



Passport

CONSUMER LIFESTYLES IN POLAND

Euromonitor International

August 2017

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CONSUMER LIFESTYLES IN POLAND

LIFESTYLES IN POLAND

Chart 1 Consumer Lifestyles in 2017



Source: Euromonitor International

TOP FIVE CONSUMER TRENDS

Rising Levels of Consumer Spending Expected To Continue

In recent years consumers have enjoyed rising levels of disposable income which, in turn, have driven rising levels of consumer spending. Between 2011 and 2016 disposable income per household increased by 10% (in real terms) reaching PLN79,188 in 2016 while consumer expenditure per household increased by 9.7%, reaching PLN79,951. Most recently, household income and spending has been boosted by government initiatives, particularly the Family 500+ programme which provides families with PLN500 per month for second and subsequent children. According to the Ministry of Labour, Family and Social Affairs, the benefit is paid to parents of more than 3.8 million children. In addition, rising consumer spending is expected to be supported by the recent increase in the monthly minimum wage, which in January 2017 was set to PLN2,000, up from PLN1,850.

As a result, consumer spending is expected to continue to grow. According to recent analysis on website economic-research.bnpparibas.com, "Consumer spending is expected to continue

expanding in the short term thanks to the increase in social welfare transfers to families. The 500+ programme, the current government's star social welfare measure...is expected to transfer about 1% of GDP to families. Eventually, the government's social policy is also expected to boost residential construction". An increasingly favourable job market is also expected to boost consumer confidence and spending.

Consumers Prefer 'made in Poland' Products

When making purchase decisions, consumers of all ages tend to exhibit considerable 'economic patriotism'. For the most part, consumers strongly believe that domestic products are inherently of higher quality and Polish brands are the most trustworthy. According to a 2016 survey by [ceneo.pl](#), 64% of respondents said Polish origin is one of the most important factors they consider when making a purchase. Moreover, many said they don't mind paying a premium for domestic products. Indeed, 35% of respondents said they would pay up to 10% more for the Polish equivalent of a foreign product, while 33% said they would pay up to 30% more.

Consumers are turning to the internet to help them identify 'Made in Poland' products. For example, the website [wyprodukowanewpolsce.pl](#) (manufactured in Poland) offers a database of all companies manufacturing in the country. In addition, the mobile app [Pola](#) allows consumers to scan product barcodes and then presents full information on the manufacturer, where it is based and if manufacturing takes place in Poland. There are also several social media sites, blogs and hashtags dedicated to promoting 'Made in Poland' products.

Growing Enthusiasm for Shopping Online

Consumers, particularly younger consumers, have embraced internet retailing in recent years, encouraged in large part by internet retailers providing better customer service, faster delivery times and easier returns. In 2016 value sales per household of internet retailing reached PLN1,888, reflecting growth of 133.5% since 2012. This total included value sales per household of PLN230 for mobile internet retailing, which grew by an impressive 475% over the same period. According to the 2016 GCT Survey, 96% of internet users said they had purchased an item online, with 53% saying they bought products online at least monthly. The survey also revealed that clothing, accessories, beauty and healthcare products, consumers electronics and appliances are among the most popular items purchased online.

Due in part to the language barrier, online shoppers tend to shop at domestic internet retailing sites. In an effort to address consumers' general hesitancy to adopt cross-border shopping (and to spur increased traffic), in 2016 the German-language website [amazon.de](#) announced that it would introduce a new version highlighting Polish-language customer service. According to website [thenews.pl](#), "It also promises to add more Polish product descriptions daily and offer more Poland-made goods". If successful it would not be surprising if other European internet retailers began catering to the large number Polish consumers, generating even greater demand for online shopping in the country.

Older Consumers To Become Largest Consumer Segment

In 2016 the number of Later-Lifers (those aged 60 years-old and older) reached 8.8 million, making the cohort the second-largest consumer segment in the country. Between 2016 and 2030 their number is projected to increase by a further 20.7%, reaching 10.6 million in 2030 and making it Poland's largest consumer segment, accounting for 28.5% of the total population. Clearly, the large number of Later-Lifers will wield considerable economic power and play a significant role in defining the country's overall consumer culture.

Of course, by 2030 even the youngest Later-Lifers will have grown up during the days of the communist regime, a relatively stark economic period that shaped their consumer attitudes and

behaviour. Regardless, the rising incomes and robust commercial growth seen since 1989 and the end of the Polish People's Republic will have had a significant impact on the consumer behaviour of this segment, as well. Unlike the current crop of Later-Lifers, in 2030 the more modern group of Later-Lifers is expected to drive considerable demand for such modern amenities as travel and leisure and recreation products and services. More tech-savvy and attracted by convenience of internet retailing, future Later-Lifers are also expected to be enthusiastic online shoppers, displaying far less of the hesitancy of current Later-Lifers. Inevitably, their large number is also expected to drive increased demand for a wide range of age-specific products and services, including medical and health-related products and senior housing.

Growing Health Awareness Influences Consumers' Food Choices

While Poland is well-known for its traditional, hearty, meat-dominated cuisine, a growing number of consumers—particularly younger, more affluent consumers living in urban areas—are nevertheless heeding calls for more nutritious diets and driving demand for healthier food products. According to the 2016 GCT Survey, among the attributes most sought after by health-conscious consumers were limited or no artificial ingredients (cited by 56% of respondents), reduced or no sugar (51%), all-natural products (45%), products without monosodium glutamate (42%), products with reduced or no added fat (40%) and those containing added vitamins or fibre (40%). Twenty-two percent said they preferred organic products. A recent article in the newspaper *Rzeczpospolita* noted that growing demand for healthier foods has been increasingly met with wider availability, with new healthy ranges recently being introduced in most supermarkets and major discounters. Greater availability has also resulted in lower prices, previously a barrier to many food shoppers.

Local online food cooperatives are also gaining in popularity. Consumers are increasingly visiting sites such as lokalnyrolnik.pl ('local farmer') and RanoZebrano.pl ('freshly picked'). Przemyslaw Sendzielski, founder of RanoZebrano.pl, said in a recent interview that in 2016 they had registered growth of 100% over prior year. He added that a local, trusted source of origin of food products was more important for many consumers than formal certification.

CONSUMER SEGMENTATION

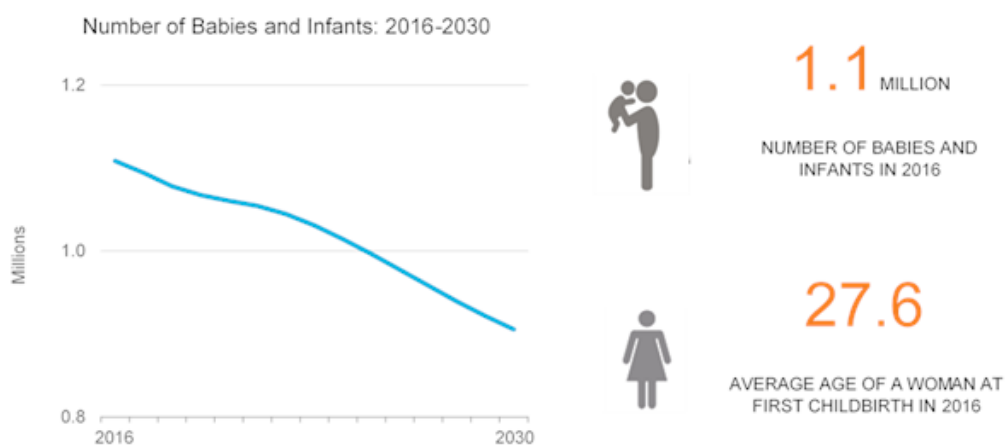
Babies and Infants

- In 2016 the number of Babies and Infants (aged up to two years-old) reached 1.1 million, reflecting a decline of 13.3% since 2011 and accounting for nearly 3% of the total population in 2016. Between 2016 and 2030 the number of Babies and Infants is projected to decline by 18.3%, reaching 905,600 in 2030 and accounting for 2.4% of the total population. The decline is a result of the falling birth rate as couples increasingly decide to have fewer children, often later in life, or decide not to have children at all. The government launched the Family 500+ scheme in 2016 which is intended to encourage parents to have more children. PLN500 is paid for every second child, third child, etc., child until they reach the age of 18 years-old. The benefit can be taken for the first child but only when financial criteria are met. According to data compiled by the CBOS (Public Opinion Research Centre), the money from the 500+ benefit is mostly spent on clothing, shoes, holiday trips, books and educational tools as well as on after-school activities for children.
- Most mothers take advantage of extended maternity leave which since 2013 can be taken for up to one year with 80% of salary. After that period, many families seek nurseries or nannies but, according to the Ministry of Labour, Family and Social Affairs, the current nursery

coverage is only 9.5%. Even these are mostly located in big cities, with the majority of small municipalities hosting no nurseries for children up to three years-old.

- A growing number of parents are turning to the numerous online parenting blogs for advice and, in turn, many are well-informed of new trends. Topics discussed include the benefits of rear-facing car seats, the BLW (Baby Led Weaning) feeding technique which has led to greater demand for products such as BLW table mats and educational toys, especially Montessori development toys. Indeed, parents are increasingly looking for toys that will stimulate their Babies and Infants. At the 2017 Kids Time toy fair, Igor Waletko, Key Account Manager of toy distributor Mini-Maxi told website babycaremagazines.com "We notice that parents are more and more looking for high quality articles and that price is no longer a big problem...Consumers can spend more for quality products and the 'made in Europe' tag is privileged...Demand focuses on good design and practicality, benefitting articles that are smart and clever, transformable, multifunctional".

Chart 2 Number of Babies and Infants (Aged 0-2) and Average Age at Childbirth



Source: Euromonitor International from national statistics/UN

Note: Data for 2017-2030 are forecasts

Kids

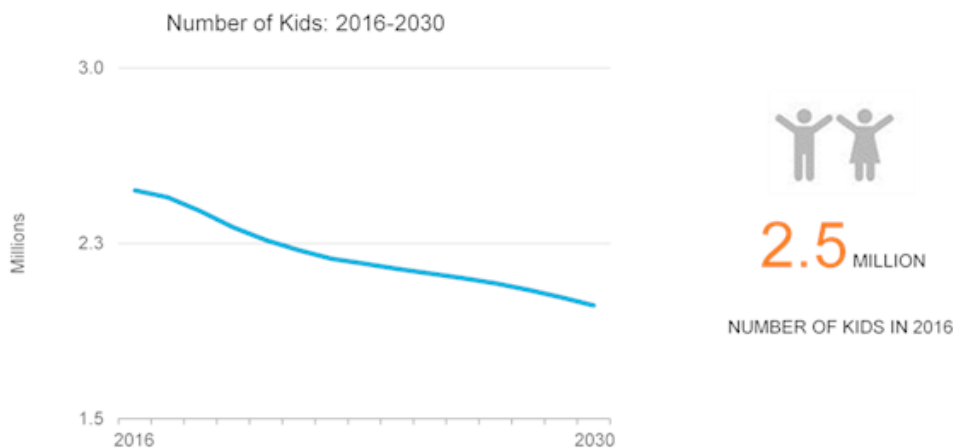
- The number of Kids (aged three to eight years-old) reached nearly 2.5 million in 2016, reflecting growth of 11.4% since 2011 and accounting for 6.4% of the total population in 2016. Between 2016 and 2030 the number of Kids is projected to decline by nearly 20%, reaching nearly two million in 2030 and accounting for 5.3% of the total population.
- Kids have experienced recent changes in their schooling as the education system has undergone reforms. In 2012 the government reduced the compulsory education age to six years-old, but the age was set at seven years-old in 2016, as it had been prior to 2012. Parents can choose, however, to send their six-year-olds to primary school if they wish. Other recent reforms include returning the organisation of system back to its form prior to 1999, i.e., eight years of primary school (rather than six years) followed by four years of secondary school (or five years of technical secondary school or three years of vocational school).
- Kids who celebrate their First Communion typically receive gifts from their parents and relatives. Some of the most desirable gifts are technology-related, such as new mobile phones, laptops and drones. Bicycles are a 'must-have' for most Kids and Tweens.

- In 2017 the Ministry of Health announced that it estimated 20% of Kids are overweight and, as a result, there is now a ban on advertisements of sweets, sweetened sodas and salted snacks targeted at Kids. According to the Institute of Food and Nutrition, more than 50% of children have inappropriate diets and nutrition habits. Some schools now ban Kids bringing unhealthy snacks to school, while others have introduced ‘food breaks’ when both children and teachers eat breakfast together, allowing the teachers to see what their pupils are eating.

Tweens

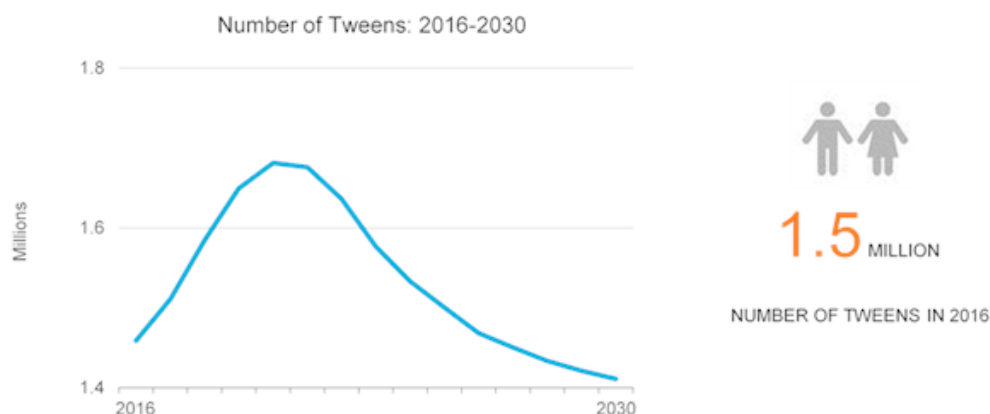
- The number of Tweens (aged nine to 12 years-old) reached nearly 1.5 million in 2016, reflecting a decline of 4% since 2011 and accounting for 3.7% of the total population. Between 2016 and 2030 the number of Tweens is projected to decline by 3.3%, reaching 1.4 million in 2030 and accounting for 3.7% of the total population.
- Most Tweens have mobile phones and they tend to use their mobiles primarily for communication with friends and family, as well as for entertainment. Schools don’t typically allow students to use their mobile phones during classes. According to a report by the University of Gdansk, the average age at which children get a smartphone is 10 years-old. Tweens tend to use smartphones to access social media platforms, to play games and to listen to music. According to a 2017 survey by online portal ‘Your child online,’ only 66% of parents said they control their children’s online activities, with only 59% saying they check their children’s browsing history.
- A recent survey of 12-year-olds by the Poznan University of Economics revealed that 16.4% said that they regularly received pocket money from their parents for their own use weekly while 30.4% said they receive pocket money monthly. Nearly 21% said they received pocket money irregularly, while nearly one-third said they did not get any money from their parents.

