has a lively cultural scene with around 280 arts festivals taking place across the country covering all types of music, film, video, theatre and the visual arts. Poles are particularly keen on jazz music with around 30 jazz festivals taking place each year." Indeed, two of the most important music festivals, the National Festival of Polish Song in Opole and the Sopot Festival, have been presented annually for many years. They not only capture a significant live audience but they are watched on TV by numerous other Poles. In 2003 Sopot TOPtrendy, a new music festival, was introduced by TV Polsat in Sopot. This festival quickly captured an audience comparable with the large audiences of the more well-known festivals with long-standing traditions.

Another festival where thousands of young Poles head every year is Woodstock ('Przystanek Woodstock'), an annual free rock music festival held since 1995 inspired by and named for the Woodstock festival held years ago in the US. Organizers call Przystanek Woodstock, whose motto is "Love, Friendship, and Music", the biggest open-air festival in Europe. It is organized by the Great Orchestra of Christmas Charity Foundation and it is a way for the foundation to thank its volunteers. Generally a weekend-long event, its two stages are in continuous use from early afternoon to dawn, featuring performances by around 30 bands every year.

According to the recently established Polish Film Institute, "Poland has a long tradition of quality filmmaking, marked by names such as Andrzej Wajda, Krzysztof Zanussi and Krzysztof Kieslowski; directors working abroad and contributing to the achievements of the world cinema such as Roman Polanski and Agnieszka Holland; and cinematographers such as Janusz Kaminski and Slawomir Idziak, whose work is recognized and sought after the world over." The Institute was established in 2005 to, among achieving other objectives, "draw Polish viewers back into theatres to watch Polish films and, at the same time, to make them worthwhile to watch and accessible to international audiences, particularly in Europe." Going to the cinema is very popular in Poland. Large multiplexes such as Helios, Cinema City and Multikino have gained the ground and more are planned.

Holidays

For a number of reasons, Poles are not considered to be great holiday travellers. Those that do go on holidays most often take their time off in July and August, months that coincide with school holidays. Nearly as popular are June and September when some Poles travel to warm countries such as Greece, Tunisia, Spain or Turkey. Poles very rarely go on holiday in January, October or November.

Due to the country's sunny and hot summers, Polish holiday-makers enjoy going to the sea or to lakes. Price-conscious Poles tend to choose less expensive one- or two-day domestic trips instead of longer, more expensive vacations abroad. Regardless, according to the Institute of Tourism, in 2010 6.5 million Poles did spend time abroad. (This figure, however, includes any person that spent at least one day outside the country.) Countries most often visited by Poles

were Egypt, Spain, Croatia, Turkey, Greece and Bulgaria. Trips to far-off places are still beyond the budget of most Poles but those that can afford it most often visit Thailand, Cuba and Mexico.

Not surprisingly, travel destinations vary significantly according to income level. The average Pole prefers to holiday in a place that ensures beautiful sunny weather, beaches and an opportunity to visit historic and cultural destinations. During the review period Egypt became a very popular destination for Poles. In 2010, 321,000 tourists travelled to Egypt, up from 105,000 in 2005. Egypt owes its strong popularity to a strong hotel infrastructure combined with attractive prices. Poles often go to Egypt in July and August due to the school summer holiday break. Trips in the autumn, however, are becoming increasingly popular. Alfa Star tour operator reported that 70% of people using its services in summer 2010 decided to spend their holiday in Egypt.

Whether Poles still travel to Egypt for their holidays in the same numbers after the political unrest in 2011, remains to be seen. Similarly, there was a collapse in demand for trips to Greece due to the country's economic crisis and strikes. In 2008, 289,000 Polish tourists visited Greece but this declined in 2009 and 2010 to 152,000 and 136,000, respectively.

At the same time, there has been a noticeable increase in the number of incoming tourists, particularly from countries situated near Poland such as Germany, Belarus, Latvia, Lithuania and Russia. There were also considerable numbers of visitors from the Netherlands and the US. A considerable number of visitors from the US are Polish-Americans coming back to their ancestral land to visit relations and find their roots.

Ferry trips, mainly to Sweden, have become very popular amongst Polish tourists. As noted by a Stena Line ferry representative, Sweden is the country that attracts Polish tourists thanks to its monuments, nature and proximity. Although many tourists chose one-day ferry trips to Sweden in the summer season two-day tours are most popular.

