The Karol Adamiecki University of Economics
in Katowice

Volume 6 2009

Journal of
Economics &
Management

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INTERNATIONALISATION, CONCENTRATION AND STRUCTURAL CHANGES OF RETAIL IN NEW CENTRAL AND EASTERN EUROPEAN MEMBER STATES OF THE EU

Introduction

Historically, trade originated from the need for the improvement of exchange processes, intensified by the emergence of monetary economy; ever since it has been undergoing evolutionary enhancement of its mechanisms. The evolution is manifested through innovations in the forms and methods of conducting trade activities, which are stimulated by both external factors (demographic, social and cultural trends, changes in the economic situation, technological developments) and the search for sources of competitive advantage in increasingly demanding markets (Barry, Mason, Mayer and Ezell, 1994, pp. 50-100). Trade has evolved from simple, fragmented and uncoordinated in their activities structures based on individual or family-owned and run operations into increasingly organised and developed forms, with corporate ownership characteristic for them. At the same time, trade has managed to preserve its variety – there is space for both stalls in city markets and for multi-hectare shopping centres on the outskirts of contemporary metropolises.

The attempts at theoretical generalisations of those phenomena led to the formulation of numerous concepts which present institutional changes. One of the earliest was Mc Nair's "wheel of retailing", premised on the idea that the development stages of particular retail forms follow a cyclical and repetitive pattern. According to this concept new forms spread thanks to a low-price strategy coupled with a limited assortment and a low level of services (entry phase); next the assortment is widened and trade services are developed (trading-up phase), which leads to an increase in costs and loss of competitiveness (vulnerable phase) (McNair, 1931). "The retail accordion" concept expands McNair's theory; it states that the institutional evolution of retailing proceeds by phases of alternate specialisation and universalisation (Hollander, 1966). Consider the stock range expanding in large-sized stores of general merchandisers on the one hand and assortment deepening by specialists ("category killers") on the other hand. The "retail life cycle" theory transposes the marketing concept of product life cycle into regularities in the development of particular retail forms. The theory suggests that the forms go through subsequent stages of life cycle (innovation, accelerated development, maturity and decline) and their evolution cannot be halted; one can only strive to extend the maturity stage and create and introduce onto the market new, innovative retail forms (Davidson, Bates, Bass, 1976). The "Big Middle" concept is a relatively new one; it claims that innovators entering a market employ either a strategy based on quality competition or the one based on price competition, just to migrate to the "Big Middle" in the next stages of their market existence, which ensures economies of scale in return for averaging of a price and quality (Levy, Grewal, Peterson and Conolly, 2005).

The processes of change in Western Europe's retailing accelerated in the second half of the twentieth century. According to D. Gilbert, three fundamental transitions occurred in the European retail environment: shift of power from manufacturers to retailers, loss of independent retailers' market share to chain enterprises and increasing consolidation and concentration of retail markets (Gilbert, 2003, p. 15). When analysing the evolution of European retailing, A. Tordjman draws attention to the loss in market share of department stores and variety stores, the development of large non-food specialist stores and discount stores as well as the growth of grocery retailing groups (Tordjman, 1994). It should be stressed that processes of change in retailing vary in pace and intensity in different countries and in different markets; in particular countries various structural models of retail developed, depending on local conditions. In some countries retailing preserved its traditional character with a relatively big share of small stores despite the presence of chains, while in others it was dominated by massive forms and large-sized giants.

The evolution of retailing progresses in a very specific way in CEE countries, which regained their sovereignty and embarked on market economy just several years ago. One of the consequences of political transformation was admission of foreign capital investments and since then the transformation of retail structures has gathered pace, trying to make up for many years lost. The expansion of retail concerns from Western Europe, which implement strategies of internationalisation of their activities, plays a key role in this process.

