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THE CONSUMERS BEHAVIOR AND RETAIL MARKET IN POLISH URBAN CENTRES

Over the decade 2010-2020, there have been far-reaching changes in the functioning and distribution of retail chains in Europe, but also in individual EU countries, including Poland. The changes affect both structures associated with large urban centres and their agglomerations as well as smaller centres, often serving mainly the surrounding rural areas. On the one hand, consumer behaviour is changing rapidly and radically, while on the other, retail structures are undergoing profound changes - both in terms of volume as well as spatially. The article draws attention to the rapid evolution of consumer behaviour and the corresponding change in the location structures of retail chain facilities both in urban and rural areas.

According to nationwide market and consumption surveys, the average Polish consumer in the time before the pandemic showed a high level of optimism and rated likewise his/her financial capacity highly. When shopping, he/she was mainly guided by the prices of individual products and also reacted to promotions. Polish consumers visited shops and supermarkets and large shopping centres more often than other Europeans. This type of behaviour has also resulted in changes to the spatial structure of retail - smaller outlets, often located in small urban centres or rural centres, as well as in peripheral systems of larger cities (e.g. low intensity residential areas) are gradually being eliminated by chain discount stores and small shopping centres. Further significant changes in the behaviour and habits of Polish consumers took place at the beginning of 2020, when a state of epidemic was announced throughout the country.

After the introduction of the epidemic emergency (1st half of 2020), consumers shopped en masse - stocking up on groceries and household chemicals and cleaning products, usually at the nearest chains outlets (belonging to larger but also smaller retail networks). n the next phase of the crisis, they shop much less frequently and tend to go to medium-sized and smaller stores located mainly near their places of residence. The main factor in choosing a facility (shopping location) was then the availability of goods and their price. According to the "Shopper Trends" report[1], Poles will be even more price-sensitive in the future, which means a preference for outlets competing mainly on price and promotional schemes, which in turn points to the further expansion of small chain stores in areas so far deprived of them (e.g. Dino retail chain in medium-sized and smaller towns in Central and Eastern Poland). This trend may be the reason for changes in the communication and marketing strategies of retail networks increasing the pressure on the presentation of advantageous price purchases. Nevertheless, it can be expected that in the future consumers will become more interested in local brands and products and will shop in smaller format shops (e.g. networks of Lewiatan, Hitpol, Topaz, Livio, locally and regionally have from a dozen to several dozen facilities mainly in district (powiat) and smaller towns).

Under the continuing restrictions on the organisation of social life and economic activity, Polish consumers reacted vigorously to the situation, and in particular began to stockpile reserves of food and personal hygiene products. The introduction of special service hours for selected social groups (hours for seniors) and the limitation of the number of people in a sales outlet have resulted in difficulties in carrying out purchases either in chain shops or in small local shops.

Product quality and brand preferences have become a secondary factor to product availability in shops. Online (Internet) shopping has increased in terms of quantity, frequency and variety. All retail segments should recognise the opportunity presented by a company's online presence, as investment in e-commerce will build competitive advantage in the near future. Consumers have increasingly high expectations and expect the highest level of user experience from shops.

According to research by KPMG[2] , a new type of consumer is emerging worldwide, who is cutting back on their spending, is more digitally sophisticated and is making more intelligent purchasing decisions. In the new reality, consumers pay attention to the easiness of shopping, they look for companies offering reasonable prices and those they can trust. Retail companies should therefore focus on digitally supporting their customers and gaining their trust, as well as on easily accessible - on a local scale - locations of their sales facilities.

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[1] Nielsen Connect reports: "Shopper Trends" April 2020, "Shopper shifts to a new normal", June 2020.

[2] KPMG International report *Consumers and the new reality* discusses the impact of the COVID-19 pandemic on consumer needs, behaviour and preferences in selected countries. More than 12,000 consumers from the United States, Brazil, the United Kingdom, Canada, France, Spain, Italy, Poland, Germany, Japan, Australia, China and Hong Kong participated in the survey. The survey has been carried out between 29 May and 8 June 2020. Doświadczenia klientów w nowej rzeczywistości (assets.kpmg)

The key factor that most influences the decision-making of customers worldwide, according to 63% of respondents is the value for money of the product offered, about 40% of respondents to the survey admitted that for financial reasons they limit their expenses, and those most affected by the crisis, give up more expensive, branded purchases or travel, limiting spending to the minimum necessary. In addition to the value for money ratio, ease of shopping (42% of indications), brand confidence (41%) are also of the greatest importance to consumers. and personal safety, as identified by 40% of respondents worldwide.

The outbreak of a pandemic and the restrictions introduced forced consumers to shop online. The convenience of online shopping is a key factor in increasing the use of digital channels, both for grocery shopping (54% of indications) and other non-food purchases (65% of indications). Consumers also pay attention to the increased safety of such purchases and the attractive prices of the products offered. One in five consumers say they shopped for groceries online during the pandemic and 35% of consumers buy non-food products online.

At the same time, large, traditional shops (including shopping centers) are much less frequented. This trend may continue for longer, and one in two consumers who have changed their shopping habits says their new behaviour will continue in the future.