In 2010 spas in Poland generated more revenue than they did in 2009. One reason was that in 2009 the economy was still in a relatively poor condition, suffering from the impact of the global financial crisis and a time when Poles limited their spending on non-essentials such as spa services. Of course, in 2010 the economic condition began to improve and, in turn, more consumers began spending trips and stays in spas. An increasing number of spa hotels have extended their offerings in an attempt to encourage new guests to visit them, not only new Polish guests but also from other countries.

In 2010, there were 32,900 tourist accommodation outlets in Poland, including 26,000 private accommodation outlets. Hotel chains saw the greatest increase (12%) in the number of new outlets. At the same time, there was a drop in the number of campsites (2%) and chalets (3%). These types of accommodation are becoming gradually less popular in the country as a growing number of Poles are choosing to spend a bit more money in order to rent a room in a private accommodation rather than spending a night in a tent, often without access to running water or toilet. As well, the number of motels in operation decreased by 3%.

Table 70 Household Possession of Cable TV and Satellite TV: 2006-2010

% of households	2006	2007	2008	2009	2010
Cable TV	33.6	34.6	35.4	36.0	36.6
Satellite TV system	27.6	28.5	29.2	29.6	29.9

Source: National statistics, Euromonitor International

Table 71 Household Possession of Cable TV and Satellite TV: 2011-2020

% of households	2011	2015	2020
Cable TV	37.0	38.0	39.0
Satellite TV system	30.1	30.6	31.0

Source: National statistics, Euromonitor International

Table 72 Cinema Attendances: 2006-2010

million people	2006	2007	2008	2009	2010	% Growth
Cinema attendances	32.0	32.6	33.8	39.2	41.4	29.3

Source: European Audiovisual Observatory, national statistics, Euromonitor International

Table 73 Consumer Expenditure on Package Holidays (Current Value): 2006-2010

PLN million	2006	2007	2008	2009	2010
Package holidays	3,051	3,132	3,311	3,307	3,303

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Table 74 Consumer Expenditure on Package Holidays (Constant 2010 Value): 2006-2010

PLN million	2006	2007	2008	2009	2010	% Growth
Package holidays	3,477	3,485	3,531	3,396	3,303	-5.0

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

Table 75 Consumer Expenditure on Package Holidays (Constant 2010 Value): 2011-2020

PLN million	2011	2015	2020	% Growth	% CAGR
Package holidays	3,189	3,211	3,315	4.0	0.4

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

CONSUMER TECHNOLOGY

In-home Technology

During the review period, the household possession rate of broadband internet-enabled computers increased significantly, going from 21.6% in 2006 to nearly 61% in 2010. The

growing affluence of the population is one of the core reasons for the increase in modern technology uptake in Poland. The level of household possession of computers and other in-home technology products and services is also based on declining unit prices which have made them more affordable to a wider range of households. Beyond computers, the most popular in-home technology device is the DVD player/recorder which was owned by 56.8% of households in 2010.

According to Internet World Stats, there are approximately 350 licensed internet service providers (ISPs) in Poland and the number is increasing. The top 15 to 20 ISPs operate nationally and some even operate their own links. According to World Internet Project, the number of adult Poles with access to the internet increased significantly during the review period. The average Polish internet user uses it approximately two hours per day, with men spending more time on the internet than women. For many people under the age of 30 years-old, the internet is the main source of news, information and entertainment. Those above 40 years-old prefer television over the internet.

Impact

Over the forecast period, the household possession rate of broadband internet-enabled computers is expected to reach 85.3% of households. This wider access to the internet is expected to affect not only a wide range of social, communication and entertainment issues for Polish households but it is expected to affect how Polish consumers shop, pay for products and bank. Indeed, internet banking is expected to expand over the forecast period as Poles come to appreciate the convenience and ease of undertaking transactions online.

Due to its ability to more effectively pinpoint consumers and consumer groups, advertising via social network sites is expected to become a significant marketing tool over the forecast period. These websites enable advertisers to reach a significant number of targeted consumers which drives the effectiveness of this advertising format. The most popular social networking sites in Poland are Facebook and Nasza Klasa.