1. Internationalisation and concentration of retailing

In a broad economic sense the notion of internationalisation occurred in 1960s due to the expansion of companies' international operations. Internationalisation can be broadly defined as any of companies' international activities in foreign markets. Duelfer states that internationalisation refers to any kind of companies' activities extending beyond a country's borders (Duelfer, 1985, p. 495). According to Pausenberg internationalisation occurs whenever there is a long-term integration of a company in a foreign market, which is mainly manifested through investments and undertaking of manufacturing activities in a foreign market (Pausenberger, 1992, p. 200). Duliniec believes that internationalisation of marketing entails not only an increase in export but also pursuing international marketing strategies which engage companies' capital, human and other resources to a much greater extent than export (Duliniec, 2004, p. 13). The notion of internationalisation in trade is similar to the general notion of internationalisation, but it comprises some elements specific to this economic sector. A broadly understood internationalisation in trade occurs when companies buy or sell goods abroad with certain regularity and reach a certain turnover in foreign markets

(Diller, 2001, p. 692). Internationalisation in Europe is closely linked with integration processes taking place there, particularly with the introduction of the European Internal Market in 1993. It has to be pointed out that in Europe, especially in the European Union member states, internationalisation is commonly understood in the Euromarket as Europeisation, in this case closely connected with the European Union area. Scholz identifies an internationalisation process in Europe consisting of four stages, depending on management extensiveness: internationalisation as market enlargement, internationalisation as competitive strategies, internationalisation as a struggle in the triad and finally globalisation and Europeisation (Scholz, 1995, p. 34). The first stage of internationalisation took place in 1960s, when firms expanded their operations into new markets by transferring the national strategies they had followed so far into international markets, mostly in the form of international ethnocentric orientations. In the second stage of internationalisation in Europe (1970s) companies developed international strategies, especially those which took into account differences between particular countries (regions), in the form of international orientations and they introduced competitive strategies. During the third stage there was a consistent homogenisation in the regions of the triad and differentiation between the regions of the triad as well as internationalisation consisting in strong competition within the triad, which led to the creation of strategic alliances and other forms of cooperation between companies within the triad. The last stage is characterised by great extensiveness of management and high standardisation, especially within the regions of the triad, resulting in further globalisation and Europeisation. Europeisation as internationalisation in Europe can be defined as companies' foreign activity in the Euromarket (the UE-27 countries), which requires that companies in the European Union market employ specific concepts adapted to the conditions of this market, i.e. Euromarketing and Eurostrategies. The following European internationalisation strategies can be identified: a multilocal strategy, an international strategy (both within the polycentric orientation), a dual or mixed strategy (within the Eurocentric orientation) and a global strategy (within the geocentric orientation). It has to be noted that the aforementioned strategies reflect the level of standardisation or differentiation practised by a company and refer mainly to the Euromarket area.

Business literature discusses internationalisation forms, which are also called methods or ways of entering foreign markets and which are connected with the commencement of activities in a new foreign market. One of them is a very interesting and commonly used concept formulated by Meissner, who identified the forms of internationalisation (Europeisation) depending on the amount of capital and company's managerial resources involved in the market of the country of origin or in a foreign market. Meissner presented the following forms of internationalisation (Europeisation): export, licensing, franchising, joint ventures, foreign affiliates, manufacturing plants, foreign subsidiaries (e.g. Meissner, 1995, p. 51; Keegan, Schlegelmilch and Sttoettinger, 2002, pp. 291-297, 315-346). The forms are employed in retailers' economic practices in Europe, the most important including franchising, joint ventures and foreign subsidiaries. Franchising and joint ventures are commonly adopted in the initial stages of companies' activity in a foreign market because they do not require great capital or managerial involvement in a foreign market, ensure effectiveness of the operations (especially at the beginning) and reduce investment risk by engaging a foreign partner, who knows the local market, the purchasing behaviour of consumers and tax and administrative characteristics of the target market. Consider Tesco in the Polish and Hungarian markets – in mid-1990s, in the early stage of its activity in the Central European market, Tesco cooperated with a Polish company Savia and a Hungarian one – Global. Joint ventures, also called partner companies, cooperations or strategic alliances, are particularly interesting forms of activity for medium-sized retailers that do not possess sufficient resources or capital to adopt a better developed form of involvement in a foreign market. They can be found in foreign activities of an Austrian company Julius Meinl in the Czech and Slovak retail markets. Another common form of Europeisation, used mainly by retail concerns, is setting up foreign subsidiaries, which require full capital and managerial involvement in a foreign market, but offer a business advantage over other forms as they ensure independence from foreign partners. The involvement of retailers such as Metro, Carrefour, and Ahold in the markets of new Central European member states of the EU can serve as an example.