Chart 3 Number of Kids (Aged 3-8)



Source: Euromonitor International from national statistics/UN
 Note: Data for 2017-2030 are forecasts

Chart 4 Number of Tweens (Aged 9-12)



Source: Euromonitor International from national statistics/UN

Notes: (1) Data for 2017-2030 are forecasts

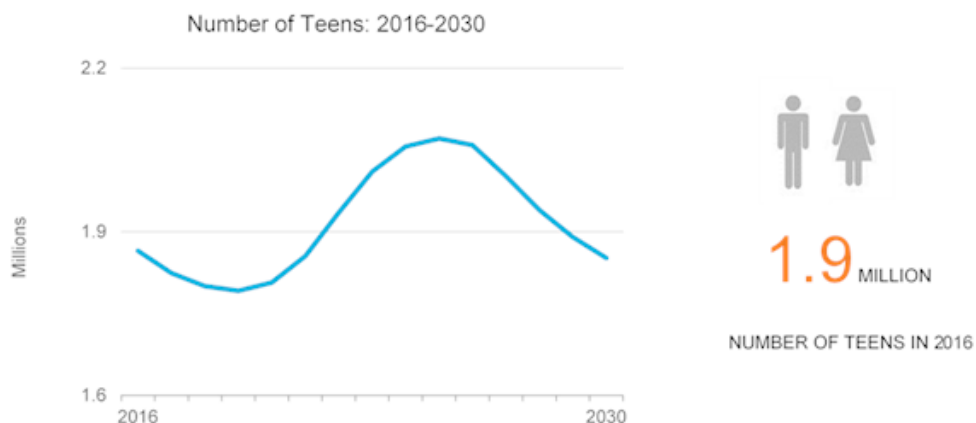
(2) This group includes the younger end of the population group 'Generation Z' (born from 1995-2009)

Teens

- The number of Teens (aged 13 to 17 years-old) reached 1.86 million in 2016, reflecting a decline of 16% since 2011, accounting for 4.8% of the total population in 2016. Between 2016 and 2030 the number of Teens is projected to continue to decline, albeit by less than one percent, reaching 1.85 million in 2030 and accounting for 4.9% of the total population in 2030.
- As a result of the 2017 education reform, gymnasiums (junior high schools) will no longer be in the system and younger Teens will attend eight grades in primary school, until they reach the age of 13 or 14 years-old, after which they will attend high school, technical high school or vocational school. Those in high school hoping to attend university study for the final examination ('Matura') which determine their future in one of the universities. Recently, however, many students realised they could find places in one of numerous private colleges or academies (not including prestigious institutions) and, in turn, the Matura has lost a bit of its stress-inducing importance. In addition, many Teens have begun to explore and value employment rather than studying.
- According to a 2016 survey by the NASK Institute, 93.4% of Teens use the internet daily, with more than 30% saying they stay online continuously. The survey also revealed that the internet is considered the primary means of communication for Teens, with 31.3% of Teens saying they use their mobile phones for at least five hours per day. The most common online activities of Teens were identified as accessing social media (cited by 78% of respondents), using communication tools (68.7%) and downloading music and films (68.2%). Teens also access the internet to help them with their studies.
- A 2016 survey by T-Mobile revealed that 53% of Teens read online blogs, the highest rate among all age groups. Bloggers, along with internet forums and online reviews, have a significant influence on a variety of Teenagers' purchasing decisions. For example, 29.5% said that bloggers influenced their holiday preferences, and 24.4% said that bloggers influence their lifestyle choices.
- A recent article in Newsweek magazine reported on a study by HBSC (Health Behaviour in School-aged Children) in 42 countries, and it revealed that Polish teenagers are very concerned about their appearance. More than 61% of girls aged 15 years-old said they considered themselves to be 'too fat'. Recent studies have revealed that only 7% of 15-year-olds have significant weight problems.

- Fifty-percent of Teens aged 16 to 17 years-old say they are interested in starting their own businesses, according to a recent study by the Academy of Leaders of the Dr Boguslaw Feder Foundation, with one of five saying they would like to establish their business outside of Poland. Among the most-popular motivations cited by respondents were better earnings (61.4%) and the ability to make their own decisions (more than 50%). Among those not interested in starting their own businesses, most cited a lack of a business plan/commercial idea (45.3%) and the lack of start-up finance (30%).

Chart 5 Number of Teens (Aged 13-17)



Source: Euromonitor International from national statistics/UN
 Notes: (1) Data for 2017-2030 are forecasts
 (2) This group includes the population group 'Generation Z' (born from 1995-2009)

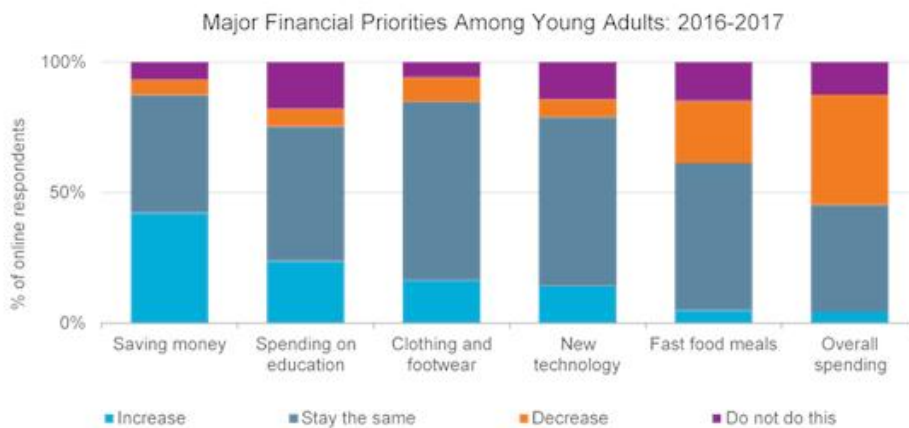
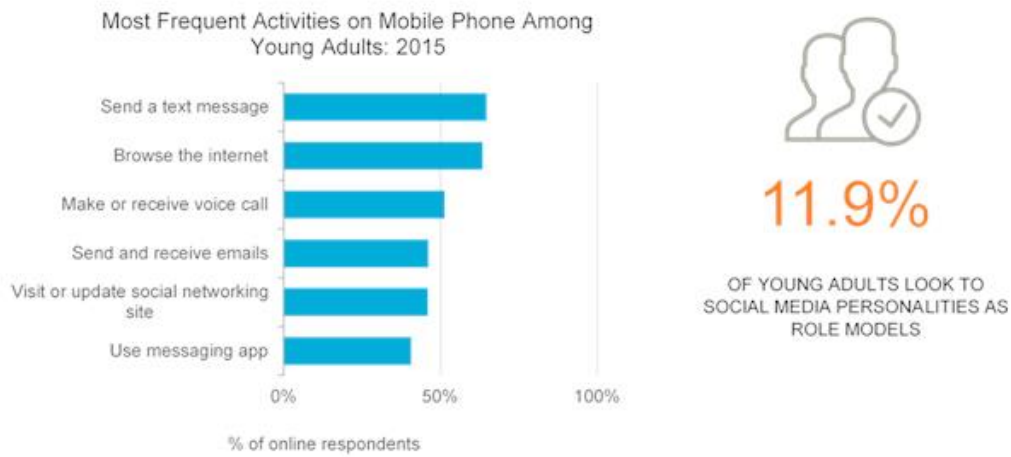
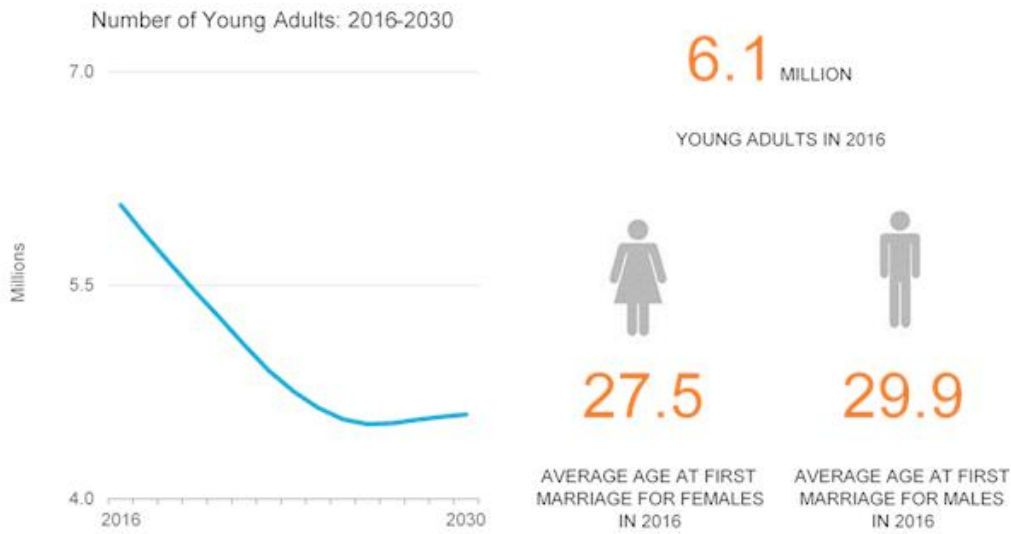
Young Adults

- Between 2011 and 2016 the number of Young Adults (aged 18 to 29 years-old) declined by 15.2%, reaching just more than six million in 2016 and accounting for 15.7% of the total population. Between 2016 and 2030 the number of Young Adults is projected to decline by 24.3%, reaching 4.6 million in 2030 and accounting for 12.3% of the total population.
- Many Young Adults are attending university or have just graduated. At the same time, a significant proportion are in employment, often in entry-level positions, although many remain unemployed. Amongst workers, the fact that they are, for the most part, beginning their careers tends to be reflected in their income levels, which tend to be lower than those of older, more experienced workers. In addition, according to a 2017 survey by the Bureau of Commercial Information (BIG), parents are the source of more than one-half of the monthly income for 32% of those aged 18 to 24 years-old. In 2016 the average gross income of those aged 20 to 24 years-old reached PLN37,785 while the average gross income of those aged 25 to 29 years-old reached PLN44,030.
- Most students and a large proportion of Young Adults live in rented apartments. At the same time, some young graduates and professionals choose to continue living with their parents for as long as they are single in order to save money. Those who do buy apartments tend to choose those with one or two bedrooms. Increasingly, marriage and children tend to be postponed for financial reasons until couples reach their late 20s or early 30s. Regardless, a significant number of Young Adults do get married and establish their own households—in 2016 the average age at first marriage was 27.5 years for females and 29.9 years for males—

and members of this group tend to drive increased demand for a wide range of household goods and services.

- According to a recent survey by Deutsche Bank, the biggest financial dream of more than 66% of Young Adults aged 18 to 24 years-old is being able to purchase a flat outright, mortgage-free. Nearly two-thirds of respondents cited saving money to support their children as one of their top financial priorities. According to the 2016 GCT Survey, 45% of Young Adults said they had increased their savings in 2016.
- According to the 2016 GCT Survey 63% of Young Adults use their mobile phones to access the internet. In particular, mobiles are used to access social media platforms. Indeed, 46% of Young Adults said they visited or updated their social media profiles daily.
- A significant number of Young Adults are finding it difficult to pay their bills and loan repayments. According to a recent report from the BIK (Credit Bureau), the percentage of Young Adults aged 18 to 24 years-old who are more than 90 days behind in their loan repayments increased from 5.3% in 2007 to 12.1% in 2017. According to a recent report from BIG (Bureau of Commercial Information), many Young Adults are also behind on mortgage payments, mobile phone bills, alimony and rent.

Chart 6 **Number and Priorities of Young Adults (Aged 18-29)**



Source: Euromonitor International from national statistics/UN

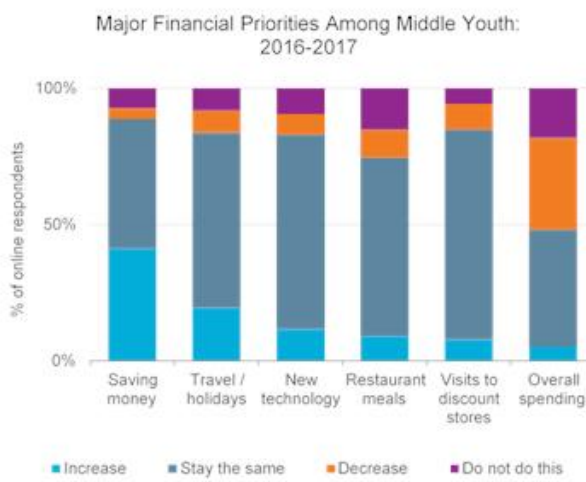
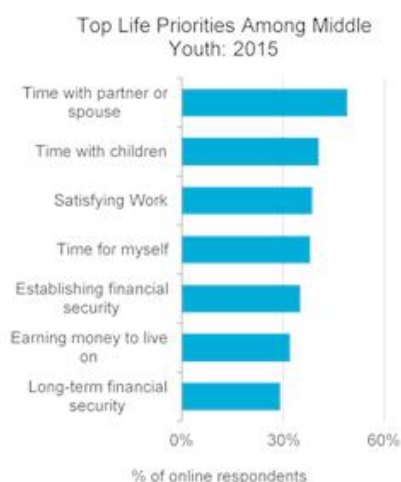
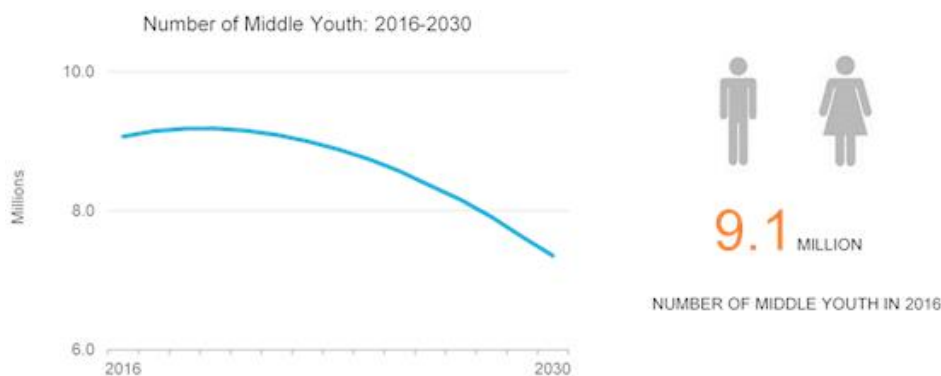
Notes: 1) Data for 2017-2030 are forecasts

(2) This group includes older consumers in Generation Z (born from 1995-2009) and younger Millennials (born from 1980-1994).