Portable Technology

Mobile phones are the largest category of consumer electronics in Poland. They are characterised by a relatively short replacement cycle and high penetration level. Falling prices drove increased household penetration during the review period, although when choosing a phone consumers pay attention to brand, design, touch screen presence and the type of operating system or navigation. Mobile phones are increasingly used to download email, browse the internet and visit popular social networking sites. By 2010 nearly 90% of households in Poland had at least one mobile phone, up from 73.1% of households in 2006. Samsung Electronics Polska, Nokia Poland and LG Electronics Polska are among the hardware leaders in this sector while leading service providers include Tak Tak, Heyah, Simplus, Sami, Orange and Play.

In 2009, most mobile phones (63%) were 2G handsets. With a value share of 37% in 2010, Poland lagged behind countries in Western Europe in terms of their share of 3G mobile phones. However, the share of 3G handsets is increasing dynamically. In 2009, most smartphones were 3G capable. (There was no 4G network in Poland in 2009.)

Although in 2010 it was the smallest category with estimated sales of PLN8 million, luxury electronic gadgets recorded real growth of 30% between 2005 and 2010. Luxury mobile phones have been the principal driver of growth, posting a stellar real growth rate of 36% compared to growth of 4.5% for luxury MP3 players. Nokia's Vertu, Samsung (Armani Brand) and LG (Prada) are all key players in Poland's luxury mobile phones market.

Impact

As features are added to smartphones and as their unit prices decline over the forecast period, the popularity of mobile phones is expected to continue. Combining several functions into a single, compact device will contribute to further increases in mobile phone demand. Indeed, in 2020 it is projected that 94.4% of households will possess mobile phones.

E-commerce and M-commerce

Internet retailing is gradually gaining ground as a result of several factors, including the growing number of Polish households equipped with broadband internet-enabled computers. Consumers appreciate the convenience and lower prices of online retailers as well as the improved home delivery services. Another important factor positively influencing sales in e-stores is the possibility to compare prices. Consumers are increasingly checking which internet retailers offer the lowest prices. They also visit price comparison websites such as radar.pl and ceneo.pl. According to the Ministry of Economic Affairs, around 10% of Poles shop online compared to 7% in the EU. During the review period, the value of internet retail sales increased by 110% to reach PLN6.5 billion in 2010. Again according to the Ministry of Economic Affairs, the average online transaction was PLN850.

M-commerce is a technology market in its very initial stages of development in Poland with the number of mobile services available is continually increasing. Mobile devices such as smartphones and tablets have opened the door to a number of new applications and services.

Currently, m-commerce in Poland comprises mainly the sale of services connected with entertainment, such as downloading mobile ringtones and pictures for phones, taking part in tele-competitions and voting and getting access codes for websites. Consumers are also able to pay via their mobile phones for online content such as articles, e-magazines or e-books. Another use for mobile phones is as a means to pay for parking or public transportation. M-commerce also offers services targeted at bank customers, including sending them balances or other information about their own bank accounts. SMS Premium (text messages costing more than usual) is the predominant method of payment for m-commerce services.

Impact

The number of internet users in Poland is projected to reach 27.7 million in 2014, a 33% increase from 2009. This is expected to fuel growth in internet retailing over the same period. The number of e-stores offering different products is expected to increase significantly, attracting new customers to the format. Positive development is expected in all arenas, including in the grocery sector. More Poles are expected to shift towards shopping for groceries online, attracted by the competitive prices combined with home delivery. Currently, the most popular players offering groceries online (as well as in traditional brick-and-mortar grocery stores) are Alma Market, Piotr i Pawel and Grupa E Leclerc. According to the trade press, Tesco Polska is also considering entering the channel with the launch of an online store.

As noted, m-commerce is still in the initial phases of development in Poland with the channel mostly used for selling services such as mobile phone applications and music. As well, it is used as a promotional tool. The prospects for future development of m-commerce in Poland are optimistic, and it is expected to enjoy rising popularity as the number of smartphones in the country rises.