The process of retail internationalisation varied in time and forms in Europe. It spread on a vast scale in 1980s and 1990s, but the first attempts at retail internationalisation took place in 1970s. The Europeisation of retailing was driven by integration within the European Community and sustained homogenisation of Euroconsumers' needs. The implementation of the European Internal Market program provided a major impetus for the Europeisation of retailing (e.g. Komor, 2000). The introduction of the European Internal Market, which resulted in the unification of the conditions for economic activity in the whole area of the European Union, accelerated the internationalisation of retailing in Europe. Retailers spotted the benefits of the European Internal Market fairly early and developed a concept of strategic Euromarketing, which was properly adapted to that market (Simmet, 1992, p. 21). It was then, in 1990s, that retailers began a massive expansion into European foreign markets, which led to the concentration and changes in retail structures. The internationalisation process differed in particular companies. Carrefour was one of the first to begin foreign expansion in 1970s and now it is the biggest retail concern in Europe. REWE (known in Central Europe for its Billa chain) began foreign expansion in 1990s: in 1994 it introduced its Penny Market stores into the Italian market and bought a stake in Budgens, a British retail chain. Tesco, in turn, embarked on internationalisation in the second half of the 1990s by investing in Poland and Hungary. It is an interesting fact that nowadays retailers running foreign operations generate much of their turnover in a foreign market; sometimes it even exceeds turnover in the market of the country of origin (where their position is particularly strong), e.g. Ahold or Carrefour. Table 1 shows thirty largest retail concerns in Western and Central Europe and their turnover in those markets. The biggest European retail concern is Carrefour, which reached a gross turnover of more than € 80bn in 2006. It has to be pointed out that among the top ten European retailers there are only French and German firms and a British one. Another interesting thing is that the majority of companies get over 80% of their turnover in the markets of Western and Central Europe. The exceptions are Ahold (44%), Tengelmann (76%), Casino Guichard-Perrachon S.A. (66%) and American Wal-Mart Stores Inc. (8%). This indicates a strategic orientation of European retail concerns in the Euromarket. There is also steady growth in their involvement in foreign markets despite retailers' high turnover in the domestic and European market; for example Ahold gets over half of its turnover outside Europe.

Table 1

The biggest retailers of Western and Central Europe

Place	Retailer	Country	Turnover (with VAT) in 2006 in billion Euro	Net turnover in 2006 in billion Euro	Retail in groceries in billion Euro	Turnover in Western and Central Europe as a percentage of total turnover %
1.	Carrefour S.A.	F	80.229	65.874[c]	59.732	85
2.	Metro Group	D	63.681	54.692	29.167	91
3.	Tesco Plc	GB	60.979	55.674	45.117	88
4.	Rewe Zentral AG	D	45.200	43.450	34.036	100
5.	Schwarz-Gruppe	D	45.150	43.550	37.294	100
6.	Edeka-Gruppe	D	38.676	32.102[c]	33.029	100
7.	Groupe Auchan	F	37.430	33.796[c]	23.359	87
8.	Aldi Gruppe	D	35.749	29.740[c]	29.603	83
9.	E. Leclerc	F	32.228	29.037[c]	19.788	100
10.	Casino Guichard-Perrachon S.A.	F	29.827	27.262[c]	22.225	66
11.	ITM Enterprises S.A. (Intermarché)	F	29.435	27.080[c]	22.627	100
12.	Ahold N.V.[a]	NL	27.716	11.705[a]	23.373	44
13.	J. Sainsbury Plc	GB	26.949	26.163[c]	20.386	100
14.	Wal-Mart Stores Inc.	USA	26.841	24.604[c]	18.346	8
15.	WM Morrison Supermarkets Plc	GB	19.865[c]	18.273	15.478	100
16.	El Corte Inglés S.A.	ES	19.715	17.260[C]	4.708	100