Middle Youth

- In 2016 the number of Middle Youth (aged 30 to 44 years-old) reached just more than nine million, making it the biggest cohort amongst all others in Poland. The number reflected growth of 9.7% since 2011 and accounted for 23.6% of the total population in 2016. Between 2016 and 2030 the number of Middle Youth is projected to decline by nearly 19%, reaching just more than 7.4 million and accounting for 19.7% of the total population in 2030.
- Middle Youth tend to be established in their careers and are in their peak earning years; indeed, the average gross income of those aged 40 to 44 years-old reached PLN50,673 in 2016, the highest among all other age groups. In part, higher salary levels for Middle Youth reflect their skills being a better fit in the modern workplace than those of many older workers. A significant proportion of Middle Youth are home owners and have established their own families and households, driving demand for household goods and child-related products and services. According to a recent survey by Deutsche Bank, more than one-half of those aged 35 to 44 years-old said their most immediate financial dream was to 'not worry about debt repayment' while 48% of respondents cited 'being able to buy all desired material goods'.
- Middle Youth tend to be very family-oriented. According to the 2016 GCT Survey, 49% of Middle Youth said time spent with their partner or a spouse was their top priority, followed by 41% who cited time spent with their children. A considerable number also cited having a good work/life balance with enough time off. A recent survey by GUS revealed that 19% of respondents complained about not having any free time on week days.
- Families with young children, many of them members of the Middle Youth cohort, are shifting from living in urban areas to living in areas outside cities, despite the longer commutes. These families value the more affordable housing and gardens for their children to play in. According to website pieniadz.pl, the most popular are small homes (from 60 square metres), either detached, semi-detached or terraced houses with small gardens, as these are generally only slightly more expensive than their city apartments of the same size. Home owners also look for a commute of around 30 to 40 minutes to the city centre.

Chart 7 Number and Priorities of Middle Youth (Aged 30-44)



Source: Euromonitor International from national statistics/UN

Notes: (1) Data for 2017-2030 are forecasts

(2) This consumer group includes older Millennials (born from 1980-1994) and Generation X (born from 1965-1979)

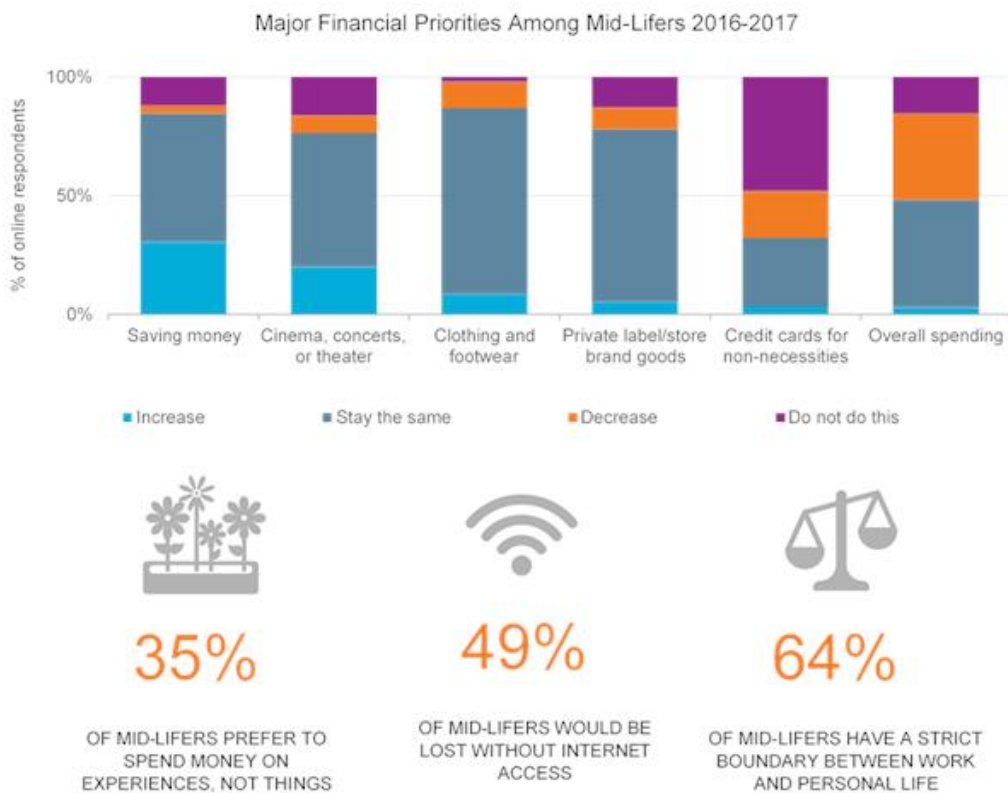
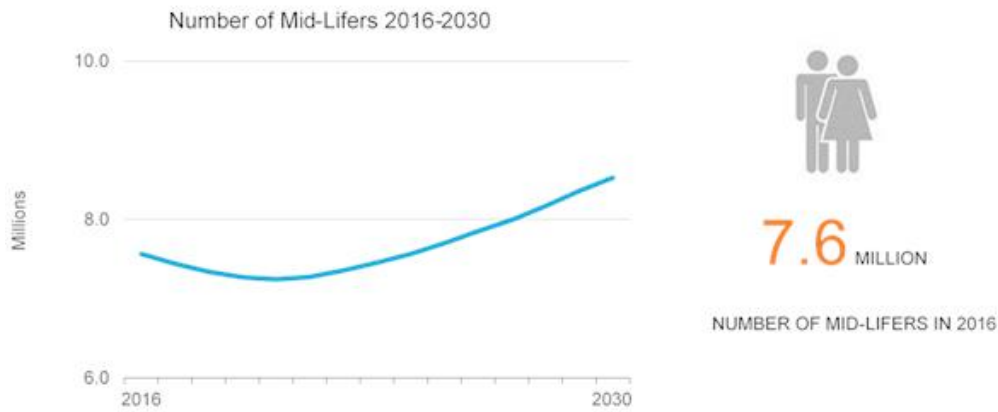
Mid-lifers

- The number of Mid-Lifers (aged 45 to 59 years-old) reached 7.6 million in 2016, reflecting a decline of 9% since 2011 and accounting for 19.7% of the total population in 2016. Between 2016 and 2030, the number of Mid-Lifers is projected to increase by 12.7% to reach 8.5 million in 2030, making Mid-Lifers the second-largest consumer segment, accounting for nearly 23% of the total population.
- While most Mid-Lifers work, there is nevertheless high unemployment amongst this group, a reflection of many lacking the job skills needed in the modern workplace. This is also reflected in their levels of income, which are below those of many younger workers. In 2016 the average gross income of those aged 45 to 49 years-old reached PLN50,408 while the average gross income of those aged 55 to 59 years-old reached PLN47,399.
- According to the 2016 GCT Survey, 64% of Mid-Lifers said they maintain a strict boundary between their work and their personal lives. Members of this cohort are very family-focused and they value time spent with their families, often with their grandchildren. Recent research from SHARE: 50+ in Europe revealed that around 75% of Mid-Lifers aged 50 years-old and older are grandparents with an average of three grandchildren. According to a 2016 study by Millward Brown, 57% of those aged 50 years-old and older support their children and/or

grandchildren financially. Forty-four percent said their children and/or grandchildren live with them rent-free to save money.

- Forty-nine percent of Mid-Lifers believe they would be lost without access to the internet, according to the 2016 GCT Survey. According to a 2016 report by L'Observatoire Cetelem conducted for BNP Paribas Bank, Mid-Lifers now spend more time online than they spend in front of the TV. Primary online activities include web browsing and communicating with family and friends. In addition, a growing number are incorporating the internet into their shopping habits, visiting price online comparison sites and considering online product reviews. In particular, according to a 2016 report by Allegro e-commerce, women aged 55 years-old and older are frequent online shoppers, with 50% of internet users reporting they shop online. Sixty-three percent said they follow brands on social media platforms.
- Many Mid-Lifers have plenty of leisure time. A survey by Santander Consumer Bank revealed that those 50 years-old and older said they have an average of five hours of free time per day. Sixty-five percent said they choose to spend their free time at home. Seventy percent said they tried to stay active by going out for walks, while 41% said they spend time cycling. Nordic Walking is enjoying a rise in popularity with more than 10% of respondents saying they choose this activity to stay fit.

Chart 8 **Number, Priorities and Preferences of Mid-Lifers (Aged 45-59)**



Source: Euromonitor International from national statistics/UN and Euromonitor International Global Consumer Trends survey 2015 and 2016

Notes: (1) Data for 2017-2030 are forecasts

(2) This consumer group comprises older members of Generation X (born 1965-1979) and Baby Boomers (born 1946-1964)

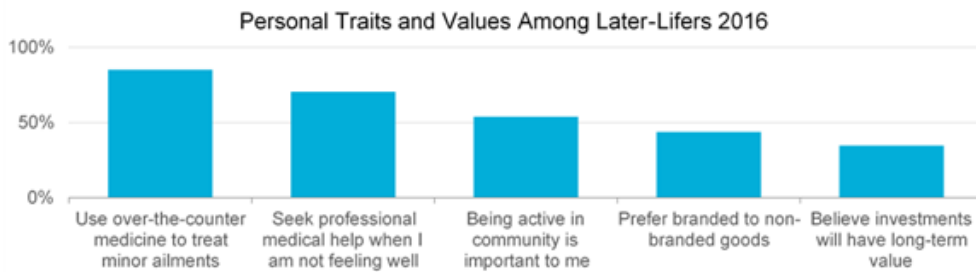
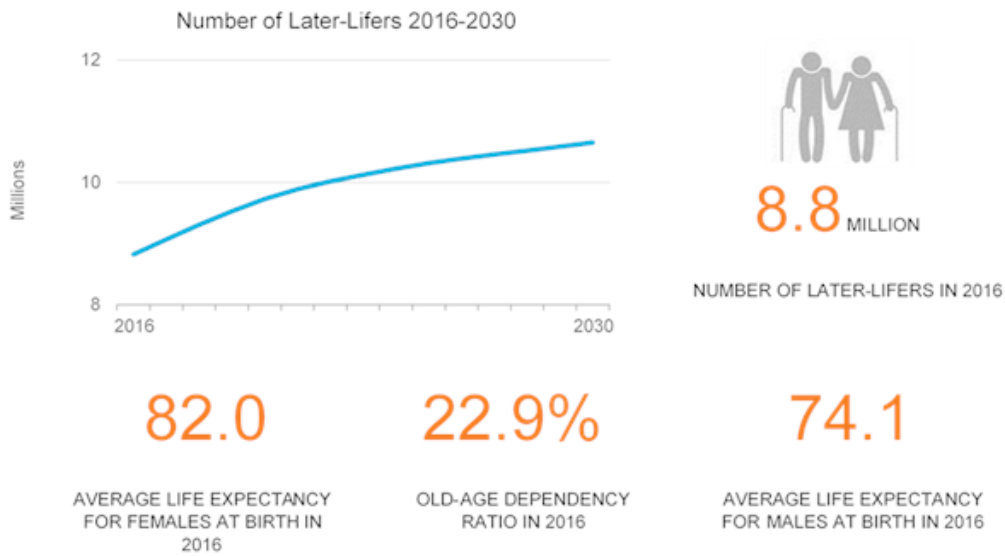
Later-lifers

- The number of Later-Lifers (aged 60 years-old and older) reached 8.8 million in 2016, reflecting growth of 17% since 2011 and making the cohort the second-largest consumer segment, accounting for nearly 23% of the total population in 2016. Between 2016 and 2030 the number of Later-Lifers is projected to increase by 20.7%, making it the largest consumer segment in 2030, reaching 10.6 million and accounting for 28.5% of the total population. Life

expectancy rate are increasing as well; in 2016 the life expectancy for women reached 82 years while the life expectancy for men reached 74.1 years.

- The retirement age was raised to 67 years-old for both sexes in 2012 before recently being reduced to 65 years-old for men and 60 years-old for women. The government also recently introduced the Program 75+ initiative which enables Later-Lifers aged 75 years-old and older to receive certain medications for free.
- While increasing, incomes for Later-Lifers are less than that of younger workers. In 2016 the average gross income for those aged 60 to 64 years-old and older reached PLN45,015 while the average gross income for those aged 65 years-old and older reached PLN40,408. Of course, many Later-Lifers receive far less than the average income; the average gross pension in 2017, according to Central Statistical Office (GUS), reached PLN2,101. In turn, most Later-Lifers tend to live modestly and their spending is focused on essentials. A growing number remain in the workforce to supplement their incomes. According to a 2016 study by GUS, over one million of Later-Lifers were employed in 2015. According to a survey by Deutsche Bank, 45% of those aged 65 years-old and older said that their primary concern is simply ensuring that they can make ends meet. According to the GCT Survey, 32% of Later-Lifers said the intended to reduce their spending.
- The National Debt Register (KRD) recently reported that as many as 40% of pensioners in 2015 had overdue debt they struggled to repay. The average amount of debt per pensioner was PLN12,300. The most common reasons for taking on debt were securing short-term loans to support income, taking loans in their name meant to support younger family members and taking loans to organise a funeral.
- Unlike other consumer segments, Later-Lifers are not necessarily frequent internet users, although the number of those accessing the internet is growing. For example, the National Bank of Poland (NBP) reported that 24% of consumers aged 65 years-old and older use internet banking services and the number is increasing. On the other hand, one-third of all pensioners receive their pension payments in cash, delivered by post. In addition, only a small proportion of Later-Lifers shop online, mostly due to a lack of understanding and trust in internet retailers.
- According to 2016 data from the Central Statistical Office (GUS), 33% of those 65 years-old and older said they health was poor or very poor, while only 20% were happy with their health situation. In addition, 24.6% said they participate in physical activities, with 11.4% saying they do so regularly. According to the 2016 GCT Survey, 24% said they believe their medical costs increased in 2016 and 85% said they used over-the-counter (OTC) medicines to treat minor ailments in order to reduce costs. Seventy-one percent said they trust their doctors and seek their help when not feeling well.
- A recent survey of Later-Lifers by Senior Apartments revealed that 40% of respondents said they wanted to resume their education in retirement. According to recent data from the Central Statistical Office (GUS), 62% of computer course graduates were Later-Lifers and members of the cohort made up nearly one-quarter of all foreign language course participants. The 2016 GCT Survey revealed that 54% of Later-Lifers said that being active in the community plays an important role in their lives.

