

ЗАГАЛЬНІ ВИДИ КОНКУРЕНТНИХ СТРАТЕГІЙ У ПОЛЬСЬКІЙ РОЗДРІБНІЙ ТОРГІВЛІ

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Вказано на еволюцію конкурентоспроможних стратегій, які застосовуються у межах роздрібних ланцюгів (особливо, іноземних) на Польському ринку. Основною причиною вибору теми є висвітлення можливостей досягнення конкурентних переваг у міжнародному і у глобальному масштабі. Загальні стратегії, визначені М. Портером, стратегії лідерства за витратами, диференціації продукції становлять теоретичну основу для обговорення. Робота профінансована за кошти гранту на основі NCN рішення DEC-2011/03/B/HS4/03576.

Ключові слова: еволюція роздрібної торгівлі, конкурентоспроможні стратегії.

GENERIC TYPES OF COMPETITIVE STRATEGIES IN THE POLISH RETAIL INDUSTRY

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The aim of the paper is to indicate the evolution of competitive strategies implemented by retail chains (particularly foreign ones) on the Polish market. The basic incentive to choose them is aiming at achieving competitive advantage on international and global scale. Generic strategies defined by M. Porter – strategies of cost leadership, product differentiation and focus constitute the theoretical background for the discussion. Work is funded by the NCN grant based on the decision number DEC-2011/03/B/HS4/03576.

Key words: evolution of retail industry, competitive strategies.

Problem formulation. Contemporary retailing in Poland is characterized by great dynamics of changes which is the effect of globalization and internalization of economics, the development of information technologies, escalating competitive processes and socio-cultural changes which took place after socio-economic changes in the last decade of the 20th century. The changes are related to both the subjective structure of retailing, the role of retailing in creating values of the ultimate purchaser and applied operating strategies directed towards obtaining competitive advantage on the market. Globalization in retailing takes place due to large corporation's activity as they develop retailing chains on international scale. They are characterized by high quality of customer and supplier (manufacturer) service which is gained owing to the ability to eliminating barriers which are posed by: activity range, time and space. Progressing internationalization of retailing chains, which is the starting point for globalization, is one of the basic features of their marketing strategies.

Analysis of current research outputs and publications. The motives for internationalization are discussed in detail in the related literature, both on the basis of conceptual analysis and the results of research. S.C. Hollander pointed out the following motives for internationalization [1, s. 85; 2]:

- non-commercial motives, particularly social, political, personal or ethical (e.g. supplies for military units stationed abroad),
- attempts to improve profitability (increasing profits),
- legal (particularly anti-monopolist) and tax regulations restricting the possibilities of expansion in the home country.

- benefits from the growth potential offered by new markets – mentioned as the last one after the possibilities of expansion in the home country have been exhausted.

The entry of enterprises of the foreign trade into the Polish market is reflected in [3, s. 1-19]:

- establishing new distribution channels,
- building new relations with suppliers,
- trade concentration,
- accelerating integration processes,
- disseminating merchandising techniques,
- popularising modern methods of customer service,
- introducing the latest methods of store and network management,
- developing new ways of co-operation within distribution channels, particularly to popularise franchising.

Article objectives. The aim of the papers is to identify generic types of competitive strategies in retail sector in Poland. The intensity of competitions results from growing number of stores which represent foreign owned capital and concentration of independent often family owned stores into chains based on franchise agreement. There are enterprises from numerous European countries – Germany, France, Great Britain, Holland, Denmark or Sweden - on the Polish market nowadays and their presence leads to competition between the subjects with considerable experience, skills and qualifications in the scope of building competitive advantage on developing and mature markets. Competition takes place between these markets but also between them and their domestic retailers who enter in competition taking advantage of the knowledge connected with local market conditions and knowledge of purchasers, they also make diffusion of innovation transmitted by foreign retailing enterprises. The strategies concentrate on internal potential and lead to cost leadership or differentiation and positioning on the basis of unique features – the quality of the assortment offer, service or the convenience of time and space. Nevertheless, there is a tendency to join two strategies suggested by M. Porter on Polish market – the strategy of cost leadership and differentiation.

Presentation of main materials. Examining the strategies of foreign retail enterprises on the Polish market one should take into consideration:

- strategies of entering the Polish market and
- strategies used in the phase of maturity of the trade sector.
- According to B. Borusiak et al, it is possible to indicate the main three methods of internationalization applied by foreign investors in retailing FMCGs. These are [4, s. 38-48]:
 - organic growth – entering the market and expanding operations through investments in company's own outlets,
 - contract growth – entering the market and expanding operations through contract relationships (e.g. franchising agreements),
 - growth through mergers and acquisitions – entering the market and expanding operations through acquiring the whole company, purchasing its part or merging with other enterprises.