Table 1 continued

17.	Tengelmann Gruppe	D	19.166	17.624[c]	11.288	76
18.	Système U	F	15.561	14.456[c]	13.262	99
19.	Co-operative Group Ltd.	GB	14.554	9.848[c]	4.019	100
20.	Migros Genossenschafts-Bund	CH	14.426	13.122	8.609	99
21.	Coop Norden AB	SE	14.360	9.231	11.589	100
22.	Marks & Spencer Plc[b]	GB	12.810	11.920[c]	5.917	100
23.	Baugur Group hf	IS	12.780	11.741[c]	6.999	99
24.	Kesko Group	FI	12.260	8.749	4.721	100
25.	Mercadona S.A.	ES	12.158	11.286[c]	11.793	100
26.	Coop Italia	I	11.869	10.979[c]	10.034	99.6
27.	Delhaize Group	BE	10.802	9.819[c]	7.247	94
28.	SOK Suomen Osuuskauppojen Keskuskunta	FI	10.108	6.834	5.546	100
29.	Alliance Boots plc	D	9.878	9.088[c]	4.811	99
30.	Coop Schweiz	CH	9.752	9.400	6.832	100

[a] Consolidated values.
[b] Including wholly-owned subsidiaries in Great Britain.
[c] Estimates.

Source: Planet Retail (2007).

The research and interviews conducted by KPMG among retailers on the reasons behind the internationalisation of retailers lead to the following conclusions:

– Increasing competition in a domestic market results in expansion into neighbouring markets or markets of the countries which can serve as a platform for expansion into the markets of the whole region, e.g. Poland in case of Central Europe.
– For several years there has been a rise in the range of foreign goods offered by retailers and so it is justified to own any form of foreign operations in order to link foreign suppliers with a firm.
– Information about competitors' foreign successes encourages others to follow in their footsteps.
– The initiation of foreign activity by a firm's big clients often leads to an economic activity in the clients' foreign market, e.g. this is what Freiberger Lebensmittel, a producer of pizza for Metro AG, did.
– Moreover, savings in costs, tax benefits, winning new markets, a firm's pio-neering orientation, attitude of management lie behind internationalisation (Pietersen, Schrahe, 2004).

A trend aiming at retail concentration in the Euromarket area is connected with the Europeisation process. It is mainly caused by retail concerns' expansion into the

Euromarket area and their growing financial potential as well as by the homogenisation of Euroconsumers' purchasing behaviour (including those in Central Europe). In Western Europe retail concentration took place primarily in 1980s and 1990s. Metro, which was formed in 1996 through the merger of Deutsche SB-kauf AG, Asko Deutsche Kaufhaus AG, Kaufhof Holding AG, and which is now the second biggest European retailer can serve as an example. Retail concerns further their European expansion by taking over smaller firms in order to concentrate retailing in the hands of several big concerns. The fact that thirty biggest retailers in Europe show turnover of more than €780 bn, which accounts for over 59% share in the European market, indicates that retail concentration is progressing (Lebensmittel Zeitung, www.lz.de). Cooperation and mergers between small and medium-sized retailers to form bigger firms or retail groups, with centralised purchases, logistics, storage and advertising, are also conducive to the concentration of retailing. This aims for savings in operating costs, rationalisation and access to know-how so as to effectively compete with big concerns in the extremely demanding Euromarket or its particular domestic markets. The process of retail concentration occurred also in Central Europe as a result of market saturation, severe competition and withdrawal of some concerns from certain national markets. It has to be emphasized that the process of concentration was relatively quick and took just a few years after the expansion of Western European retailers into the Central European market. It proceeded particularly rapidly in Poland due to great fragmentation and fierce competition in retailing on the Polish market, following the expansion of Western European concerns in 1990s. The process started with a withdrawal of medium-sized retail concerns from Central Europe, e.g. German HIT from Poland or Norwegian Reitansgruppen (REMA 1000). In Poland Tesco took over 145 Leader Price stores and HIT hypermarkets, Carrefour took over 200 Albert and Hipernova (Ahold) stores, while Real (Metro) acquired the Geant hypermarket chain. Retail concentration in Central Europe does not seem to be completed. Some domestic markets are still very competitive and saturated with retail chains, which can result in some further retailers leaving Central Europe (especially those with a small market share).