Chart 9 Number, Priorities and Preferences of Later-Lifers (Aged 60+)



Source: Euromonitor International from national statistics/UN and Euromonitor International Global Consumer Trends survey 2016

Notes: (1) Percentage of people over the aged of 65 per people aged 15-64.
(2) Data for 2017-2030 are forecasts

(3) Later-Lifers include older Baby Boomers (born from 1946-1964) and the Swing Generation (born from 1925-1945)

HOUSE AND HOME

the Home Space

- Traditionally, home ownership has been considered very important while renting has been considered a short-term step on the way to the jumping on the property ladder. Seventy-one percent of households were occupied by home owners in 2016, with 89% of those owning their homes without a mortgage. The large proportion of home owners has sustained demand for a wide range of household-related items, including big-ticket items such as major appliances and consumer electronics. Nearly 68% of households are located in urban areas. Forty-eight percent of households occupied houses with the remainder living primarily in apartments. Most Later-Lifers are home owners without a mortgage.
- Only 15% of households live in rented accommodation, and between 2011 and 2016 the number declined by 17.7%. Renters are mostly students and young professionals who have migrated to big cities looking for work. Those who do rent tend to buy smaller appliances, furniture and other household items that fit into smaller spaces if not provided by their landlords.
- The most common household type is that occupied by couples with children (27.5% of total households) followed by single-person households (25%) and couples without children (16%). On the other hand, while the number of single-person households and households occupied by couples without children have increased since 2011, the number of households occupied by couples with children declined by nearly 10%, a reflection of many young couples deciding to have children later in their lives or deciding not to have children at all.
- Multi-generation households are not traditional and it is unusual for couples to live with their parents or grandparents. Regardless, many do so for the short term to save money. According to the newspaper Rzeczpospolita, more than 40% of those aged 50 years-old and older say that their children still live with them.
- In line with rising disposable incomes, there has been greater interest in home improvement and greater demand for DIY products and home improvement services. In addition, there has been greater demand for household goods meant to enhance interior design. The most commonly renovated rooms are kitchens and bathrooms, but living rooms are considered to be a reflection of one's taste and personality and a great deal of effort is made to improve those areas. The most common styles adopted are modern, usually chosen by younger and wealthier consumers, and classic, preferred by older, more traditional consumers. In addition, many consumers, particularly women, prefer Scandinavian interior styles. On the other hand, when purchasing furniture most consumers look first for durability and functionality rather than simply style.
- Home owners find gardens and green areas very attractive. Indeed, most households aspire to living in a house with a big garden, but even those living in apartments in a residential block expect to have access to designated green areas in the vicinity. According to a recent survey reported by homebook.pl, the most common size of gardens was smaller than 500 square metres (cited by 34% of respondents), the most common activities undertaken in garden areas were simple relaxation (93%), having barbeques (65%) and providing play areas for children (38%).
- Thirty-eight percent of households owned dogs and 31% owned cats in 2017. While keeping pets has been always been popular, growing awareness of animal well-being, especially

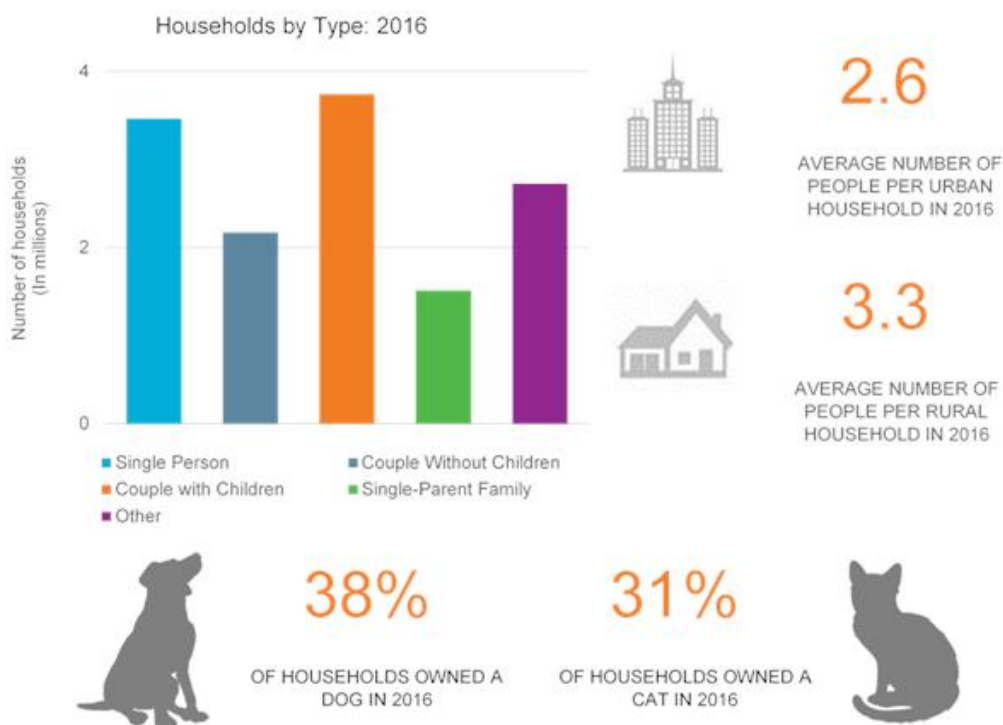
among urban dwellers, has led to many living in small apartments to decide not to keep pets for lack of space. The ambition of many young families in urban areas is to move to a house with a garden where they would be better able to keep a dog.

Chart 10 Overview of Households



Source: Euromonitor International from national statistics and Euromonitor International Global Consumer Trends Survey

Chart 11 Households by Type, Occupants and Pet Ownership

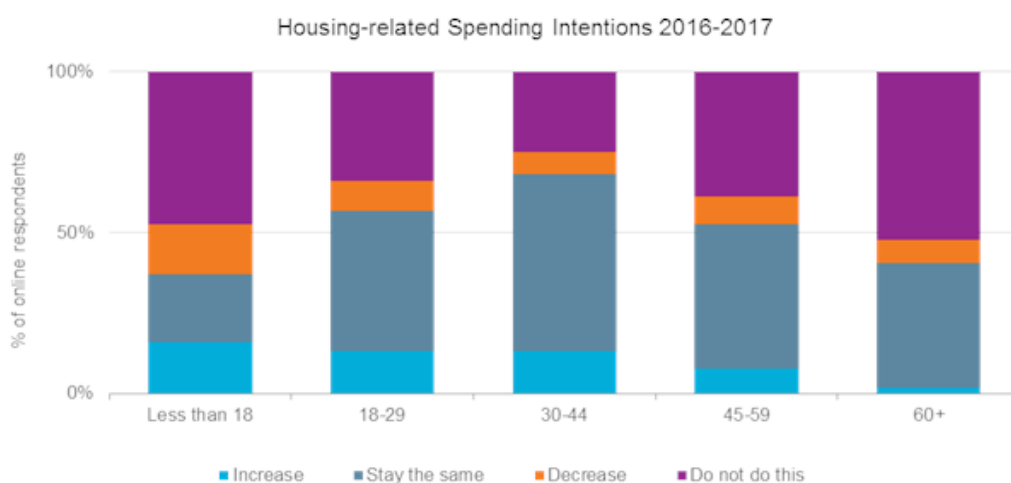
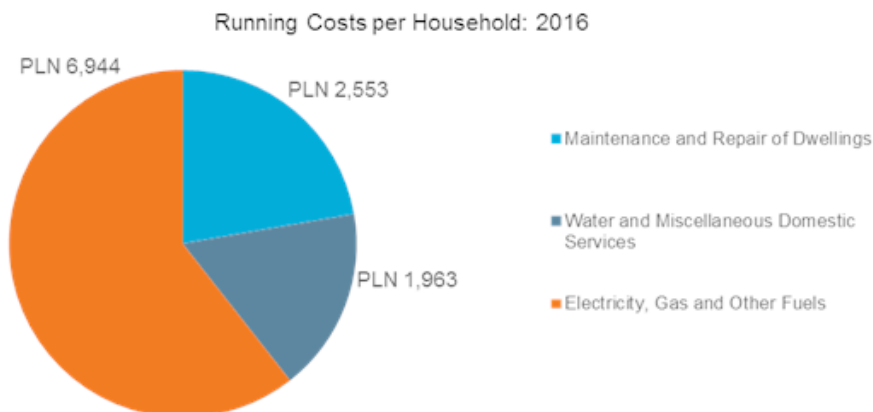


Source: Euromonitor International from national statistics/UN

Running Costs

- Household running costs account for a significant slice of most consumers' budgets, due in large part to the household heating required as a result of the country's long and cold winters. While consumer spending on electricity increased by only 1.5% (in real terms) between 2011 and 2016, reaching PLN2,336 per household in 2016, spending on gas increased by 7.8%, reaching PLN1,468 per household. In addition, consumer expenditure on water and other domestic services increased by 21%, reaching PLN2,040 per household. A considerable number of households, particularly households in rural areas, are still heated by solid fuels such as coal and wood. Between 2011 and 2016 spending on solid fuels increased by 6.5%, reaching PLN1,569 per household in 2016.
- According to Buildings Performance Institute Europe (BPIE), approximately 70% of family homes are not energy-efficient and heated with outdated systems. According to a 2016 survey by Velux Group, 70% of respondents said that improving household energy-savings would be primary reason for them to invest in their homes. Eighty percent of those respondents said they considered energy-saving primarily as a way to reduce their monthly energy bills, but 52% cited the impact on the environment.
- Rising household incomes, as well as increased consumer awareness, are driving increased demand for a wide range of energy-saving appliances and other items. According to a 2017 report by electronics retailer Saturn, a growing number of consumers are replacing their older white goods, especially their fridges, with energy-saving versions, even though their current appliances are still operational. The study revealed that when buying washing machines, consumers looked first for the highest energy class, followed by considerations for size and load.

Chart 12 Household Costs and Housing-related Spending Intentions



Source: Euromonitor International from national statistics/Eurostat/UN/OECD and Euromonitor International Global Consumer Trends survey 2016

Notes: (1) Pie-Chart: Consumer expenditure per household in constant 2016 prices.
 (2) Stacked Bar Chart: Percentages reflect self-reported spending on housing/accommodations (mortgage, rent, etc.).

SPENDING AND SAVING

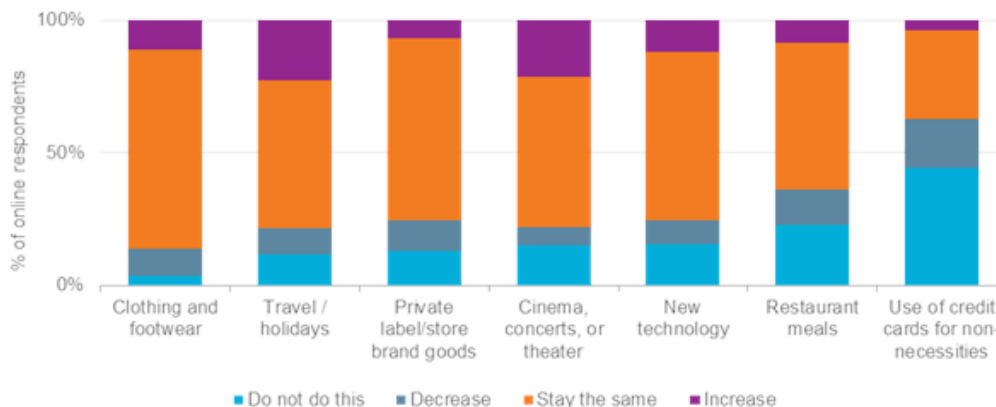
Attitudes Towards Spending

- In recent years consumers have continued to benefit from rising levels of income, narrowing the wide historical income inequality gap, and, in line with rising incomes, consumer expenditure has also increased. Between 2011 and 2016 disposable income per household grew by 10% (in real terms), reaching PLN79,188 in 2016 while consumer expenditure per household increased by 9.7%, reaching PLN79,951.
- Cash is still consumers' preferred method of payment. In particular, older consumers still rely on cash to buy products and pay bills. An article on website europeanpaymentscouncil.eu noted "Cash payments are mainly made by senior citizens as they are less likely to have a bank account. As a result, about 35% of pensions and retirement payments are made to senior citizens in cash via the postal service. The remaining 65% of senior citizens receive their benefits through their bank account". Overall, according to a recent report on website

pymnts.com, “For every euro Polish consumers spent via credit or debit card, they spent nearly €5 in cash... What’s more, ATMs, which are the primary way by which Polish citizens obtain cash, along with over-the-counter withdrawals, have seen increased usage of late”. Between 2011 and 2016 the number of ATM transactions increased by 10.3%.

- In 2016 there were 5,635 credit cards in circulation, reflecting a decline of 17.4% since 2011. In contrast, there were 27,756 debit cards in circulation in 2016, reflecting growth of nearly 12% since 2011. According to the 2016 GCT Survey, 18% of respondents said they plan to reduce their use of credit cards to buy non-necessities in the coming year while 13% said they intend to reduce their credit card use for shortfalls. The decline in credit card usage is, in part, a result of consumers increasingly using debit cards for purchases previously reserved for credit cards, such as booking hotels or shopping online.
- According to a report on website europeanpaymentscouncil.eu, “About 84% of the cards issued by banks in Poland are contactless...Today, over 55% of card payments in Poland are contactless”. The report went on to note “Contactless payments are very convenient for customers. People appreciate not having to pass their card to the seller and having visibility and control over it at all times”. Consumers do not have to enter a PIN number for purchases less than PLN50. At the same time, far fewer consumers are using their mobile phones for contactless payments, although usage rates are growing.
- For the most part, in good times households have not been hesitant to borrow when needed but a growing number of consumers are becoming more wary about taking on new debt. Between 2011 and 2016 the outstanding balance of consumer credit per household increased by 12.6% (in real terms), reaching PLN18,394. During that period, the outstanding balance of durables lending increased by 13% and the outstanding balance of home lending (home equity loans, home improvement loans, etc.) increased by 27%. At the same time, the outstanding balance of auto lending declined by 50% and the outstanding balance of card lending by 5.6%.

Chart 13 Discretionary Item or Service Spending Intentions: 2016-2017



Source: Euromonitor International Global Consumer Trends survey 2016

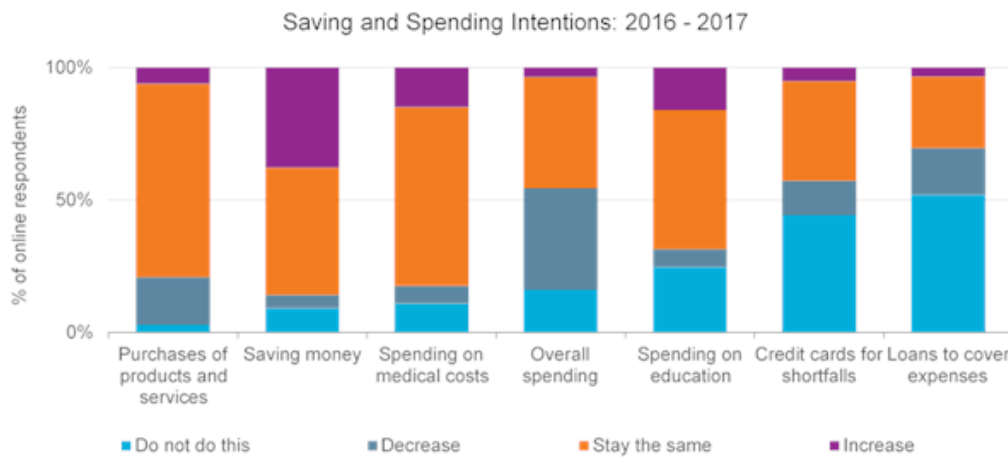
Attitudes Towards Savings

- Traditionally, there has never been a great formal saving culture with financial institutions or pension funds, due in part to a lack of public trust. In 2016 the official savings ratio reached 0.5%, down from nearly 2% in 2015. However, according to a recent survey by ING Bank,

65% of respondents said they have savings. Most Poles have no illusions regarding the government pension system and they are aware that they will need extra savings to supplement their retirement. According to the 2016 GCT Survey, 38% of respondents said they intended to increase their savings in 2017. Low interest rates currently offered by savings accounts are prompting more affluent consumers to seek out more profitable investment opportunities. As a result, a growing number of Poles are buying apartments with the intention of renting them out.