Market entry strategies of foreign enterprises in Poland took the form of greenfield investments (e.g. Metro AG Group) as well as acquisitions of existing entities operating in the sector (e.g. Tesco's acquisition of Savia). The latter option was however chosen rather less often due to differing facilities comprising the given network, as well as poor storage facility base in which it would be impossible to introduce unified marketing mix solutions.

Investors were interested in purchasing standard large-format facilities in top locations, whereas a lot of facilities of the given network did not meet their expectations. The networks, on the other hand, were not willing to give up the facilities holding the best prospects for the future. In the period of expansion established were joint ventures – companies with foreign or mixed capital. The following years brought in also brownfield investments, which were about adapting industrial facilities into state-of-the-art shopping centres which would be characterised by distinctive atmosphere and unique history, the confirmation of which is establishing such shopping centres as Stary Browar (the Old Brewery) in Poznań or Manufaktura in Łódź.

With the sector reaching maturity and structural and organisational order the character of competition also changed. A shortening supply of attractive plots for business investments, growing barriers to entering the sector, the presence of enterprises from numerous European countries, and a growing significance of Polish commercial networks undertaking effective competition contributed to a change in the perception of the Polish market. On the Polish market there met representatives of nearly all major commercial networks in Europe (the Portuguese Jeronimo Martins Distribution, the German commercial networks: Aldi, Lidl, Kaufland, C&A, being part of Metro A.G. group: Real, Praktiker, Media Markt, Saturn, cash and carry facilities of Makro; the French enterprises Auchan, Carrefour, Intermarche, Leroy Merlin, the Danish Netto, the British Tesco, Marks&Spencer, the Swedish H&M, the Spanish Zara etc.), thus competition was very strong. Some of the foreign enterprises believed it necessary to increase their competitive potential through developing a commercial network, some, on the other hand, concluded that further competition on the market taking form of a price war holds no future for companies which do not achieve sufficient growth rate. Consequently, the following phenomena were observed:

- mergers and acquisitions among foreign retail enterprises (e.g. Tesco's taking over Leader Price network being part of Casino or, a few months later, in 2006 – Real network's acquisition of Geant network, or even later, in 2012 when Real was overtaken by Auchan),
- withdrawal of foreign enterprises from the Polish market.

One of the first major transactions on the Polish commercial market was the acquisition by Tesco of the German supermarket network Hit in 2002 for the price of PLN 2.2 billion [5]. At that time the British giant at their beginning of business activity on the Polish market had merely 15 stores (nowadays Tesco has over 400 stores and more than 30 thousand employees). On the other hand, already a few years ago such players as the Dutch Ahold, the French Casino group or the German Tengelmann pulled out of the Polish market.

A vital factor in the assessment of market attractiveness is the business profitability. In 2012 profitability in trade amounted to 1,9 pp, discount stores having a slightly higher profitability at 2.5 pp. The lowest profitability, 0,7-0,9 pp, have hypermarkets and possibly this was the reason behind selling the network of Real hypermarkets. Its buyer is the French Auchan Group, which will pay EUR 1.1 billion for the network [6, s. 21]. The object of the transaction are 91 hypermarkets in Poland, Russia, Romania and Ukraine, and 13 shopping malls in Russia and Romania [7]. The transaction will make Auchan the leader in the hypermarket category, the discount store category is led by Biedronka with more than 2000 stores. As far as the Polish part of the planned transaction is concerned, it still requires an approval from Office of Competition and Consumer Protection.

Despite growing competition in the sector there are also new Polish market entries, although not in the category of FMCG stores. For example, in 2011 alone 30 new, strong foreign store brands appeared in Poland. Among them there are, for example, the American GAP and Toys „R” Us or the British network Dorothy Perkins [8]. The Polish market is therefore perceived as attractive and with prospects, the more so as in many industries the competition is not as strong as in the Western European countries or the US.

