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Global challenges and regional changes in retail trade the urban and rural areas perspective

The economic transformation that began in Central and Eastern Europe in the early 1990s paved the way for profound, multidimensional changes in the retail sector. These changes were not only the result of internal reforms and market liberalisation, but also the result of strong pressure from global trends, which in the last three decades have shaped new rules of competition, business models and consumer behaviour. Poland and other Central and Eastern European Countries, entering the reality of a market economy and global integration processes, became a place of intense change, the course and effects of which were not uniform across the countries. The sensitivity of individual regions to global stimuli, their resources, level of urbanisation and investment attractiveness determined the diverse responses of local markets. One of the key global challenges that affected retail trade was the expansion of international retail corporations and the globalisation of supply chains. In the 1990s, the largest hypermarket and supermarket chains entered Central and Eastern European Countries, including Carrefour, Tesco, Auchan and Real, introducing standards of sales organisation, logistics and management that had not previously existed in a market dominated by small businesses and underinvested state structures. Globalisation forced the modernisation of commercial infrastructure and the professionalisation of services, contributing to the rapid decline of traditional forms of distribution in many regions of this part of Europe. Increased competition and global technological changes led to another shift – the digitisation of trade. The spread of the internet, and later mobile devices, paved the way for the development of e-commerce, which gained particular momentum there after 2010. The emergence of e-platforms such as Allegro, the expansion of courier and logistics services, and changing consumer expectations regarding shopping convenience have led to the creation of a new retail structure in which the boundaries between traditional and online commerce have become blurred. In addition to technological and logistical challenges, retail trade in Central and Eastern Europe also had to face global socio-demographic changes. An ageing population, internal and international migration, suburbanisation as well as population decline in smaller towns and many rural regions affected demand diversification and retail outlet distribution models. Retail chains began to invest in local formats – discount stores and convenience stores – which quickly became the dominant form of retail trade. Biedronka, Lidl, Profi, Fantastico or Żabka, using global know-how, built a model of intensive presence in medium-sized and small towns, which in many regions led to the marginalisation of local family-run shops. However, the responses to global challenges in Central and Eastern Europe were strongly regional in nature. The largest agglomerations (i.e. Warsaw, Budapest, Prague,

Bratislava, Sofia, Zagreb, the Silesian Agglomeration, Kraków, Wrocław, Poznań, Brno, Ostrava Agglomeration, Plovdiv and Gdańsk– were the first and most intensive to absorb global trends. It was in these areas that the first shopping centres, hypermarkets and galleries were built, followed by the most logistically advanced omnichannel models. Large cities attracted investment thanks to their high purchasing power, well-developed infrastructure and growing middle class. In agglomerations, retail trade underwent the fastest modernisation, leading to a concentration of services and the dominance of large chains. Western and Northern Poland, benefiting from their proximity to the German and Scandinavian markets and better transport accessibility, also quickly adapted to the new conditions thanks to an influx of foreign investment. In contrast, the regions of Eastern Poland, Slovakia, Romania and Bulgaria (except capital metropolises) and especially some rural areas experienced a more gradual transformation. Lower purchasing power, poorer infrastructure and less interest from foreign investors meant that local shops remained in place for longer, and changes took place gradually with the expansion of discount formats. Regional responses were also evident in the development of e-commerce. Warehouse and logistics centres were naturally located near large cities, motorways and in regions with the best transport accessibility. As a result, these areas are most actively involved in global supply chains, while peripheral regions more often serve as consumer markets than distribution centres. During the transition period, retail trade underwent a profound modernisation, driven by global trends and local specifics. Globalisation, digitalisation, social change and competitive pressure have led to the emergence of a modern, diversified retail market characterised by high dynamism and flexibility. Simultaneously this transformation has exposed huge regional disparities, showing that the absorption of global changes depends on local resources, infrastructure and market strength. In the context of dynamic social, economic and technological changes in Central and Eastern European Countries and worldwide, we must ask ourselves about the future of retail trade in both urban-metropolitan and rural areas scale, what factors will have the strongest impact and in what direction those changes will take place. It is also important to ask whether automation, artificial intelligence, low-carbon logistics, climate risks and further demographic changes will affect the structure of the retail network and trade formats in the cities and rural areas? Do changes in trade and services deepen the polarisation of the spatial structure of countries and regions, or do they strengthen their polycentric growth?