- According to a 2017 survey by Deutsche Bank, 46% of respondents said they saved to be able to cover unexpected expenses, up from 40% in the prior year. In addition, 15.4% said they intended to save for their children’s education, 10.7% said they were saving to buy an apartment, 8.8% said they were saving to supplement their pension and 4.4% said they were saving to buy a new car. Thirty-nine percent of those saying they were saving to supplement their pensions lived in large urban areas (cities with populations of more than 500,000) and 33% were aged 35 to 44 years-old.

Chart 14 Overview of Spending and Savings



PLN
79,188

DISPOSABLE INCOME PER HOUSEHOLD IN 2016



0.5%

SAVINGS RATIO IN 2016

PLN
399

SAVINGS PER HOUSEHOLD IN 2016

Source: Euromonitor International Global Consumer Trends survey 2016 and Euromonitor International from national statistics
 Note: In constant 2016 prices

SHOPPING

Main Household Shop

- Supermarkets are located throughout the country and they are still the preferred location for most food shoppers. However, a growing number of consumers are shifting to discounters to do their food shopping, valuing not only the lower prices but their number and convenient proximity. In addition, as discounters introduce more premium products and 'healthy' food ranges, they are moving into supermarkets' retail space and gradually becoming 'one-stop' shopping destinations themselves.
- Food shoppers are increasingly visiting convenience stores and, due to their expanded product offerings, consumers are going more often not only for top-up shopping and shopping for alcohol and snacks but for their regular food shopping. Market leader Zabka recently introduced higher-quality fresh fruit and vegetables. Many consumers value their proximity and the short length of shopping visits without the hassle of lengthy queues. The rising number of single-person households is also expected to sustain the popularity convenience stores as their smaller portioned packaged food tends to cater to their needs.
- Apart from value, a growing number of consumers are concerned with the health benefits and the quality of the food products they buy. Many don't mind shopping every day to ensure they buy the freshest fruit and vegetables. Ingredients are also becoming increasingly important to consumers and they are spending more time in stores checking product labels.
- Online grocery shopping is not yet popular amongst consumers. According to Eurostat, only 13% of Poles purchased groceries online at least once in 2016. Most food shoppers still want to make sure the products they buy are fresh and many others study labels carefully before buying.

Chart 15 Shopping Habits, Attitudes and Influencers



Marketing Influences	% extremely or very influenced
Friends/family recommendations	50%
Independent consumer reviews	40%
Loyalty rewards program	35%
Friends social media posts or mentions	28%
In-store advertising	29%



39%
PREFER NAME-BRAND GOODS



72%
LIKE TO TRY NEW PRODUCTS AND SERVICES

Source: Euromonitor from trade sources/national statistics and Euromonitor International Global Consumer Trends survey; 2016

Shopping for Big-ticket Items and Personal Goods

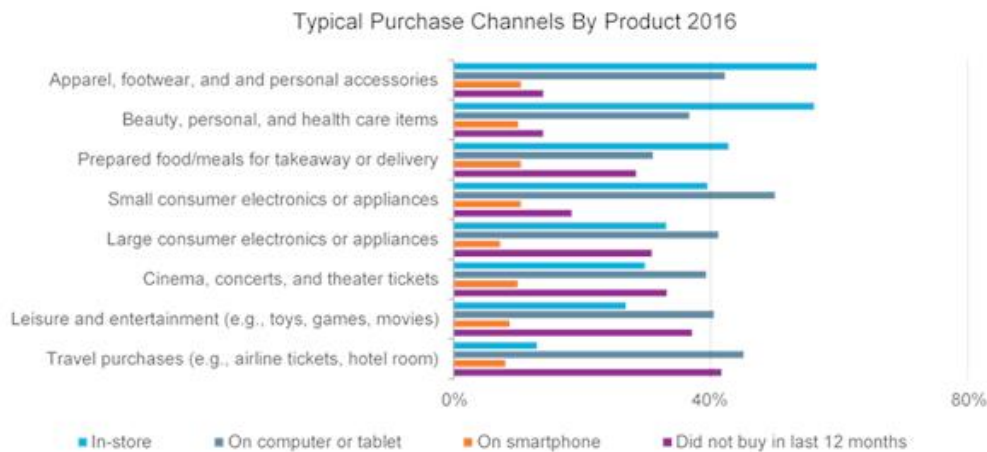
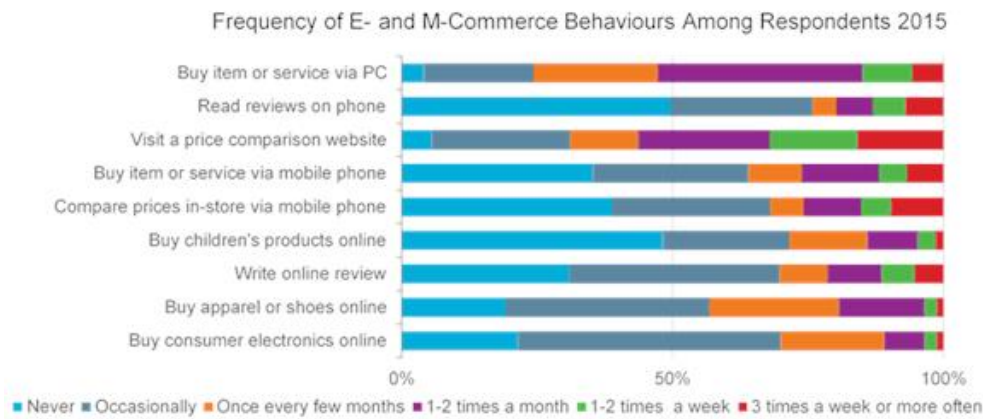
- The number of households continues to increase, and combined with rising household disposable incomes, there has been an increase in demand for a wide range of modern, household-related big-ticket items, such including refrigerators, freezers and dishwashers. Between 2011 and 2016 consumer expenditure on household appliances increased by 69% (in real terms), while spending on durables overall increased by 39%. In addition, spending on furniture and furnishings, carpets and other floor coverings increased by 34.6%. Growth was driven in part by an increasing number of household switching to appliances and other items that promise energy savings. When buying major appliances, many consumers choose to use instalment plans. A recent survey by Lindorff SA revealed that 24% of respondents said they had bought an item on an instalment plan in 2016.
- Consumers tend to shop for major appliances in brick-and-mortar retail specialists, but an increasing number of consumers, particularly younger consumers, are shopping for major appliances on internet retail sites, where they can browse through a greater range of products and often secure lower prices. Even those who don't buy online often go first to internet retailing sites to research product features and prices before visiting brick-and-mortar stores to make their purchase. According to a 2017 survey by Lodz University of Technology, 84.5% of respondents said they go online first when purchasing consumer electronics and home appliances.

- According to the 2016 GCT Survey, recommendations from those close to them are the biggest influences on shopping choices, reflected by 50% of respondents who said they are extremely or very influenced by their family and friends. Satisfactory after-purchase sales and service experiences are also important factors for many customers and that is why online forums, YouTube influencers and professional reviewers (testing products and publishing 'unboxing' videos) are so popular. Forty percent of respondents to the 2016 GCT Survey said that they were extremely or very influenced by independent customer reviews.
- Consumers often do their personal shopping at the numerous shopping malls located throughout the country. A 2017 study by Colliers International revealed that 85% of consumers said they visit shopping malls at least once every couple of months, with 20% saying they visit at least once a week. Eighty-one percent of respondents said they visit mostly to browse or purchase such items as clothing, footwear and accessories. Thirty-nine percent said they shop for consumer electronics and household appliances.
- Consumers looking to secure bargains on personal goods are increasingly shopping at the growing number of brand outlet centres. According to a 2017 study by Colliers International, "Consumers visit outlet centres on average 3-4 times a year and during a single visit they spend there on average over PLN240. Inhabitants of smaller towns are more eager to do their shopping in such venues. Consumers most frequently visit clothes shops... These type of stores, being a pillar of outlet centres, are visited by 90% of consumers". The report went on to note "For the majority of consumers (70% of respondents) outlet centres are a place of planned shopping. However, a number of consumers, particularly from smaller towns, do their shopping spontaneously. Stores operating at outlet centres have highest frequency of visits and generate highest turnover during weekends (roughly 40% per day on Saturday and Sunday)".

Shopping Online

- Consumers have embraced internet retailing in recent years, reflected by value sales per household increasing by 133.5% between 2012 and 2016, reaching PLN1,888 in 2016. This includes value sales of mobile internet retailing, which saw robust growth of 475% over the same period, reaching PLN230 per household in 2016. According to the 2016 GCT Survey, 96% of internet users said they had purchased an item online, with 53% saying they bought products online at least monthly. The popularity of online shopping has been boosted by internet retailers improving customer service, providing faster delivery times and offering easy returns policies.
- According to the 2016 GCT Survey, clothing, accessories, beauty and healthcare products, consumer electronics and appliances are among the most popular items purchased online. Sixteen percent of respondents said they buy clothing and footwear online at least monthly while 22% said they buy beauty and personal care items online monthly. Eighty-one percent said they had purchased clothing and footwear online and 78% said they had purchased consumer electronics online.
- Consumers tend to shop with domestic internet retailers due to the language barrier and fears that it might be difficult to return unwanted items. However, a growing number of consumers, particularly younger consumers, are increasingly visiting international internet retailers, in large part to secure lower prices for the goods they desire. Internet retailers from Germany, the US and the UK are among the favourites of cross-border shoppers. In 2016 amazon.de announced that it would introduce a new version of its site highlighting Polish-language customer service. According to website thenews.pl, "It also promises to add more Polish product descriptions daily and offer more Poland-made goods. Previously, Poland-based buyers shopping on Amazon ordered from the German-language website".

Chart 16 Internet Retail Shopping and Motivations for Shopping Online vs In-store



Top 5 Reasons For Shopping Online 2016	Top 5 Reasons For Shopping In Store 2016
Best price	See or try before buying
Time savings	Immediate purchase
Ability to order at any time, from anywhere	Better warranty / easier to return if defective
Free Shipping	Convenient location / access
Variety of brands	To avoid paying for shipping

Source: Euromonitor from trade sources/national statistics and Euromonitor International Global Consumer Trends survey 2015 and 2016

EATING AND DRINKING

Eating Habits

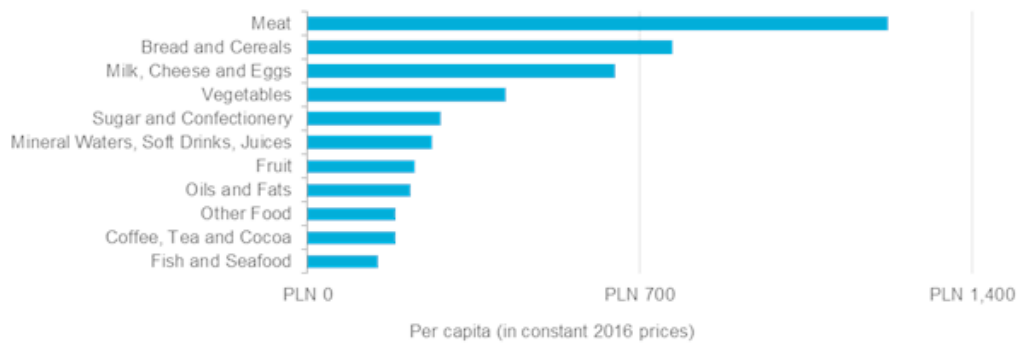
- Most Poles are very traditional when it comes to their eating habits, with popular staples including meat, vegetables, dairy products, vegetables and bread. Pork and poultry are consumed far more often than the more expensive beef. Popular traditional dishes consumed both at home and when dining out include bigos (a hearty stew), golabki (stuffed cabbage leaves), pierogi (dumplings), placki ziemniaczane (potato pancakes) and, of course, kielbasa sausage. According to website staypoland.com, “Poles boast that their two basic products are bread and sausages. The most typical ingredients used in Polish cuisine are sauerkraut, beetroot, cucumbers (gherkins), sour cream, kohlrabi, mushrooms, sausages and smoked sausage. A meal owes its taste to the herbs and spices used, such as marjoram, dill, caraway seeds, parsley, or pepper”.
- Most Poles eat three meals per day, but it is not uncommon for some to eat five meals per day. According to a recent article on website culture.pl, “Poles often start the day with meat or eggs. They commonly have what they call ‘a sandwich’, meaning a slice of bread topped with cold cuts or kielbasa or scrambled eggs...in Poland one is allowed a second breakfast? every day, not just on week-ends like a measly brunch. The catch is that it usually consists of another slice of bread with kielbasa. This is a meal often eaten on the go...The mid-day meal is traditionally the largest of the day in Poland. During the week, hard-working Poles have to be satisfied with a plate of pierogis from the local cafeteria, or else risk the wrath of their bosses and escape for an hour and half to go to a proper restaurant”. The report added that after their mid-day meal Poles enjoy an evening snack called podwieczorek, followed by supper: “Supper is a subdued affair in Poland. Some will just grab whatever’s lying around on the kitchen counter. This means more sandwiches...or leftovers”. In addition, according to a 2016 survey by ARC Market & Opinion Institute, Poles love to consume snacks between main meals; indeed, 67% of respondents said they snack daily. These are mostly sweets, but also increasingly fruit, healthy bars and dairy products, such as yoghurt.
- A significant proportion of consumers still prepare meals at home. Poles typically cook traditional dishes, but many also like to experiment with exotic cuisines that they’ve tried while travelling abroad. According to the 2016 GCT Survey, 48% of respondents said they prepare their own meals daily and 34% said they do so at least once a week.
- Fast food is popular and a frequently chosen dining out option. Turkish Kebab is the most popular on-the-go meal as are the hotdogs sold by forecourt retailing operators such as PKN Orlen or BP and, recently, Zabka convenience stores. ‘Milk bars,’ popular during the communist regime, have also seen a resurgence, serving cheap, traditional dishes to customers of all ages and all income levels. According to a report on website qz.com, “After WWII, when Poland was a Soviet satellite, milk bars became state-subsidized, self-service cafeterias where workers could get a cheap, hot meal outside of their homes. Subsidies, which continue to this day, cover basic ingredients like dairy products, vegetables, and flour—and dishes are mostly vegetarian. Despite the fact that they are called ‘bars,’ no alcohol is served”. Agnes Sofie Nowicki commented “Before, people didn’t have a choice of what to eat, and now they do...That gives milk bars a completely different feeling...For young people who never knew socialism, it’s an adventure to wait in line, order at the cash register, find a place to sit among the crowded tables, and wait for your food to be called”.
- According to pysze.pl, an online food-ordering service, the most commonly ordered meals are Italian, followed by traditional Polish, Turkish and Asian. The average value of order of an order was PLN35 to PLN40. The majority of customers, primarily younger consumers, place their order via mobile apps. Fifty-eight percent pay online, and 42% pay cash on delivery.
- A growing number of consumers are turning to healthier meal options. According to the 2016 GCT survey, 56% of food shoppers carefully read product labels and look for products with

limited or no artificial ingredients. Fifty-one percent said they look for products with limited or no added sugar, no GMO ingredients (50%), all natural (45%), limited or no added fat (40%), added vitamins or fibre (40%), limited or no added salt (38%) and organic products (22%). Being great bread-lovers, a considerable number of consumers are turning to baking home-made bread without additives rather than using the frozen dough available at discounters. In addition, so-called 'diet boxes' are increasingly popular, particularly by younger, busy consumers who don't have the skills or time to prepare meals that address weight-gain concerns, specific dietary requirements (gluten-free, lactose-free, etc.) or that are simply more healthy and well-balanced food. The average cost of monthly diet boxes ranges from PLN1,000 to PLN1,500.