The process of Central European countries' integration into the EU structures, commenced in 1990s with the association agreements, initiated retailers' expansion and internationalisation of their activities in those markets. The second half of 1990s saw retailers' massive expansion into the markets of Central and Eastern Europe. It started in the biggest countries of Central Europe associated with the European Union, i.e. Poland, Hungary, the Czech Republic and Slovakia, whose markets were entered mainly by Western European retailers such as Tesco, Carrefour, Auchan, Schwarz-gruppe (Lidl, Kaufland), Netto, Leclerc, Metro-Group, Tengelmann, REWE. For some Western European companies it was the first experience in the Europeisation process. The expansion of retailers from Western Europe led to significant changes in the retail structure and a considerable increase in competition in those markets. Recent years were characterised by an intensified expansion of European concerns into the new markets of Central and Eastern Europe, where they faced strong competition and market saturation. This resulted in the consolidation and concentration of retailing in those countries and in withdrawal of numerous retailers from some markets, e.g. Tengelmann (Plus), HIT and Ahold left Poland. On the other hand, REWE rebranded its retail chains in those market into Billa, which had already been known (in the late 1980s) in Central Europe. Retail concerns expanded into the markets of Bulgaria and Romania in their pre-accession period. Investment in retailing in Bulgaria and Romania particularly intensified after their accession into the European Union structures. Retailers expect an increase in consumers' purchasing power and consumers' purchasing behaviour to become similar to that in Western Europe. In 2006 in the Romanian market the greatest number of stores belonged to: Plus (34), Penny Market (25), Profi (26), Metro (23), Billa (22), Kaufland (17), and Anabella (16). It has to be noted that in 2007 a lot of chains were planning to open new retail outlets, which means that retailers see the potential of that underestimated market, e.g. Plus (30), Penny Market (30), Spar (20), Kaufland (10) and Billa (10) (Rumänien Wirtschaftsnachrichten, 2007). In recent years one can observe that retailers from Central Europe, mainly domestic market leaders in Central Europe (for whom their home market has become too small), embark on foreign expansion within the member states of the European Union, mostly in the countries of Central Europe. A good example is provided by LPP, the owner of the Reserved brand, which currently has stores in many countries of Central Europe.

Table 2 presents the biggest retailers of Central Europe in terms of their turnover and market share. Metro Group, with its turnover of almost €14 bn, is a leader in this part of Europe. The second biggest retailer is Tesco despite the fact that it is involved in three countries only, i.e. Poland, Slovakia and Hungary, which indicates its strong position in those three domestic markets. The third slot in Central Europe, with the turnover of almost € 5 bn, is filled by Schwarz Group (Lidl, Kaufland). It is worth mentioning that the concern began its investment in Central Europe relatively late (after the year 2000), but thanks to the substantial expansion and the policy of low prices, it soon managed to achieve a strong position in many countries. The survey of retailers carried out by KPMG reveals that the success of firms' expansion into foreign markets depends on three major elements:

- a company's strong financial position
- employment of a Feasibility Study appropriate for a target market
- a fast transfer of responsibilities to national (local) management (Pietersen, Schrahe, 2004, p. 16).