Building and enhancing one's competitive advantage in retailing required the networks to identify its sources, particularly to indicate these which fit into the VRIO framework (valuable, rare, imitable, organization). In the view of the resource-based theories, among sources of competitive advantage in retailing are tangible and intangible resources, among these: tangible assets, the employees, unique management competences resulting e.g. from the organisational culture, the implemented marketing strategy and the image [9, s. 31-33]. Foreign commercial networks had assets in all these areas when entering the Polish market. Therefore they could build their position by transplanting the tried and tested own solutions from the other countries. The developed competitive advantage had its source inside the enterprise (mainly connected with cost leadership) or it came from the outside and was a result of the given network's characteristics and its offer providing a greater value to the customers. As a result, it forced the market to accept a higher price than the competitor's (differentiation strategy) [10, s. 341-343]. Still, in the process of the Polish market becoming more and more mature, the nature of competition in trading has changed. Consequently, enterprises had to redefine their up-to-then competitive strategies, the sign of which was, for example, withdrawing from the market, entering market niches, challenging market leaders or defending one's position.

Certain differences in approaching strategies employed by foreign chains can be observed. In case of specialized chains which offer mainly non-foodstuffs (e.g. clothing, footwear, sports equipment,

cosmetics) global strategy is used as the expression of internationalization processes. They are based on reconstructing the sale formula used on the mother market and on other foreign markets in the same form – the same concept of a shop, the same merchandising. Retail chains operating of FMCG market tend to employ adaptation strategy which means that they adapt the sale formula prepared in the chain and adjusted to the condition present in a particular country. The style of the facility is frequently preserved (the interior and equipment) but the assortment, price policy or marketing communications are modified, adapted to the expectations of the local market.

Main competitive strategies. M. Porter, an outstanding representative of theory of strategy, indicated three main competitive strategies [11]. The basis for their distinction is identifying and assessing the enterprise's rate of costs and the share of the market it operates in. Even though the model was developed for industrial needs, it is also applicable in trading. The strategies can be applied in retailing, especially in the current phase of its development. They are as follows:

- cost leadership,
- differentiation,
- concentration.

Within the concentration strategy M. Porter distinguished additionally strategy options based on costs or offer differentiation, which in the opinion of M. Sullivan and D. Adcock allows explaining strategies of certain retailers who combine low costs and differentiation simultaneously [12, s. 410].

The cost advantage strategy is based on the price – it comprises the dominant variable in the marketing and competitive strategies. A low price is a guarantee of a high sales volume. It is related to achieving such a level of costs that it becomes an entry barrier to new, potential competitors, and obliges the current competitors to seek savings. It means a great discipline on the part of the enterprise to identify both the sources of costs and ways of reducing them. Networks which built their strategy on low costs and a low price are predominantly discount stores. The determinants of their strategy were selectively chosen assortment, low standard of the store and quality of service, as well as an own brand. An example of a network implementing the policy of cost leadership is the Portuguese network of discount stores Biedronka. The network's cost leadership made other trading networks – hypermarkets and supermarkets – feel the pressure to cut costs. This would require from them a more in-depth reorganization of the business concept, therefore so far the issue of competing with the price was solved operationally, providing customers with information about offering goods at discount prices.

Aiming to reduce costs, a trading enterprise has a possibility to:

- reduce purchasing costs through negotiating lower prices. The strategy allows achieving purchasing objectives, although in order to improve their profitability the producer may for the given network manufacture goods at a lower quality,
- reduce purchasing costs through introducing in their own stores own brand goods, which enables them to generate a higher profit margin. The Polish law defines the allowed share of goods sold under an own brand (20%) to protect suppliers, however pressure is put to increase the share,
- reduce costs through importing goods from the so-called cheap-labour countries
- transfer onto suppliers the costs related to promoting their products in the store or in leaflets,
- reduce logistic costs by purchasing goods from local producers,
- reduce operational costs of stores by cutting down on the number of employed staff and taking advantage of outsourcing, concluding freelance assignment contracts with employees who then bear the insurance costs, or introducing staff-free, automatic checkouts where the customer handles the cash register themselves (a store employee supervises not one but for example 6 checkouts).

On the other hand, apart from activities aimed at cost reduction, trading enterprises strive for maximising sales in order to maximise gross profit margin. Discount store policy is favourable in this respect, therefore also other formats change their strategies thus becoming discount hypermarkets or discount supermarkets.

Differentiation strategies are connected with enterprises' policy based on market diversification and adjusting the offer to particular segments of buyers. Differentiation is concerned with both the buyer groups for which the services are provided and the very commercial facilities. The commercial networks established within the same enterprise differ in their marketing strategies, which are the outcome of the

conducted segmentation and positioning. One example is the Polish company LPP, operating in the clothing industry, which owns such store networks as: Reserved, Cropp Town, Top Secret, House, Mohito, Exotiq. Their offer is addressed to diverse groups of buyers. The fact of being present in several segments permits a deeper market penetration, and puts the enterprise at an advantage when renting space in shopping centres as they can negotiate better conditions due to the size of rented space. It also enables the enterprise to pursue a more flexible assortment policy. The differentiation strategy is introduced by such networks as: Tesco or Carrefour, which diversified the network establishing: Tesco Extra or Tesco Supermarket, and Carrefour introducing Carrefour Express.