Table 76 Household Possession of Broadband Internet-Enabled Computers, DVD Players and Video Game Consoles: 2006-2010

% of households	2006	2007	2008	2009	2010
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Broadband internet enabled computer	21.6	29.6	37.9	51.1	60.8
CD player	15.7	16.1	16.4	16.8	17.2
DVD player/recorder	31.4	40.6	47.7	52.9	56.8
Video game console	8.0	8.1	8.2	8.3	8.5

Source: National statistics, Euromonitor International

Table 77 Household Possession of Broadband Internet-Enabled Computers, DVD Players and Video Game Consoles: 2011-2020

% of households	2011	2015	2020
Broadband internet enabled computer	67.6	80.6	85.3
CD player	17.5	19.0	
DVD player/recorder	59.8	66.2	70.9
Video game console	8.5	9.0	

Source: National statistics, Euromonitor International

Table 78 Household Possession of Mobile Telephones and Mobile Telephone Calls: 2006-2010

As stated	2006	2007	2008	2009	2010
Mobile calls (million minutes)	26,005	34,549	42,541	49,621	54,744
Mobile telephone (% of households)	73.1	79.3	83.5	86.7	89.0

Source: National statistics, Euromonitor International

Table 79 Household Possession of Mobile Telephones and Mobile Telephone Calls: 2011-2020

As stated	2011	2015	2020
Mobile calls (million minutes)	59,142	71,610	79,355
Mobile telephone (% of households)	90.6	93.6	94.4

Source: National statistics, Euromonitor International

Table 80 Internet Retailing (Current Value): 2006-2010

PLN million	2006	2007	2008	2009	2010
Internet retailing	2,707	3,643	4,756	5,612	6,453

Source: National statistics, Euromonitor International

Table 81 Internet Retailing (Constant 2010 Value): 2006-2010

PLN million	2006	2007	2008	2009	2010	% Growth
Internet retailing	3,073	4,039	5,053	5,743	6,453	110.0

Source: National statistics, Euromonitor International
Note: Constant value at 2010 prices

TRANSPORT

Getting Around

During the review period, consumer expenditure on transport services increased by 6.6%, going from PLN17.3 million in 2006 to PLN 18.4 million in 2010. This included 8.6% growth in spending on rail travel and 4.8% growth in spending on buses, coaches and taxis. Indeed, in 2010 spending on buses, coaches and taxis accounted for 67% of total spending on transport services.

Urban public transport in Poland is dominated by buses and trams. There are also trolleybuses in some of the Polish cities and an underground system in Warsaw. These services are usually between 5am and 11pm. Night buses run during the night but the fares are much more expensive than they are during the day. Discounted tickets ('ulgowe') are used by Polish students.

Taxi services operate in large cities and small towns and they are usually available 24 hours. Fares depend on the city and the time of travel with the cost at night higher than the cost during daytime hours. There are numerous taxi companies in Poland as well as independent taxi drivers. The most well-known taxi company is Radio Taxi 919. This company also has the longest tenure in this sector.

According to the Central Statistical Office, in 2009 there were 16.5 million passenger cars registered in Poland. In 2010, nearly 58% of Polish households possessed passenger cars. Passenger cars are widely used for domestic travelling. The most common mode of transportation used for outbound trips is also the passenger car but its share has declined as air fares have declined. Foreign tourists are the most important car rental customers. Car rental is still not popular amongst Poles because it is considered too expensive.

Generally, Poland's motorway system is in poor condition. In 2009 there were only 88 kilometres of motorway and 125.5 kilometres of expressway in operation. Many of the planned investments have not yet begun or have been significantly delayed. In particular, there are laws that make it difficult to secure needed property from those who do not want to sell their land for road construction. In terms of quality and length of roads, Poland is at the tail end of the EU. In 2010, the length of existing highways amounted to a total of 916 kilometres. The government plans to create a network of highways assuming a total length of 1,779 kilometres and a network of expressways with a total length of 2,274 kilometres. It also plans the construction of 54 bypasses around Polish cities and intends to improve the road maintenance.

Impact

Over the forecast period, consumer expenditure on transport services is expected to increase by 22.2% (in real terms) to reach PLN22.7 billion in 2020. This includes growth in spending on rail services (26% to reach PLN3.4 billion in 2020) and growth in spending on buses, coaches and taxis (17.7% to reach PLN14.6 billion in 2020). In 2020, spending on buses, coaches and taxis will still account for the highest share (64%) of overall spending on transport services.

In 2020, it is projected that just more than 64% of households in Poland will possess passenger cars. Cars are expected to be increasingly popular particularly as disposable incomes rise and as the country's highway system is improved. In turn, it is expected that an increase in the number of cars will be followed by an increase in the number of petrol stations and forecourt retailers. Because of their convenience, passenger cars are expected to be the transport mode of choice for domestic trips by many Polish travellers over the forecast period.