It seems to be essential to take into consideration those particular elements in the countries of Central Europe as they are characterised by social and cultural factors, consumers' purchasing power, and buyers' purchasing behaviour different from those in Western Europe. Moreover, unlike in Western Europe, in Central Europe there are few legal restrictions as to the opening hours of shops, e.g. Sunday or night trading is quite common. In the long run retailers' expansion into Central and Eastern Europe is likely to bring about a change in retail structures (e.g. existing in Poland relatively great fragmentation) and consumers' purchasing behaviour.

Table 2

The biggest retailers of Central Europe

Place	Retailer	Turnover* in billion Euro	Share in CEE market (%)
1.	Metro Group	13.742	5.4
2.	Tesco Plc	5.830	2.3
3.	Schwarz Group	4.886	1.9
4.	Rewe Zentral AG	4.459	1.7
5.	CBA	3.865	1.5
6.	Groupe Auchan	3.314	1.3
7.	Ahold N.V.	3.309	1.3
8.	Coop Euro	3.131	1.2
9.	X5 Retail Group	3.040	1.2
10.	Tengelmann Gruppe	2.565	1.0

* Estimated gross turnover in 2006.

Source: Ibid.

The situation in retailing in particular domestic markets of Central Europe is extremely varied. This part of the article is an analysis of the largest domestic markets of Central Europe in terms of the number of consumers, their purchasing power and the potential of the market, i.e. Poland, the Czech Republic, Slovakia and Hungary. The Czech market is characterised by a fairly high degree of retail concentration. Table 3 shows the top retailers in the Czech Republic in terms of their turnover. A leader in this market is Schwarz, which owns 227 Lidl and Kaufland stores. Ahold, Metro, Tesco, Coop Euro and REWE also have a significant market share. It is interesting that the fifth position is held by the Slovak chain of co-operative stores Coop Euro, operating through supermarkets and small stores.

Table 3

The biggest retailers in the Czech Republic by turnover

Place	Retailer	Country of origin	Retail chains (the number of stores)	Turnover in 2006 in million Euros
1.	Schwarz-Gruppe	Schwarz/D	Kaufland (75), Lidl disc. (152)	1653
2.	Ahold CR	Ahold/NL	Albert Supermarket (244) Hypernova hypermarket. (56)	1410

Table 3 continued

3.	Makro Cash + Carry CR, s.r.o	Metro/D	Makro (12)	1318
4.	Tesco Stores CR	Tesco/GB	Tesco hypermarket. (46), Tesco disc. (6), Tesco supermarket (32)	1119
5.	Coop Euro	Coop Euro/SK	Terno supermarket (46), Tempo supermarket (92), Tuty (157), other (591), NL Diskont (37)	923
6.	Rewe spol s.r.o	Rewe/D	Billa supermarket (80), Penny (164)	841
7.	Tengelmann CR	Tengelmann/D	Plus disc. (128), Obi (21)	690
8.	Globus CR k.s.	Globus/D	Globus bud.(13), Globus hypermarket	657
9.	Spar CR	Spar/A	Interspar supermarket (25)	428
10.	Delvita a.s.	Delhaize-Gruppe/B	Delvita supermarket (95), Delvita City supermarket, Proxy supermarket	185

Source: Ibid.

The situation in the Slovak market is of great interest. This market displays the greatest degree of retail concentration of all the Central European markets. The seven biggest retail companies have over 70% market share. Table 4 presents the biggest retailers in Slovakia in terms of turnover. A leader in the Slovak market is Tesco with a 15.3% market share. Slovak firms enjoy a strong position in this market, e.g. Coop Jednota Slovensko, with a turnover of €793m and a 15% market share, is the second biggest retailer in the market. It has to be stressed that national cooperative retailing in the Slovak and Czech markets enables effective competition of domestic companies against foreign competitors. Before 1989, that is in the years preceding free market economy, in many communist countries of Central Europe retailing was based on cooperative retailing companies.