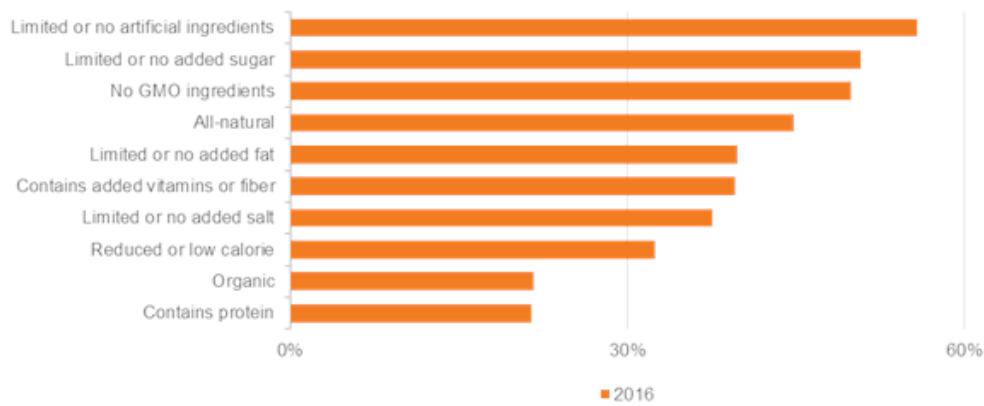
- In recent years Warsaw residents have enjoyed a strongly developed and modernised restaurant scene. According to a 2016 article in the newspaper *The Independent*, "In a country reared on pork and beer, beef and wine are strong current trends. So too are food trucks, organic markets, plant-based diets, tapas-sized takes on local food and slick speak-easy cocktail bars. But there is also a growing cohort re-embracing Polish food traditions, and delivering contemporary interpretations to an increasingly food-savvy population - and at every price point too".

Chart 17 **Consumer Spending, Preferences, Preparation, and Consumption of Food and Non-Alcoholic Drinks**

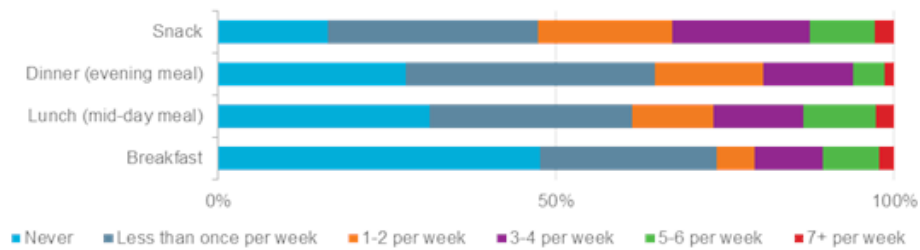
Consumer Spending on Food and Non-Alcoholic Drinks: 2016



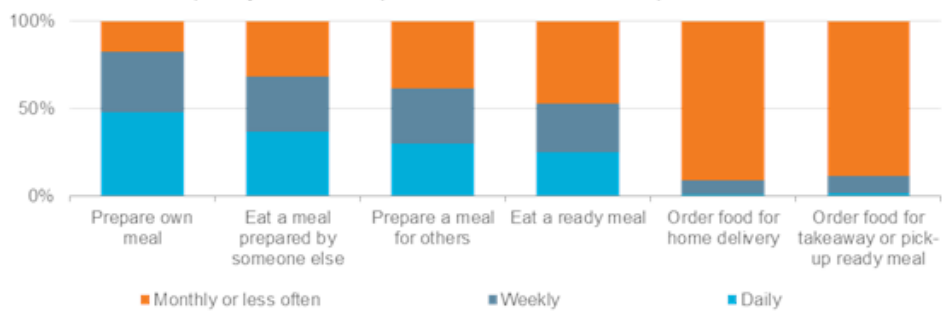
Preferred Food Attributes 2013-2016



Frequency of Food Consumption Outside the Home 2016



Frequency of Meal Preparation For Home Consumption 2016



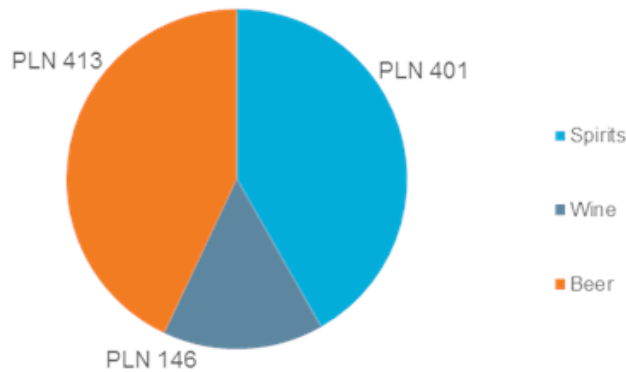
Source: Euromonitor International from national statistics/Eurostat/UN/OECD and Euromonitor International Global Consumer Trends survey; 2013-2016

Drinking Habits

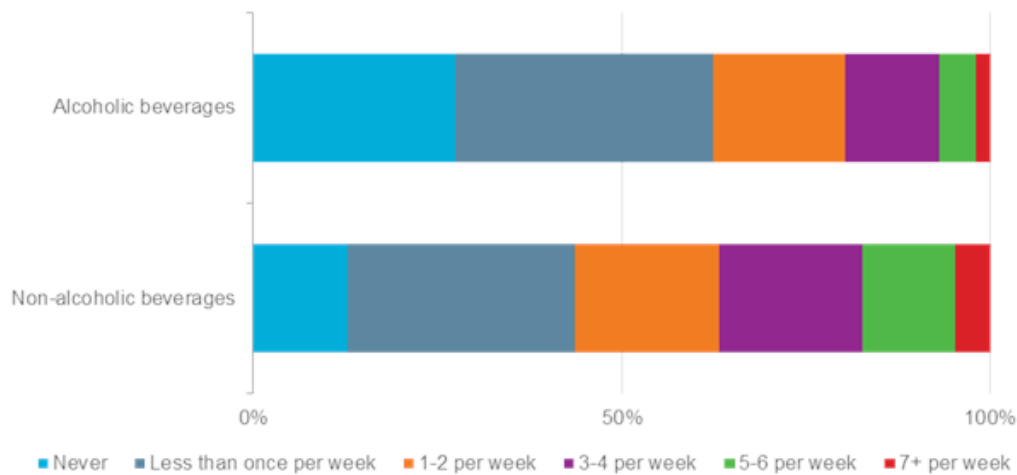
- Beer is by far the most popular alcoholic beverage, particularly among men but increasingly among women, and demand for both quality domestic lagers and imported lagers continues to grow, driven in part by rising disposable incomes. According to a recent study by CBOS (Public Opinion Research Centre), 73% of adults in Poland said they drink beer at least once a month. In addition, the tradition of drinking beer while socialising combined with growing health awareness had driven increased demand for alcohol-free beers. Magdalena Brzezinska, a spokesperson for the Zywiec Group, recently observed that while alcohol-free beers accounts for only 1% of demand, the segment is growing significantly. Between 2011 and 2016 volume sales of beer increased by 10.6%, reaching 126.5 litres per capita (at legal purchasing age) in 2016.
- Consumers have traditionally enjoyed drinking spirits, particularly vodka. Volume sales of vodka reached 8.2 litres per capita (at legal purchasing age) in 2016. A recent study by CBOS revealed that 48% of respondents said they drink vodka at least once per month. While volume sales have declined in recent years—between 2011 and 2016 volume sales of spirits overall declined by 2% while volume sales of vodka declined by 10%—consumers are nevertheless driving increased demand for premium products, a result of rising disposable incomes. According to the Polish Spirits Industry Association, Poles bought more premium spirits in 2016 than they did in previous years. Beyond vodka, premium whisky continues to experience growing demand. Between 2011 and 2016 volume sales of whiskies overall nearly doubled, reaching nearly one litre per capita (at legal purchasing age) in 2016.
- Between 2011 and 2016 volume sales of wine increased by 4.4%, reaching 7.7 litres per capita (at legal purchasing age) in 2016. According to a recent study by CBOS, 46% of respondents said they drink wine at least once a month, mostly during meals. In addition to standard red and white still wines, consumers are increasingly drinking more expensive sparkling wines, particularly champagne and prosecco. Again, increased demand has been driven by rising disposable incomes as well as by the growing wine knowledge and sophistication of younger consumers.
- While cider/perry is still a niche product, demand has grown significantly in recent years, particularly among young consumers and women looking for an alternative to lager. A recent article on website thenews.pl noted “Poland is witnessing an extraordinary rise in cider consumption and industry insiders predict that the market will continue to grow over the coming years”. Between 2013 and 2016 volume sales of cider/perry increased by 738%, reaching 0.5 litres per capita (at legal drinking age) in 2016.
- While black tea with sugar and a slice of lemon was considered a national drink, Poles now tend to be coffee drinkers. Homes are often equipped with coffee machines as consumers increasingly look for ways to prepare high-quality coffee, as drinking the previously popular Turkish coffee, where boiling water was poured over ground coffee, is a thing of the past. A 2016 survey by Café Monitor revealed that 80% of consumers drink coffee at home, followed by drinking at petrol stations (66%), at work (61%) and at chained coffee shops (51%). Seven percent of respondents said they buy a cup of coffee in a café every day and 52% said they do so at least once a week. Sixteen percent said they buy coffee in the morning and 45% said they buy coffee in the afternoon. Latte is the most popular (cited by 55% of respondents), followed by espresso (34%) and cappuccino (33%).

Chart 18 Consumer Spending on Alcohol and Consumption Outside the Home

Consumer Spending on Beer, Wine and Spirits: 2016



Frequency of Drink Consumption Outside the Home: 2016



Source: Euromonitor International from national statistics/Eurostat/UN/OECD and Euromonitor International Global Consumer Trends survey 2016
 Note: Consumer spending depicted in pie chart is per capita in 2016 constant prices

GROOMING AND APPEARANCE

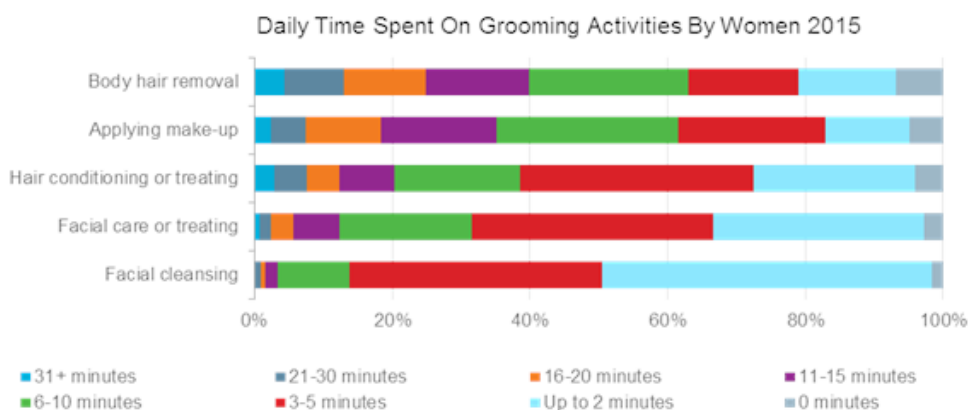
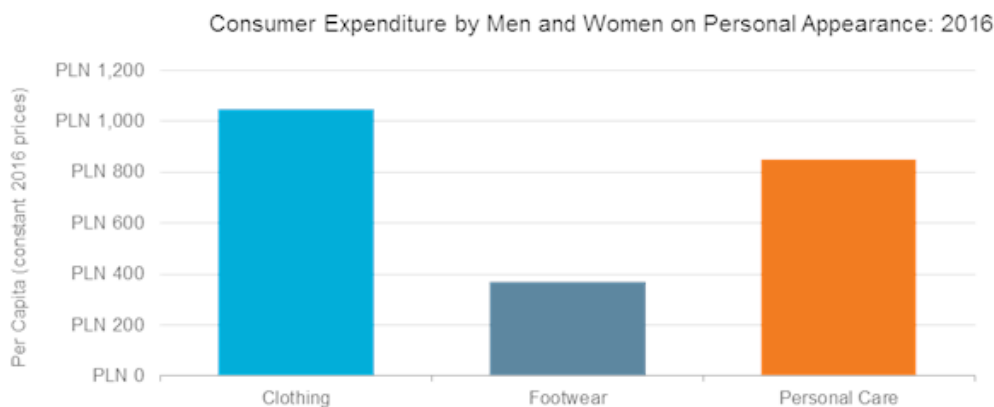
Investing in Yourself: Female Personal Grooming and Hygiene

- Rising disposable incomes have driven increased demand among women for beauty and personal care products. On the other hand, women buy far more mass products than premium products, reflected by value sales of premium beauty and personal care products reaching PLN89 per capita (female population) compared to value sales per capita of mass products reaching PLN610 in 2016. Regardless of the type of beauty product, there has been growing demand for natural cosmetics, free of chemicals, ecological and containing plant/herbal ingredients. Most women prefer to buy their beauty and personal care products from specialist retailers, but a significant number buy them at drugstores/pharmacies, grocery retailer and, increasingly, at discounters.
- According to the 2016 Beauty Survey, 45% of women prefer to wear barely-there, natural-look make-up while 25% of women prefer to wear light make-up. Fourteen percent said they wear moderate make-up and 3.5% said they use heavy make-up. For 26% of women, applying

daily make-up takes six to 10 minutes, while 21% said applying make-up take three to five minutes. Daily make-up essentials include eye make-up (cited by 33% of respondents), foundation (28%), lip gloss (25%), lipstick (23%), concealer (18.7%), BB or CC cream (14.8%) and highlighters (10.5%). Between 2011 and 2016 there was significant growth in demand for eye make-up and facial make-up, reflected by values sales per capita growing by 33% and 36% (in real terms), respectively. Value sales of lip products increased by 25.6%.