Air Travel

During the review period, consumer spending on air travel increased by 15.5% (in real terms) to reach PLN2.8 billion in 2010. In 2010, spending on air travel accounted for 15.3% of overall consumer expenditure on travel services, up slightly from 14% in 2006. Between 2005 and 2010, the number of passengers carried by air transport increased at a CAGR of 12%. This impressive growth was a result in part of the increasing number and popularity of low-cost air carriers, many of which made their services available after Poland entered the EU.

There are 12 major airports in Poland: Warszawa Okecie, Wrocław Strachowice, Poznań Lawica, Kraków Balice, Katowice Pyrzowice, Łódź Lublinek, Gdansk Rebiechowo, Szczecin Goleniów, Bydgoszcz and Rzeszów Jasionka. The most important, with international status, is Okecie airport located in Warsaw and named after Frederic Chopin. This airport is very modern and provides direct connections between Poland's capital and over 50 cities around the world. It handles just under 50% of the country's overall air passenger traffic. Indeed, in 2010 the airport handled over 8.7 million passengers and nearly 140,000 flights.

Most Polish airports provide travellers with duty-free bargains and travel essentials. At Okecie Airport alone, there are over 50 shops selling such items as perfume, stylish jewellery, luxury watches, fashion accessories and branded confectionery. There is also a wide variety shops selling designer and sports clothing as well as toys and educational games for young travellers. A number of shops offer souvenirs from Poland and regional products. All Polish airports offer restaurants and cafes where passengers can relax and eat before travelling. The most common are Coffeeheaven, Inmedio Cafe, Cafe Voyage, Flying Bistro, Business Shark, Cafe Nescafe, Voyage Cafe, Wedel Chocolate Pump Room, Airside Restaurant, Restaurant Sami Swoi and Pub Business Shark.

In 2010, Polskie Linie Lotnicze LOT (PPL LOT), WizzAir and Lufthansa were the three leading air carriers in terms of passenger traffic. LOT Polish Airlines recorded a 9.1% increase and a 44.6% share in total traffic; WizzAir recorded a 10% increase with a 12.5% share; and Lufthansa recorded a 23.5% increase with a 5.5 % share. Traditional air carriers handled 83% of total scheduled passenger traffic and budget airlines handled 17%.

In 2010 the average fare price increased throughout the Polish air travel sector. This was due to the increase in fees charged to air carriers by Polish airports as well as air carriers aiming to compensate for the losses incurred during the eruption of the Icelandic volcano. Air taxi services are increasingly popular amongst business travellers who appreciate their services punctuality and comfort. The largest private jet companies are General Aviation, Direct Fly, Jet Service and Blue Jet. Direct Fly performs about 90% of flights on foreign routes.

Impact

Over the forecast period, consumer expenditure on air travel is projected to increase by 42.4% (in real terms) to reach PLN4.1 billion in 2020. Growth is expected to be driven by rising disposable incomes and the continuing popularity of low-cost air carriers. Further expansion of regional airports is planned in Poland over the forecast period. A new airport, scheduled to be built in Modlin, will be 35 kilometres from Warsaw and will serve as a regional airport and as a complementary airport to Warsaw Frederic Chopin Airport. Modlin Airport will offer international services (short and mid-haul) and domestic services between regional airports.

Table 82 Household Possession of Passenger Vehicles: 2006-2010

% of households	2006	2007	2008	2009	2010
Passenger car	49.5	52.5	54.7	56.5	57.9

Source: National statistics, Euromonitor International

Table 83 Household Possession of Passenger Vehicles: 2011-2020

% of households	2011	2015	2020
Passenger car	58.9	61.8	64.1

Source: National statistics, Euromonitor International

Table 84 Consumer Expenditure on Transport Services (Current Value): 2006-2010

PLN million	2006	2007	2008	2009	2010
Consumer expenditure on rail travel	2,133	2,275	2,479	2,543	2,641
Consumer expenditure on buses, coaches and taxis	10,327	10,916	11,778	11,968	12,336
Consumer expenditure on air travel	2,144	2,308	2,548	2,658	2,820
Consumer expenditure on other travel	554	574	608	607	616
TOTAL	15,158	16,074	17,413	17,776	18,413

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Table 85 Consumer Expenditure on Transport Services (Constant 2010 Value): 2006-2010