Table 4

The biggest retailers in Slovakia by turnover

Place	Retailer	Turnover in 2006 (gross) in million Euro	Share in the Slovak market (%)
1.	Tesco Stores SR a.s.	809	15.3
2.	Coop Jednota Slovensko, s.d.	793	15.0
3.	Schwarz-Gruppe Slowakei	573	10.8
4.	CBA Slovakia, s.r.o.	498	9.4
5.	Metro C+C Slovakia s.r.o.	480	9.1
6.	Billa s.r.o.	384	7.2
7.	Ahold Retail Slovakia, k.s.	226	4.3
8.	Carrefour Slovensko	110	2.1
9.	Labas s.r.o.	99	1.9
10.	Prima Zdroj Holding a.s.	66	1.2

Source: Ibid.

In the Hungarian market there is relatively high concentration of retailing – the six biggest companies have more than 50% market share (see Table 5). A market leader, like in Slovakia, is Tesco with a turnover of € 2 bn and an 11.7% market share. It is worth noting that Tesco is present in four markets of Central Europe only, and its strategic expansion is targeted at the Slovak and Hungarian markets, where it secured a market leader position. In the Hungarian market domestic retailers enjoy a stable position.

Table 5

The biggest retailers in Hungary by turnover

Place	Retailer	Turnover in 2006 in billion Euro	Share in Hungarian market (%)
1.	Tesco-Global Aruhazak Rt.	2.05	11.7
2.	CBA Kereskedelmi Kft.	1.95	11.2
3.	CO-OP Hungary Rt.	1.58	9.0
4.	Metspa Supply and Trade Co. Ltd.	1.28	7.3
5.	Reál Hungária Élelmiszer Rt.	1.17	6.7
6.	Spar Magyarorszag Kereskedelmi Kft.	1.01	5.8
7.	Louis Delhaize S.A.	0.93	5.3
8.	Auchan Magyarország Kft.	0.80	4.6
9.	Plus Elemiszer Diszkont kft.	0.63	3.6
10.	PennyMarket kft.	0.51	2.9

Source: Ibid.

A completely different situation in retailing can be observed in the Polish market. An undisputed market leader is Metro, with its turnover of €4 bn and an 8.6% market share (see Table 6). Metro is an owner of the following store chains in Poland: Real, Praktiker, Media Markt, Saturn, Makro (there used to operate the Adler chain, too but it was withdrawn from the Polish market in 2005). Other important market players include Tesco, Jeronimo Martins, Schwarz-Group, and Carrefour. A surprisingly high position of Jeronimo Martins, which operates through Biedronka discount chain, indicates a specific character of this market. Jeronimo Martins is a medium-sized retailer, which reaches a turnover of €3 bn in the Portuguese market and has a 17.7% market share; it occupies a relatively low position in the European market. For this company the Polish market, which accounts for 40% of its total turnover, is the most important one; it is a strategic market as, contrary to the relatively small Portuguese market, its retail market still has considerable potential. Another interesting thing is that Schwarz-Group managed to win 3% of Polish market in quite a short time (the first Kaufland store opened in 2001) to hold the fourth position among the biggest retailers in Poland. This results mainly from low concentration of retailing in Poland, a relatively small purchasing power of consumers and their specific purchasing habits. A low level of retail concentration in Poland is emphasized by the fact that ten biggest retailers in Poland have only a 32.2% share in the Polish market. It is one of the lowest figures in Europe. Such low retail concentration is affected by a significant number of small stores operating in city districts and housing estates, which results from purchasing behaviour and habits of Polish consumers. The biggest retailers in the market include also Polish ones, e.g. Ruch S.A. (turnover of €1.18 bn), Lewiatan (turnover of €0.96 bn). However, they occupy high positions due to great fragmentation of retailing in Poland rather than due to their strong market position. A specific feature of the Polish retail market is its great competitiveness – the majority of the biggest European retailers operate there. Since 2007 the concentration of retailing, resulting from the withdrawal of retail concerns from the Polish market has continued. The Polish market has been abandoned by Tengelmann (Plus), Ahold (Albert, Hipernova), Casino Guichard-Perrachon S.A. (Geant, Leader Price). The stores of these chains have been taken over by Carrefour (which has taken over Albert and Hipernova stores for approximately PLN 375 million), Metro (which has taken over Geant hypermarkets for about PLN 1bn), Tesco (which has taken Leader Price stores) and Jeronimo Martins (which has taken over Plus stores for about PLN 300 mln). Such a situation leads to a stronger position of the biggest market players and to an increase in retail concentration. It seems that in the future the Polish market will undergo further concentration and face severe competitive struggle between discounts, especially after the European discount leader – Aldi chain entered the market (in February 2008 the first eight stores were open).