- Women do not tend to use the services of professional salons very frequently and, if they do, it is mostly for haircuts. Thirty percent of respondents to the 2016 Beauty Survey said they get their hair cut in salons once a month and 28% said they do so only occasionally, i.e., three to four times per year. Thirty-two percent of women said they wear straight hair styles and more than 30% said they own hair straighteners. The most common hair concerns were greying hair (40%), thinning hair (17.5%) and split ends (18.6%). For 34% of women, daily hair conditioning or treating routines take up to five minutes, while for 23% it is even shorter, up to two minutes. Seventy percent of women said they never go to salons for body hair removal, while 12% they do so three to four times per year. Most remove unwanted body hair at home, using disposable razors. Twenty-seven percent 27% said they owned electronic epilators and 7.7% said they owned waxing sets.
- Facial care and cleansing are also mostly done by women at home, with 56% of respondents saying they never go to salons for facials and 23% saying they only do so three to four times per year. Forty-eight percent said that daily facial cleansing is a two-minute activity, while 37% said it takes up to five minutes. Thirty-one percent said they spend up to two minutes on facial care and treatment daily while 35% spend up to five minutes.
- Most Polish women put great effort in caring for their nails, although, according to the 2016 Beauty Survey, relatively few go to salons or nail specialists for treatments. Indeed, 52% of women said they did not go to salons for a manicure, while 20% said they did so three to four times per year. Most prefer to care for their nails at home, with 28.5% of women said they apply nail polish or nail treatments one to five times per week. According to a report by Google, nail colours were amongst the most-searched terms in 2016. Women tended to search for classic colours, such as red, Bordeaux and nude, as well as typical choices such as grey. They also increasingly searched for various nail special effects, such as 'ombre nails', 'mirror nails' and 'chameleon nails'. Between 2011 and 2016 value sales per capita (female population) of nail products increased by nearly 39% (in real terms).
- According to a 2016 survey by Allegro magazine, 68% of women said they are interested in current fashion, with 85% saying they get the most of their inspiration from the internet, compared to 30% saying they get their inspiration from TV. Jeans are essential apparel item for most women, who often wear them for everyday occasions. Leggings, often worn with a dress, skirt, tunic or shorts, are also currently popular. Sport, casual and, increasingly, 'athleisure' (combining sport and elegance) are among the most popular fashion styles.

Chart 19 Consumer Expenditure By Men and Women and Daily Time Spent on Grooming Activities by Women



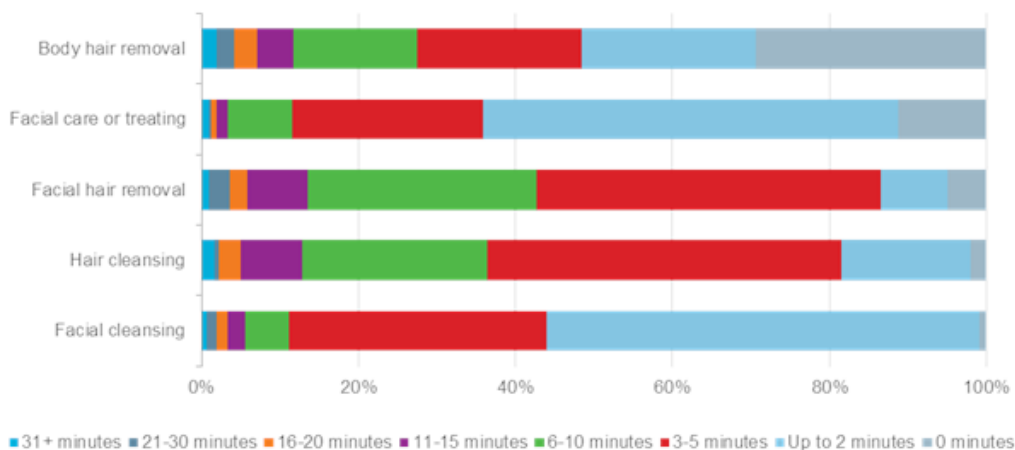
Source: Euromonitor International from national statistics/Eurostat/UN/OECD and Euromonitor International Beauty Survey 2016

Investing in Yourself: Male Personal Grooming and Hygiene

- Rising disposable incomes and a greater awareness among consumers of the benefits of modern personal care products has driven greater demand for male-specific grooming products in recent years, reflected by value sales growing by 12% between 2011 and 2016. In particular, there has been significant increased demand for men’s skin care products, reflected by value sales per capita (male population) increasing by 41% (in real terms) between 2011 and 2016. There has also been greater demand for bath and shower products, reflected by value sales increasing by 45.6% between 2011 and 2016.
- While men buy far more mass-market products, there has nevertheless been increased demand for premium products as men become more knowledgeable about grooming. Men tend to prefer to shop for grooming products in specialist beauty retailers, although a significant proportion shop in drugstores/pharmacies, modern grocery retailers and discounters.
- Men, particularly younger men, began sporting beards on a broad scale in 2015. As a result, there has recently been greater demand for beard trimmers and other beard-care products. In addition, a growing number of men, especially in urban areas are now visiting barber shops and salons to get professional care for their beards.
- According to a 2016 survey by Allegro magazine, 54% of men said they are interested in fashion to some degree. In particular, young men aged 15 to 18 years-old said they were very interested in the latest fashion trends. Twenty-four percent said price was the main factor in

their purchasing decisions, while 27% said they bought new clothes primarily based on whether they appeal to their personal style. Comfort and quality were also cited as key factors when making fashion decisions. Only 22% of men said they were happy with the clothing they currently owned. Fourteen percent said they would like more premium clothes and another 14% said they would like to own fewer clothing items but more stylish and high-quality items.

Chart 20 Daily Time Spent on Grooming Activities by Men: 2015

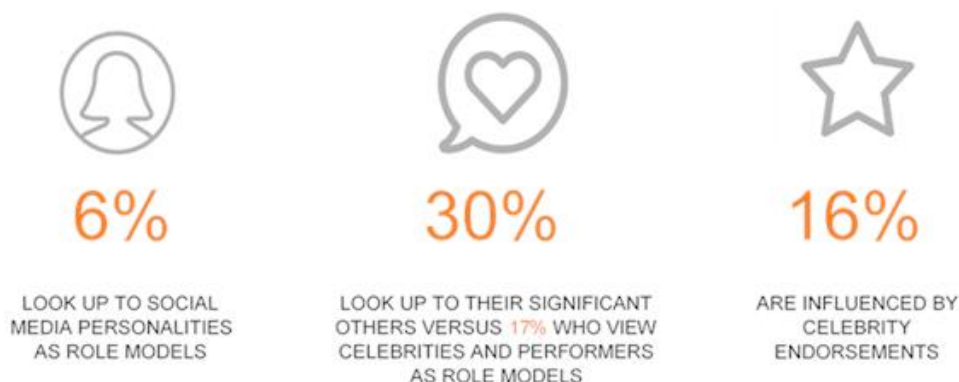


Source: Euromonitor International Beauty Survey 2016

Style Icons and Celebrity Influences

- Many female consumers are strongly influenced by fashion and make-up blogs and social media influencers. Some of the most popular fashion bloggers include Maffasion, Jemerced, Macademian girl, MakeLifeEasier and Pani Excelencja. YouTube make-up influencers such as Red Lipstick Monster, Maxineczka and Katosu are also trend-setters and shape many consumers' perceptions of style. According to the 2016 GCT Survey, 16% of respondents said their purchasing choices are heavily influenced by celebrity endorsements. A similar percentage said they view celebrities from TV, film and music, among other performing personalities, as their role models. Footballers are perhaps the most-recognized Polish celebrities. Robert Lewandowski is currently the most popular footballer, and he has appeared in numerous adverts and commercials.
- zBLOGowani.pl, a site for bloggers, conducted a recent survey that revealed that the most popular blog categories are lifestyle and cuisine, both cited by 15% of respondents, and that 84% of bloggers are women. The survey also revealed that Facebook is the most important social media platform for bloggers, used by 91% of respondents, followed closely by Instagram (89%). Women tended to choose to read lifestyle, beauty and personal blogs, while men read personal, lifestyle and cultural blogs.

Chart 21 Social Media and Celebrity Influences



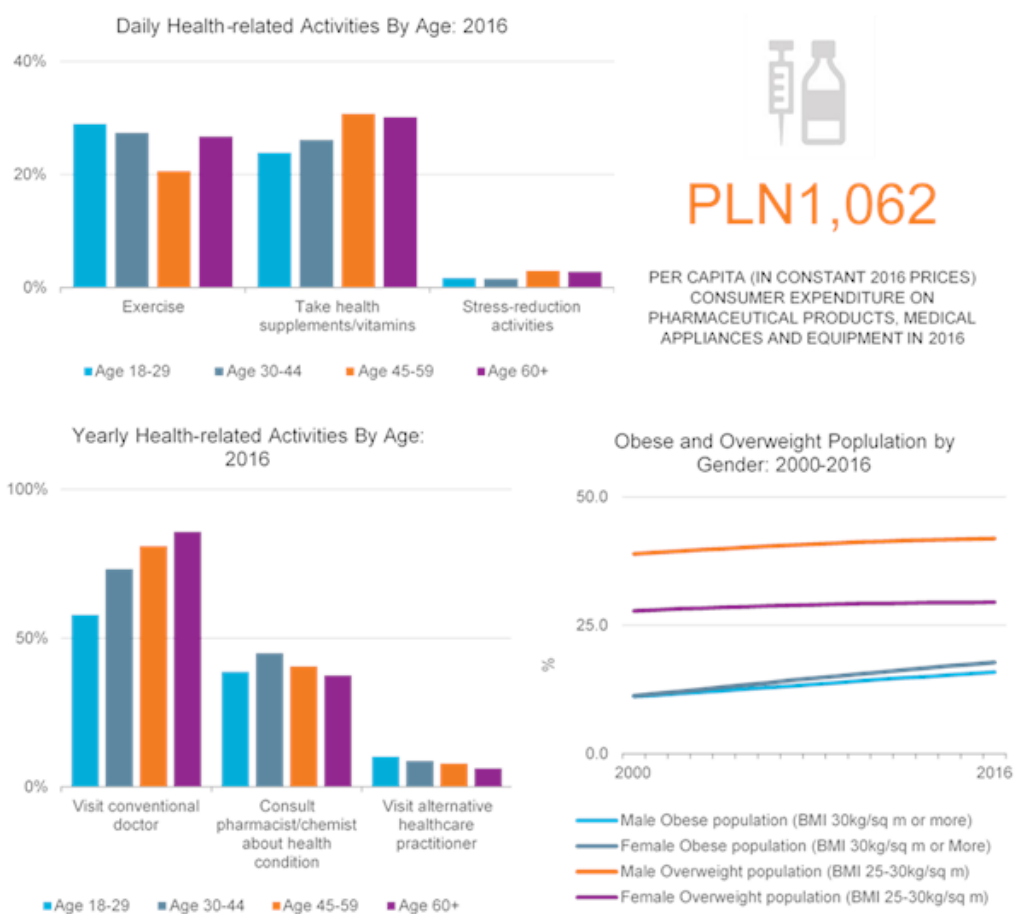
Source: Euromonitor International Global Consumer Trends survey 2016

HEALTHY AND ETHICAL LIVING

Attitudes To Health and Wellbeing

- The healthcare system is based on a compulsory insurance model and every insured person has the right to healthcare. Although the public healthcare system provides consumers with access to highly skilled doctors and professional services, they are often frustrated by what they believe to be long waiting times. Patients who can afford it often seek to see the same doctors privately and see them much sooner. A large proportion of healthcare consumers consult their pharmacists rather than doctors about minor conditions and buy the medicines they recommend over-the-counter.
- A growing number of young professionals often choose to pay for private healthcare insurance. Chained private healthcare providers such as Medcover and Luxmed are the largest chains and the most popular, and subscribers have access to most specialists at short notice and for reasonable prices (around PLN100 per month to cover a family member). For many, particularly families with children, are considered more convenient and less stressful.
- According to a recent survey by the World Health Organisation, Poland ranks seventh on the list of European countries that have the highest rates of overweight and obese people. Hermann Toplak, MD, president of the European Association for the Study of Obesity, commented on recent data on European obesity rates from Eurostat on website medscape.com, noting "High caloric intake and lack of physical exercise in a world with elevators, escalators, and travellers, cars and other 'facilitators' have become an almost worldwide phenomenon. Psychosocial stress is exaggerating the problem, making us unable to resist the 24-hour availability of healthy and unhealthy food."
- In line with the general trend toward healthier living, many consumers are paying greater attention to food and beverages they consume, increasingly reading product labels before purchasing. According to the 2016 GCT Survey, 56% of respondents said they look for foods with no or a limited level of artificial ingredients, sugar (51%), GMO ingredients (50%) and fat (40%). They look instead for foods labelled all-natural (45%), with added vitamins or fibre (40%) and organic (22%). Many consumers also prefer domestic products which they consider to be healthier. There is also greater demand for high-fibre products, such as hot cereals, wholegrain bread, wholegrain rice and dried pasta, as well as sour milk drinks which are believed to support digestive health and weight loss.

Chart 22 Health-related Spending, Activities and Concerns, Including Obese and Overweight Population



Source: Euromonitor International Global Consumer Trends survey 2016 and Euromonitor International from national statistics/Eurostat/UN/OECD

Ethical Living

- While consumers are generally better informed about the impact of climate change, environmentally friendly production methods, Fairtrade products and animal welfare issues, for the majority, price is still the main factor when choosing to buy products or services. According to the 2016 GCT Survey, 22% of respondents said they feel good about buying environmentally friendly or ethically conscious goods. Sixty-three percent said they try to have positive impact on environment but, again, most consumers are primarily guided by price. Similarly, while a growing number of households are adding solar panels the primary motivation for most is the potential savings on energy bills. There has also been growing demand for new energy-saving appliances.
- Supermarkets and discounters have recently introduced their own more affordable 'green' food ranges, serving the growing number of consumers are willing to pay a little more for what they believe is healthier, ecologically friendly food products. In addition, a growing number of consumers, driven by animal welfare issues, are trying to reduce the amount of meat they consume and buying products such as free-range eggs.

- A significant number of consumers are supporting government efforts to introduce fees for plastic shopping bags. Some stores have already introduced payments for plastic bags, ranging from PLN 0.05 to PLN0.20 per bag. This has resulted in an estimated 36% decline in the use of plastic bags. According to data from the Ministry of Environment, the current number of plastic bags now stands at around 270 bags per year.