PLN million	2006	2007	2008	2009	2010	% Growth
Consumer expenditure on rail travel	2,430	2,532	2,644	2,612	2,641	8.6
Consumer expenditure on buses, coaches and taxis	11,766	12,147	12,561	12,292	12,336	4.8
Consumer expenditure on air travel	2,443	2,569	2,717	2,730	2,820	15.5
Consumer expenditure on other travel	631	639	648	623	616	-2.3
TOTAL	17,270	17,887	18,569	18,258	18,413	6.6

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

Table 86 Consumer Expenditure on Transport Services (Constant 2010 Value): 2011-2020

PLN million	2011	2015	2020	% Growth	% CAGR
Consumer expenditure on rail travel	2,674	2,981	3,372	26.1	2.6
Consumer expenditure on buses, coaches and taxis	12,390	13,374	14,581	17.7	1.8
Consumer expenditure on air travel	2,906	3,435	4,136	42.4	4.0
Consumer expenditure on other travel	611	616	617	1.0	0.1
TOTAL	18,581	20,406	22,707	22.2	2.2

Source: National statistical offices, OECD, Eurostat, Euromonitor International

Note: Constant value at 2010 prices

MONEY

Savings

According to a recent survey by the Pentor Institute, Poles on the whole do not tend to save and do not spend a great deal of time thinking about securing their future. Indeed, it has been reported that 44% of Poles do not own bank accounts. In 2010, the savings ratio stood at 5.3% of disposable income down from 6.8% in 2005. When both real GDP and income growth slowed down in 2009, Poles dug into their savings to maintain their living standards. As the economy grows and as levels of disposable incomes rise, Poles are expected to slowly return to their previous saving habits. In 2020, the savings ratio is projected to be 6.3%, with per capita annual savings projected to increase by 60.3% in real terms over the forecast period.

According to a recent article in the Warsaw Business Journal, banks in Poland are competing for new customers by raising interest rates on savings. They note that the trend started at smaller banks but that bigger banks such as PKO Bank Polski are raising rates. "Competition in the market is becoming increasingly tangible," said Anna Hryc from Raiffeisen Bank Poland. The Journal added that the increased competition is due to recent growth in banks' lending activities. A recent review by the European Commission's Directorate-General for Economic and Financial Affairs stated that, in 2009, the Polish banking system consisted of 51 banks, 18 branches of foreign banks, a branch network of 578 cooperative banks and 1,800 small credit unions.

Loans and Mortgages

During the review period, overall consumer lending increased by 114% to reach PLN376.7 billion in 2010. While Polish lenders were forced to adjust to the global economic downturn, they were not as affected as lenders in other countries as they held very few of the toxic products that ripped through the global banking system. Indeed, between 2008 and 2009 the value of consumer credit increased by 9.8% to reach PLN143.6 billion in 2009 and the value increased a further 2.4% between 2009 and 2010 to reach PLN146.8 billion in 2010. While not necessarily robust, it nevertheless was a growth rate that other countries looked to with envy.

Despite the difficult situation in the Polish real estate market, the number of home owners with mortgages increased by nearly 30% during the review period, reaching 868,000 in 2010 and

representing just more than 9% of total owned homes. Over the same period, the value of mortgage gross lending increased by 160.7% (in real terms) going from PLN88.2 billion in 2006 to PLN229.9 billion in 2010. The government programme Rodzina na swoim (Family's Own Home) boosted performance in the mortgage market. This is a subsidised mortgage credit in which a part of the interest paid in the first eight years of the mortgage is co-financed by the State Treasury. The credit is aimed at helping married couples and single parents.

A recent report by the Credit Information Bureau (BIK) and the Polish Bank Association (ZBP) revealed that more than 2.1 million Poles are finding it difficult to meet their loan repayments. It found that the average Pole owes around US\$4,977. According to the report, the biggest debtors are men in their thirties in the regions of Mazovia and Silesia. Recent NBP data revealed that nearly 60% of Pole's debt consisted of mortgage loans for purchasing land, flats and houses. The balance was debt taken on to purchase such items as household appliances and cars. As well, some consumers had outstanding overdrafts on their bank cards.

Impact

While banks in Poland have responded to the economic downturn by tightening their lending criteria, it is nevertheless expected that credit will be available for those eligible consumers who need it in coming years. Indeed, over the forecast period the number of homes with mortgages is projected to increase by 42.3% to reach 1.3 million in 2020, representing 11.4% of total owned homes.