However, changed consumer habits do not mean completely abandoning purchases in traditional brick-and-mortar stores. However, consumers have admitted that they will only choose brick-and-ask stores if the price of the products is right (about 50% of the indications), the purchases will become convenient and the location of the stores will be attractive. Factors related to the location of the store and the convenience of shopping in it are especially important for the grocery trade. At the same time, nearly half of consumers in the “KPMG” global survey admitted that in the current situation they expect the owners of grocery stores to provide adequate solutions to ensure social distance. Free deliveries, flexible return rules for purchased products, special offers and price reductions are also important.

Long-term restrictions on many businesses, closures and bankruptcies of some suppliers and retailers can cause profound structural changes in both the retail network and the product market.

The statements of the respondents prompt an attempt to answer the question of what is the future of the retail network operating in Polish cities, whether shopping centers and inner-city galleries will survive unchanged, or small, non-network stores – will meet the expectations of customers?

Nielsen's nationwide research shows that consumers in Poland have been increasingly shopping in small shops and local shopping centres in the last year, closer to home, where shopping times can be reduced to a minimum. Large shopping malls with extensive gastronomic and entertainment areas are now less frequently visited by customers (down more than 25%). The wide-ranging entertainment offer in shopping centres operating under a strict sanitary regime is much less attractive and popular with consumers (down 43%). The persistent long-term trend of restricting purchases in large shopping centres and the lack of interest in the offer of entertainment, at least in part due to a radical reduction in the possibility of using it - may prompt operators to reformuly the structure of the shopping facility and look for new tenants e.g. medical, advisory, consulting and other services.

The crisis caused by the COVID-19 pandemic has accelerated the process of changes initiated in the retail market in Poland. More and more investment is expected to remodel and remodel the rental structure of older commercial facilities, so that they can better adapt their offer to the changing needs of customers.

The outbreak of a pandemic in 2020, the freezing of economies, concern for their own safety, lower incomes or job losses have clearly left a mark on the shopping habits of consumers in Poland and around the world. The most important directions of change in this regard include the following:

• Quality at a good price – the most important factor in choosing a store in Poland, one of the values that has intensified is purchasing patriotism – one in four consumers declares that they are currently buying even more products than before the pandemic. There is a systematic increase in interest in BIO products and with special health benefits. Sales figures show a 40% increase in the value of organic food sales yty. You can also see the dynamic growth of articles related to immunity.

• New dynamics of needs – Poles bought 150% more products when shopping for stock. During the pandemic, buyers' needs changed. There was a division into 3 product categories: those with increased, stable or reduced demand. Products with increased demand responded to the new situation, according to the idea, life is now different, so we need these products more, stable demand was for the products needed regardless of the situation.

• Strength of own brands – Poles buy 13% more own-brand products. In 2019, they accounted for almost 20% of value sales. The period of purchases per stock has accelerated the growth of their sales, especially in the case of food products. This can be due to a number of reasons, such as product availability, changing sales channels, or looking for a lower price.

• Best home shop – 71% of purchases Poles make closest to home, that is, in discount stores and grocery stores. In the last year, Poles were less likely to go shopping, and their place was determined by proximity, safety and the possibility of making them in one location. In March and April, they spent the most on grocery shopping at discount stores 38%, grocery stores 33%, supermarkets 17%.

• Intensive development of e-commerce – 1/3 of Poles increased their activity in the field of online shopping. Nielsen's study "in E-Commerce" showed that Poles spend an average of about PLN 177 on online shopping, and it takes them less than 30 minutes.

• Shopping for the near future – 45% of Poles' purchases are purchases for the next 2-3 days. Shopping is a national speciality and pleasure of Poles, before the pandemic they shopped up to 40 times a month, which means a high frequency of visits to conveniently located retail facilities. However, concerns and restrictions have translated into a way of buying. During quarantine, they made purchases less often, but bought larger quantities and for larger amounts. In the first weeks of March, they filled their inventory baskets in most sales channels.

• "Homebody economy" – Poles buy 20% more baking and cooking products. During the pandemic, the concept of "homebody economy", that is, the economy under its own roof, was created. The house has become a place of work, study, cooking, sports and entertainment. With consumers predicting that the impact of the pandemic on the economy and their lives will continue for up to the next year, this phenomenon will deepen further.

• Promotions and the search for good prices – Poles bought 6% fewer products in the promotion system during the pandemic. According to the "Shopper Trends" survey before the pandemic, 81% of Poles admitted that they know the prices of products, notice their changes and are actively looking for promotions. During the pandemic, for the most needed products, consumers accepted each price segment.

• Innovation – nearly a third of Poles are happy to try novelties, in many cases the pandemic has complicated plans to introduce innovation to the market. Flexibility proved crucial at the time. On the wave of changes in consumer behaviour, niche innovations such as online fruit and vegetable shipping companies have significantly accelerated their growth by expanding their offerings and reaching new consumers. Innovations tailored to the pandemic are also technological developments – new features in applications, or new forms of mobile payments, which covered a relatively large proportion of buyers.

• Retail chains and consumers appreciated the work of sellers, increased the prestige of working in trade in the eyes of the market and public perception.

The state of the epidemic has changed relations and their effects on a global, regional and local scale, including for individuals, the retail market and consumer behaviour have undergone significant transformations. Households have changed the way they supply and the frequency of purchases. Fear for one's own safety and greater concern for the budget in uncertain times have led to significant changes in consumer behaviour and shopping. Changes are also taking place in the location of commercial establishments in the structure of cities, especially in the case of food chains operating on the Polish market. However, the experience of this pandemic shows the potential to create infrastructure that will achieve a better quality of life in cities and strengthen the sense of community.