The basis for differentiation is also introducing selling via the Internet. In 2011 networks such as Auchan, Douglas, Tchibo Store, Solar, Monnari opened their Internet stores [13]. Doing so they joined a rather large group of virtual stores, as in 2011 there operated already 11 thousand Internet stores. The e-commerce turnover amounted to 3.1% of the sector turnover [14].

The final type of pure competitive strategies is the concentration strategy. It is concerned with entities which choose a certain segment and provide it with comprehensive services. Commercial networks develop for them both a product and a service offer performing the role of a professional advisor and solution provider. Such a strategy entails higher operational costs, however, on a certain scale of the business the given network may at the same time become the cost leader. It is possible there where an enterprise has a network of large-format but specialised stores (e.g. sports products – Decathlon or Intersport), or smaller in size but with higher number of stores (e.g. Rossman). Among networks implementing the concentration strategy especially those offering selected food products must be mentioned. On the Polish market there operate networks offering exclusively wine, coffee, tea, but also stores offering only fair trade goods. Some Polish networks, in contrast to foreign mass-merchandisers, are distinctive with their high quality offer, like for example Alma or Piotr i Paweł, or they emphasise in their strategy a healthy lifestyle, like for example ORGANIC FARMA ZDROWIA S.A.. The mission of the latter one is promoting a healthy lifestyle through offering customers goods in delicatessens and developing the network "Organic Deli". "Deli" offers healthy, ecological products, also for customers with health problems, e.g. diabetics [15].

An important tool of building the competitive advantage by the networks is offering own brand products. The strategy of extending the assortment with an own brand is used in all competitive strategies but the brands' positioning is different. In networks oriented towards low prices – the own brand is cheap; however, in supermarket networks implementing the differentiation or concentration strategies – its price is at an average or a higher level compared with the given product category.

Conclusions and perspectives for further research. Increased competition and searching for effective ways of building the competitive advantage leads to an overlap of formats. According to latest media information, in the next two years Carrefour is planning to transform its network into discount hypermarkets [16]. The discount network Biedronka has over the past months also changed its strategy, getting closer to the supermarket format. It shows an attempt to intercept customers through adding to one's image the attributes held by competitors. It is a risky strategy as it is connected with blurring the enterprise's image. Marketing conditions in Poland make retailing enterprises in Poland use varied marketing and mixed options of competitive strategies. Owing to the internalization of trade in Poland the market became the carrier of global trends and is not a local market only [17]. Retailing chains in Poland take advantage of both global and adaptation strategies (depending on industry market they work on), whereas Polish retailing enterprises usually employ imitation strategies of market leaders who dominate on the market.

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ПОЛЬСЬКІ ПІДПРИЄМСТВА СФЕРИ ПОСЛУГ НА МІЖНАРОДНОМУ РИНКУ: МАРКЕТИНГОВІ ПЕРСПЕКТИВИ

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Розглянуто питання інтернаціоналізації послуг у контексті сучасних змін, що відбуваються на глобальному та національному ринках. З теоретичного боку розглянуто міжнародні орієнтації компанії, підкреслюючи специфікацію міжнародного обігу послуг; проаналізовано проведені дослідження функціональних стратегій польських компаній сфери послуг на міжнародному ринку. Наведено стратегії розвитку для підприємств сфери послуг на міжнародних ринках, а також подальші напрямки досліджень у галузі інтернаціоналізації послуг.

Ключові слова: послуги, інтернаціоналізація, маркетингові стратегії, підприємство сфери послуг.

POLISH SERVICE ENTERPRISES IN AN INTERNATIONAL MARKET: MARKETING PERSPECTIVE

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In this article the author elaborates on issues of services internationalisation in the context of contemporary changes, taking place in global and national markets. From a theoretical aspect, the writer is about to review international companies orientation, emphasising specification of international services turnover. From empirical aspect, based on the author's own research, functional strategies conducted by Polish service companies in an international market are analysed. In the last part, development strategies for service companies in international markets are indicated, and also further directions of research in the area of services internationalisation.

Key words: services, internationalisation, marketing strategies, service company.

Problem formulation. Literature research shows that marketing strategies in foreign markets result from so called strategic orientations of companies activity in foreign markets. There are four main types of