Chart 23 Eco-Attitudes and Willingness to Pay for Environmentally-friendly Product Features



Source: Euromonitor International Global Consumer Trends survey 2016

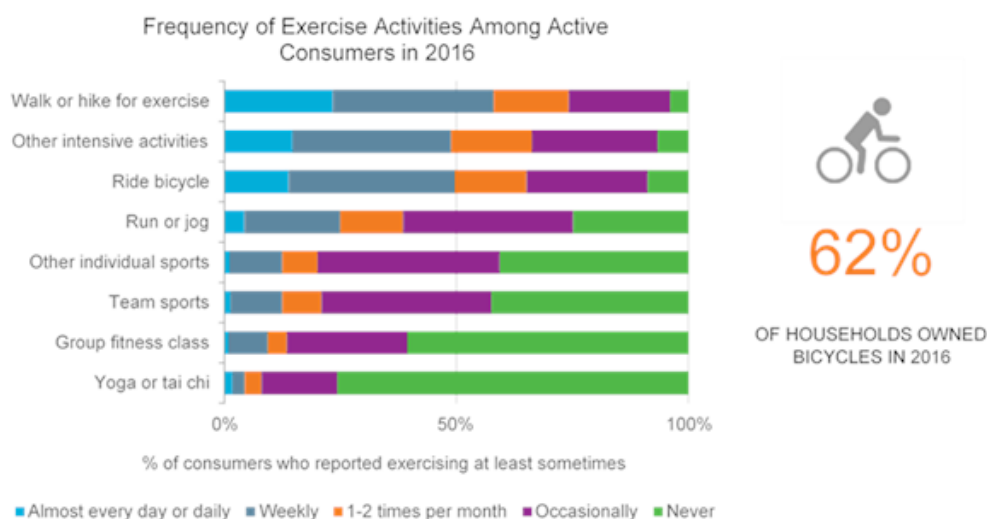
Sport and Fitness

- In line with the growing awareness of the benefits of healthier lifestyles and staying fit, a growing number of consumers are running, cycling, attending fitness classes and gyms or participating in sports. According to the 2016 GCT Survey, 23% of respondents said they walk or hike every day and 35% do so at least once a week. Fourteen percent said they cycle daily and 36% cycle at least once a week. Twenty-one percent said they run weekly for exercise. Overall, 29% of Young Adults (aged 18 to 29 years-old), 27% of Middle Youth (aged 30 to 44 years-old), 21% of Mid-Lifers (aged 45 to 57 years-old) and 27% of Late-Lifers (aged 60 years-old and older) said they exercise daily. The trend has been supported by growing number of internet and social media sites where numerous forums, discussion rooms, blogs and websites cover health issues and physical activities. In addition, trainers such as Ewa Chodakowska and Anna Lewandowska (wife of the Polish footballer Robert Lewandowski) have become very popular due to their efforts to promote fitness. Runners and other sport participants are increasingly turning to specialist equipment and digital accessories to monitor their progress and results.
- According to a 2017 report from Deloitte, there were more than 2,500 fitness clubs registered in Poland in 2016 with the total number of participants estimated to be 2.84 million. In addition, the growing awareness of fitness combined with increasing popularity of employee benefits has led to the dynamic growth of MultiSport cards, which give users have to gyms, swimming pools, health clubs and fitness classes. Benefit Systems reported that in 2016 there were 805,000 users with active MultiSport cards, 25% more than in 2015.
- Many women work out at home, often following the regimens of popular trainers such as Ewa Chodakowska and Anna Lewandowska. The main reason for working out at home is often lack of time to attend fitness classes in clubs. For some women, working out at home is also a good way to start on their way to fitness, as many beginners feel uncomfortable training in

public. Regardless, studies indicate that a large number of women training at home eventually join clubs or make use of personal trainer services as they advance.

- Poles of all ages are avid watchers of sporting events. According to a report on website poland.travel, “Poland is a country of very passionate sports fans. Some of the sports, with the widest appeal, include track and field, basketball, boxing, fencing, football, handball, ice hockey, swimming, volleyball, and weightlifting, but not necessarily in this order. The first Polish Formula One driver, Robert Kubica, has also brought awareness of Formula One Racing to Poland, while volleyball and football are the country’s most popular sports, with a rich history of international competition. Poland has also made a distinctive mark in motorcycle speedway racing thanks to Tomasz Gollob, a highly successful Polish rider...Cross country skiing is also an incredibly popular TV sport, gathering 4-5 million viewers for each race”.

Chart 24 Frequency of Exercise Activities and Bicycle Ownership



Source: Euromonitor International Global Consumer Trends survey 2016 and Euromonitor International from national statistics

LEISURE AND RECREATION

Leisure Time

- According to a recent survey by the Central Statistical Office (GUS), respondents said the most common way to spend their free time was walking and resting outdoors, with 75% of respondents saying they did so at least once a month. Poles also enjoy spending their leisure time in the company of friends, relatives or partners. Most Poles tend to prefer inviting family and friends over or visiting them at their homes rather than going out.
- Watching TV remains a very popular at-home leisure time activity. Eighty-one percent of respondents to a recent survey by GUS said they watch TV every day for an average of two hours. On the other hand, a growing number of consumers, especially younger consumers, are spending their leisure at home online, downloading videos, films and music and accessing social media platforms to update their profiles and communicate with friends.

- Attending cultural events are popular leisure activities. According to a recent survey by GUS, 51% of respondents said they go to the cinema at least once a year, with 9% saying they go once a month. Nearly one-third said they go to concerts, opera or theatre at least once a year. When asked what they would do if money was not an issue, 59% of respondents said they would like to spend their free time travelling and 16% said they would spend their time and money on their hobbies.
- Spending leisure time on their allotments is a traditional and still common way for many Poles to relax. According to website culture.pl, “Działkowanie—the art of cultivating and relaxing on a small piece of land—is a national pastime...At least one in every ten families chooses weeding flower beds and barbecuing in the shade of a bower as their way of relaxing...For some, the działka garden is a hermitage, and meticulous, solitary gardening the best way to relax. Others fulfil their socialising needs—many garden areas have cultural common-rooms and various hobby clubs, including beekeepers and pigeon fanciers...The usual działka owner cliché is a married, retired couple, but in reality a whole array of social milieu and age groups can be found among the działka lovers”.
- A 2017 survey by the ADP human resources agency revealed that 22% of workers said they experience work-related stress daily, while a recent survey by GUS revealed that 19% of respondents said they do not have any free time during weekdays. The busiest age groups were those aged 25 to 34 and 35 and 44 years-old.

Chart 25 Leisure Time and Life Stress Concerns



Source: Euromonitor International Global Consumer Trends survey 2016

TECHNOLOGY

- Consumers have benefited from the significant expansion of internet access in recent years. Seventy-three percent of the population were internet users in 2016, up from 62% in 2011. In addition, 73.6% of households had access to broadband internet in 2016, up from 61% in 2011. Seventy-nine percent of households possessed personal computers in 2016, 63% possessed laptops and 17.5% possessed tablets. Fifty-one percent of households possessed smartphones (up from 15% in 2011), with 31% of the population using them to access the internet.
- A recent survey by the Pew Research Center revealed that 78% of adult internet users, particularly younger adults, go online daily. Among the most common online activities were

socialising with family and friends (cited by 82% of respondents), searching for political news (66%), searching for health information (64%) and searching for information on government services (44%).

- According to a recent survey by the Chamber of Digital Economy, consumers are very active users of social media. Eighty-four percent of respondents said they had at least one social media account, and 63% said they used social media regularly. Facebook was the most frequently visited social media platform (cited by 73% of respondents), followed by YouTube and Instagram. Forty-two percent of users said they actively 'liked' various brands on social media, 32% said they bought products via social media platforms and more than 60% said they shared information about their purchases on social media. According to a recent survey by the Pew Research Center, 51% of social media users share their views on music and movies, 39% share their views on sports and 16% share their views on politics.

Chart 26 Digital Internet Access and Common Activities



51%

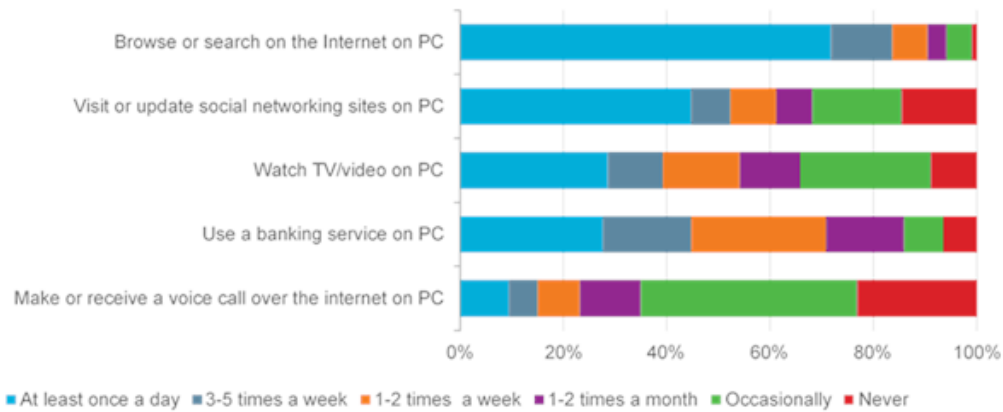
OF HOUSEHOLDS OWNED A SMART PHONE IN 2016



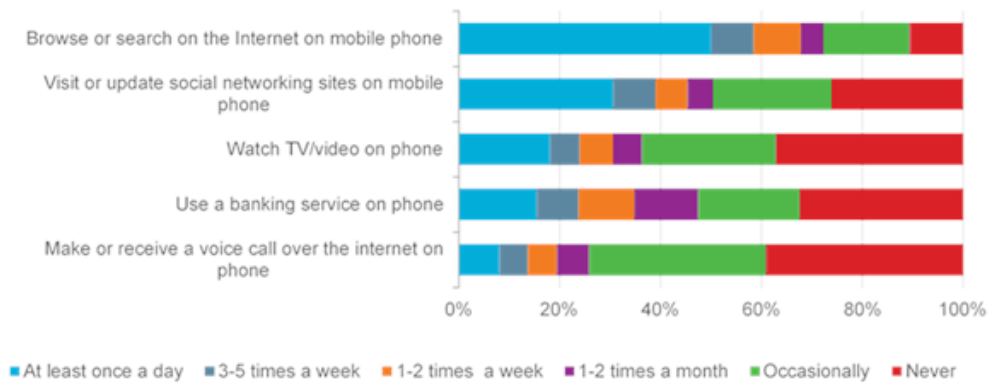
77%

HAD INTERNET ACCESS IN 2016

Frequency of Common Digital Activities on Computer: 2015

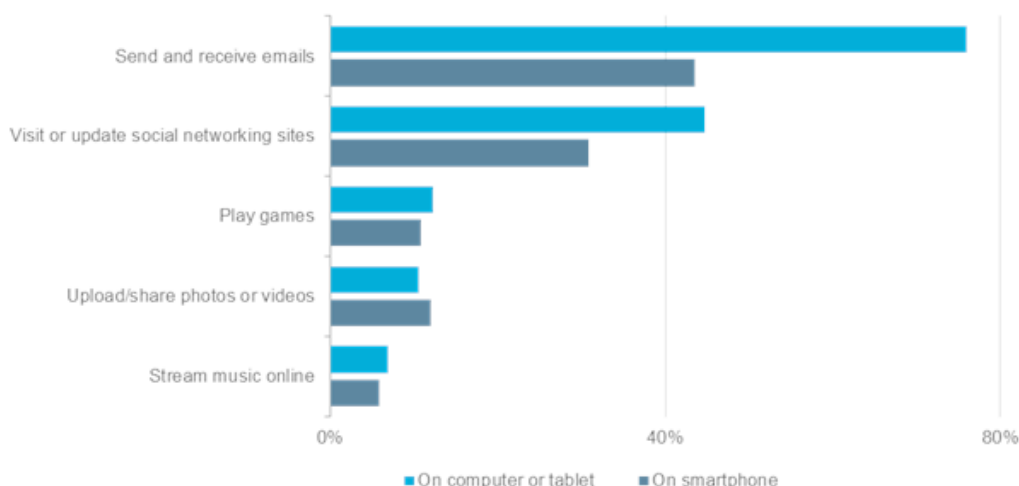


Frequency of Common Digital Activities on Mobile Phone: 2015



Source: Euromonitor International from International trade sources/Telecommunications Union/OECD/national statistics and Euromonitor International Global Consumer Trends survey 2016

Chart 27 Daily Social Activities on Computer vs. Mobile Phone: 2016



Source: Euromonitor International Global Consumer Trends survey 2016

Vacations

- Workers are entitled to 20 days of paid leave and they also enjoy 13 public holidays, and as a result of rising disposable incomes a growing number are able to go on vacations. A recent survey by consultancy KPMG reported on website msp.gov.pl revealed that only a small percentage opt for package holidays and, among those who do, a significant number waited for discounted or last-minute offers. The report noted “While planning their holiday trips, Poles rely above all on own experience,” choosing destinations they know personally or those recommended by family or friends. In addition, according to the survey, most holiday-makers conducted internet research to support their vacation planning. Fifty-six percent of respondents who decided not to go on holiday cited financial reasons, while 42% cited professional or family responsibilities.
- According to the 2016 GCT Survey, 44% of respondents said they had taken at least one domestic leisure trip over the prior 12 months, and 23% said they went abroad for leisure over the same period. Recent surveys indicate that those going on domestic holidays tend to prefer seaside destinations, enjoying the sun and sand and simply looking to relax. According to a 2016 survey by Mondial Assistance, 69% of those who took domestic holidays travelled by car to their destinations.
- A recent survey by the Public Opinion Research Centre (CBOS) revealed that the most popular foreign destinations for holiday-makers were Germany (14%), Greece (13%), Croatia (12%), Italy (11%) and Spain (11%). Budget-conscious holiday-makers travelled to Bulgaria, particularly since unrest in Egypt or Tunisia made those destinations less attractive. According to a survey by Mondial Assistance, the vast majority of Poles travelling abroad in 2016 purchased travel insurance, with most citing the high cost of medical assistance abroad.
- As a result of monies from the new Family 500+ programme, more families can afford to go on holiday. According to a survey by All 4 Comms agency, the number of those aged 18 years-old and younger who went on holiday organised by tour operators in 2016 increased by 14% from prior year, as many Polish parents used the extra money from the programme to fund holiday trips for their children. According to website all4comms.com, “It appears that thanks to the money from the programme, many people could afford at least a few days holiday at the seaside, for the first time in several years”.

Chart 28 Holiday Time and Domestic and International Trips



Source: Euromonitor from trade sources/national statistics and Euromonitor International Global Consumer Trends survey 2016

Opportunities for Celebrations and Gift-giving

- Public holidays include New Year's Day (1 January), Epiphany (Trzech Króli, 6 January), Easter Sunday and Monday (first Sunday after the first spring full moon), Labour Day (1 May), Constitution Day (3 May), Pentecost Sunday (Zielone Świątki, seventh Sunday after Easter), Corpus Christi (Boże Ciało, ninth Thursday after Easter), Assumption of the Blessed Virgin Mary (15 August), All Saints' Day (1 November), Independence Day (11 November) and Christmas (25-26 December).
- Christmas is the primary gift-giving occasion. According to a 2016 survey by Maison & Partners, 70% of respondents said they always buy Christmas gifts for family and friends and more than one-half said they spent more than PLN300 on Christmas gifts in 2016. Thirty-seven percent said they spent between PLN100 and PLN300 on Christmas gifts. The most common presents purchased were toys for children (46%), perfumes (45%), cosmetics (44%), clothing (40%), books (26%) and jewellery (24%). A 2016 report by Deloitte revealed that the top gifts for those aged 12 to 18 years-old were sweets, books, computer games and money. A separate survey by IQS revealed that 39% of respondents said they shopped for Christmas gifts in shopping malls, 25% shopped online and 20% shopped at discounters.
- Sending Christmas cards is a traditional practice but this is being gradually replaced by sending greetings online. According to a 2016 study by internet retailer Prezentmarzen, 27% of respondents said they use social media platforms to send Christmas wishes and 19% sent greetings via text messages.
- Besides Christmas, other popular occasions for gift-giving include birthdays, weddings, First Communion and, less frequently, baptisms. Ceneo, an online price comparison platform, conducted a survey in 2016 which revealed that the most popular gifts given for First Communion were bicycles, jewellery and consumer electronics. Thirty-eight percent of respondents said that First Communion gifts from godparents or close relatives should cost up to PLN500, while 35% said they believed the cost should be between PLN500 and PLN1,000. Ten percent said that as much as PLN1,000 to PLN2,000 should be spent on First Communion gifts.