Małgorzata Twardzik (SGH Warsaw)
Anita Szuszkiewicz (SGH Warsaw)
Alicja Fandrajewska-Nowakowska (SGGW Warsaw)

The Polish retail market in the face of digital transformation

The Polish retail sector is a fascinating theater of change. On the one hand, statistics—such as those from the "Cyfrowi Polacy 2023" report—indicate that nearly 80% of Internet users regularly shop online. On the other hand, consumer behavior studies show that over 40% of customers visit brick-and-mortar stores almost every day. This apparent contradiction perfectly illustrates how complex and multidimensional the modern market has become. Retail, often defined as the last link in the supply chain, is a bridge connecting producers with the final recipient – the consumer. Its essence is the sale of goods in smaller quantities, carried out through a wide network of channels: from local shops, through huge shopping malls, to thriving e-commerce platforms. However, its role goes far beyond distribution alone. It also involves offering additional services, creating demand through marketing and, crucially, being on the front line of customer contact. Retailers sense market sentiment, responding to price changes and evolving tastes and preferences.

The Polish market has its own unique characteristics. It is dominated by discounters such as Biedronka and Dino, which, in conditions of inflationary pressure, have become the driving force behind the entire industry. At the same time, regulatory factors, such as restrictions on Sunday trading, have fundamentally changed shopping habits, strengthening the position of smaller formats and online commerce. It is a powerful branch of the economy, employing over 1.2 million people and constantly adapting to new market conditions. Despite the digital revolution, traditional points of sale are still doing well. They offer something that the virtual world cannot fully replicate: the sensory experience. The ability to touch the material, try on clothes, or get advice from an expert are values that remain priceless for many customers. Today, brick-and-mortar stores are becoming more like experience centers and brand showcases rather than just transaction points. Online sales are no longer an innovation; they have become the norm. Convenience, an almost unlimited range of products, and the ability to instantly compare offers have made e-commerce responsible for a significant part of the retail market. Its strength lies in its availability – 24 hours a day, 7 days a week. The future belongs to the omnichannel model, which is much more than a simple hybrid. It is not about having a store and a website (that is multichannel), but about their seamless integration. In the omnichannel concept, a customer can start shopping in a mobile app on their way to work, finish it on their laptop at home, and pick up the product in a brick-and-mortar store, and the system recognizes them as the same person throughout. Excellent examples of this are operators such as LPP and Decathlon, which allow customers to reserve goods online and pick them up in stores.

However, such synergy requires perfectly functioning infrastructure. It is the streamlining of logistics processes that forms the backbone connecting these two worlds, ensuring the smoothness and reliability of the entire process. Technology is no longer an add-on; it has become the lifeblood of modern commerce, without which the entire operation simply grinds to a halt. The biggest revolution is brought about by artificial intelligence. AI systems can analyze customer behavior in real time, offering them hyper-personalized product recommendations. What's more, AI allows for accurate demand forecasting, which is key to optimizing inventory and avoiding costly shortages or surpluses. Dynamic pricing based on the time of day or competitor activity is another frontier we are crossing with this technology. Brick-and-mortar stores are also undergoing a technological metamorphosis. Electronic shelf labels (ESL) allow for remote and immediate price changes across the entire network, smart fitting rooms suggest matching accessories, and beacons send personalized promotions to the smartphones of customers passing by a specific shelf. These solutions blur the line between the digital and physical worlds. If technology is the bloodstream, then logistics is the nervous system, and its most sensitive point is the so-called last mile. This is the final, most expensive, and most complicated stage of delivery—from the warehouse to the customer's hands. This is where the battle for consumer loyalty is being fought today.

On the Polish market, this battle has taken several forms:
- Parcel machines (APM): An absolute phenomenon that has redefined the concept of convenience. The ability to pick up a parcel at any time, without waiting for a courier, has become a standard that customers expect.
- Q-commerce (Quick Commerce): Ultra-fast deliveries in large cities, often completed within minutes of placing an order.
- Click & Collect: Pick up online orders at brick-and-mortar stores or a dense network of partner locations. The key to the success of this method is a convenient and intuitive map of drop-off and pick-up points, which shortens the shopping path.

Sustainability issues (ESG) are no longer the domain of PR departments. They have become a hard business requirement and one of the key decision-making factors for a growing group of consumers. This includes supply chain transparency, plastic reduction, and investment in eco-friendly packaging. Reverse logistics is becoming particularly important here. A process that was once seen solely as a cost is now an element of building trust and a tool for the circular economy. Efficient and transparent e-commerce returns for companies not only increase customer confidence, but also fit into the model of responsible business.
Success in Polish retail requires a strategic approach to several key challenges.
Firstly, price pressure and inflation are forcing companies to constantly optimize costs and wage intelligent price wars, in which private labels play a key role.
Secondly, mass personalization. Today's customers expect tailor-made offers, which requires companies not only to collect data, but above all to interpret it wisely.
Finally, in the context of dynamic changes in the labor market and demographics, companies must focus on flexibility and invest in the development of their teams' competencies. Retail is

constantly evolving, and those who want not only to survive but also to set trends must think one step ahead by implementing modern solutions for business and e-commerce.

To sum up, we can assume that:

- The contemporary Polish retail market is characterized by the integration of online and offline channels. Despite the high percentage of online purchases (80% of users), brick-and-mortar stores are still frequently visited (40% daily), creating a comprehensive retail ecosystem.
- The omnichannel model is a key direction for the development of commerce, based on the seamless integration of sales channels. Brick-and-mortar stores are evolving into experience centers, while e-commerce is already the norm. Such synergy requires the streamlining of logistics processes.
- Technology is the lifeblood of modern retail, with AI at the forefront. Artificial intelligence enables hyper-personalization of offers and accurate demand forecasting. Innovations at the point of sale, such as electronic price tags, effectively blur the lines between the digital and physical worlds.
- Last-mile logistics is a critical stage of delivery that determines customer loyalty. The Polish market is dominated by solutions such as parcel machines (APM), ultra-fast deliveries (Q-commerce), and Click & Collect, which are redefining consumer expectations.
- Sustainable development (ESG) and reverse logistics are now seen as key business requirements. Supply chain transparency, plastic reduction, and effective returns management build consumer trust and are part of a responsible business model.