Poland

In September 2018, analysts at FTSE Russell upgraded Poland's status from an emerging to a developed market. It explained its decision with reference to the size of Poland's economy, the quality of its market and corporate government and the range of investment opportunities available[1]. This elevation neatly caps over a decade of impressive growth for the Central European country.

Poland was the only EU country to avoid recession after the financial crisis. Since 2009, its growth rates have fluctuated between roughly 1.3% and 5%. In 2017, Poland's economy grew by an enviable 4.55%[2]. Even during the recession, Poland was able to increase spending on public infrastructure by using EU development funds. This helped keep growth rates high.

In the second quarter of 2018, Poland's economy grew by 5.1% but the rate at which inward investment is expanding slowed from 8.1% year-on-year to 4.5%[3]. As this report went to press, the World Bank was predicting a 2018 full-year growth rate of 4.2%[4].

According to the OECD, the main driver of growth is domestic demand, with record low unemployment and a recent increase in child benefit helping to boost consumption[5]. The European Commission supports this view, saying in its analysis that rising wages and high consumer confidence will power growth for the rest of the year[6].

Consumer confidence has been in positive numbers for the whole of 2018[7]. In June 2018, the last month for which data was available as we went to print, retail sales rose 10.3% year-on-year[8]. Unemployment in Poland is just 5.8%[9]. Between February 2017 and February 2018, the average wage in Poland grew by 6.8%[10].

The Filipino e-commerce market

E-commerce in Poland is worth around $11 billion annually, accounts for 4.3% of all retail sales and is growing at a rate of 10% a year[11]. The average Polish online shopper spends $621.45 with e-merchants every year[11]. According to the European Commission, 10% of Polish small businesses sell online and just under 4% use an online store to sell cross border[12].

Eurostat puts the number of Poles who have shopped online in the last year at 45%[13]. In a recent survey, Polish consumers said that the most common reasons for

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choosing to shop online were 24-hour availability (82%) and simplicity (41%)[14]. According to a paper by Professor Izabela Dembińska of the University of Szczecin, Poland is one of the fastest-growing e-commerce markets in Europe, with the number of online shops increasing from 2,800 in 2008 to over 22,000 today[15].

The local payment culture

51% of Poles use bank transfers to pay for online purchases. 20% use a credit card, 17% an e-wallet, 10% cash, and 3% some other means of payment. The card market is split between Visa (55%) and Mastercard (44%). The remaining 1% is taken up by smaller payment cards[11].

Enabling and limiting factors

Poland is 28 out of 160 on the World Bank's Global Logistics Performance Index, an improvement of five places over last year. 87% of the population has a bank account and 17% a credit card[11]. Financial inclusion starts young. 22% of 15- and 16-year-olds have a bank account. For the 26- to 28-year-old cohort, this has risen to 94%[16].

Internet penetration in Poland is at 73%[11]. 86% of the population lives in an area with access to broadband Internet, 64% in areas where the network can support next-generation speeds[17]. These figures fall to 83% and 41% respectively for rural areas.

Conclusion

Poland is a booming market. There are, however, one or two clouds on the horizon. A labour shortage is pushing up wage costs. Tension also remains between Brussels and Warsaw over issues such as the migrant crisis and the Polish government's judicial reforms. But these macro-economic and political issues are unlikely to put a dent in Polish growth or consumer confidence in the near future.

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