Credit

The use of credit and debit cards is becoming more common in Poland. Card holders usually use cards issued by the bank where they have an account. Polish consumers increasingly use cards to pay in stores as well as withdraw cash from a cash machine (ATM).

The approach of Polish consumers towards debit cards is gradually changing. Polish consumers like the safety offered by cashless transactions. In the past, debit cards were regarded by Poles to be instruments to pay for large purchases. Polish consumers still use debit cards more frequently for cash withdrawals than for purchases. The volume share of payment transactions was 48% of total debit card transactions in 2010. However, in terms of value, payments accounted for 20% of transactions. An important factor spurring payments by cards is the exemption from charges by some banks when cardholders make cashless transactions of a specific value or volume per month. On the other hand, the use of debit cards for day-to-day payments was limited by the lack of POS terminals in smaller retail outlets, such as kiosks and some grocery stores and fast food outlets. In 2010 only 46% of store-based retail, service, foodservice and internet shops accepted financial cards.

In 2010, contactless debit cards became popular. These cards are available from Bank Zachodni WBK, Alior Bank, mBank, ING Bank Śląski, Citibank Handlowy, Multibank and PKO Bank Polski. Information about contactless cards was provided on banks' and operators' websites and other places on the internet. Despite the efforts of Visa and MasterCard, contactless payments had remained relatively unknown to the majority of card holders in Poland.

In 2010, the impact of the economic downturn on credit cards was observable. Banks raised minimum income limits. Some institutions withdrew from issuing cards on the basis of income. Fees for people who rarely used their credit cards increased. The tighter requirements of banks were connected with the rapidly increasing value of non-performing credit on credit cards. As a result, many consumers turned to their debit cards for payments. As a result, payments via debit cards increased.

In 2010 the Financial Supervision Commission issued T-Recommendation outlining the desired approach towards lending. According to T-Recommendation, banks must examine the

financial situations of their prospective clients more closely and they must take a more cautious approach when assessing their creditworthiness. An important aspect of this was the verification of existing credit card portfolios which, in some cases, resulted in the termination of customer contracts and the reduction of their credit card limits.

Impact

Over the forecast period, Polish consumers are expected to increasingly use debit cards for payments and other financial transactions, not just to make cash withdrawals. Indeed, it is projected that the volume of debit card transactions will increase at a CAGR of 11% over the forecast period and the number of debit cards per capita is expected to increase from 0.61 in 2010 to 0.71 in 2015.

A lingering aspect of the economic downturn will be that credit card issuers will continue to be more cautious when assessing prospective card holders, taking into account their earnings and other debt repayments. As a result, the growth rate of new credit cards issued is expected to slow over the forecast period.

Table 87 Savings and Savings Ratio: 2006-2010

As stated	2006	2007	2008	2009	2010
Annual savings (PLN per capita)	1,051.0	1,061.6	761.7	1,211.7	1,249.9
Savings ratio (% of disposable income)	5.8	5.5	3.6	5.4	5.3

Source: National statistics, Euromonitor International

Table 88 Consumer Loans, Mortgages and Credit (Current Value): 2006-2010

PLN million	2006	2007	2008	2009	2010
Consumer Lending	154,942	215,464	315,017	355,023	376,670
Consumer Credit	77,236	98,624	122,886	140,130	146,806
Mortgages/Housing	77,706	116,840	192,131	214,893	229,864

Source: National statistics, Euromonitor International

Table 89 Consumer Loans, Mortgages and Credit (Constant 2010 Value): 2006-2010

PLN million	2006	2007	2008	2009	2010	% Growth
Consumer Lending	175,828	238,810	334,590	363,188	376,670	114.2
Consumer Credit	87,648	109,310	130,521	143,353	146,806	67.5
Mortgages/Housing	88,180	129,500	204,069	219,835	229,864	160.7

Source: National statistics, Euromonitor International

Notes: Constant value at 2010 prices

Table 90 Financial Cards in Circulation: 2006-2010

'000 cards

	2006	2007	2008	2009	2010	% Growth
Credit Function	5,124	6,996	9,010	10,744	11,525	124.9
Debit Function	16,944	18,256	20,456	21,981	23,098	36.3

Source: National statistics, Euromonitor International