Table 6

The biggest retailers in Poland by turnover

Place	Retailer	Turnover in 2006 in billion Euro	Share in Polish market (%)
1.	Metro Polska S.A.	4.00	8.6
2.	Tesco Polska Sp. z o.o.	1.87	4.0
3.	Jerónimo Martins Dystrybucja Polska S.A.	1.85	4.0
4.	Schwarz-Gruppe	1.41	3.0
5.	Carrefour Polska Sp. z o.o.	1.36	2.9
6.	Ruch S.A.	1.18	2.5
7.	Lewiatan	0.96	2.1
8.	Eurocash S.A.	0.90	1.9
9.	Auchan Polska Sp. z o.o.	0.76	1.6
10.	Rewe Sp. z o.o.	0.75	1.6
11.	Plus Discount Sp. z o.o.	0.73	1.6
12.	Bos	0.72	1.5
13.	Ahold Polska Sp. z o.o.	0.68	1.5

Table 6 continued

14.	Milo S.A.	0.61	1.3
15.	ITM Polska Sp. z o.o. (Intermarche)	0.53	1.1
16.	Casino Guichard-Perrachon S.A.	0.42	0.9
17.	E.Leclerc Sp. z o.o.	0.42	0.9
18.	Emperia Holding	0.39	0.8
19.	Polo Market Sp. z o.o.	0.37	0.8
20.	Tarkon-Gardi	0.32	0.7

Source: Ibid.

2. Structural changes in retailing

Since the beginning of 1990s retailing in CEE countries has been undergoing significant structural changes alongside the economic transformation. After a stormy period of an intense rebirth of individual entrepreneurship, resulting in a considerable fragmentation of retailing, in the face of more severe competition, the market has steadily matured, which is manifested in ongoing modernisation and structural changes. The entrance of foreign retail concerns onto the market in the second half of 1990s, mentioned above, was vital for the intensification of these processes.

The comparative analysis presented below comprises data from six CEE countries, members of the EU: the four biggest of those admitted to the EU in 2004 (Czech Republic, Hungary, Poland, Slovakia) and Bulgaria and Romania, which entered the EU in 2007.

Although in nominal terms the retail turnover in the analyzed countries grew significantly (1.5-4 times*) over the years 1999-2007, in real terms the increase in retail sales was not so impressive**. The biggest was recorded in Bulgaria (34%), a smaller one in the Czech Republic (12%) and Poland (6%), while in the other countries the retail sales volume in 2007 remained on almost the same level as in 1999. In this period of time the Compound Annual Growth Rate (CAGR) in particular countries ranged from about – 0.4% (Slovakia) to about + 0.5% (Hungary, Poland, Romania), +1.5% in the Czech Republic and +3.7% in Bulgaria (Euromonitor International).

A moderate growth in the volume of retail sales was accompanied by considerable development of retail infrastructure, in terms of both the number of outlets and their selling space (Table 7). Over the analysed period of time the total number of retail outlets rose in almost all the countries (the only exception is Slovakia, where there was a slight fall in the number of stores). The rise averaged at about 9-10% (in Bulgaria, Hungary and Poland); a little smaller increase was recorded in the Czech

* In national currencies; retail turnover denominated in Euro (national currencies converted on a year-on--year basis) grew 1.5-2 times [Euromonitor International].

** Value in national currencies in constant prices.

Republic (4%), whereas Romania saw a dramatic increase of 25%. Except Romania (where the pace of rise is still very fast due to the fact that the market remains unsaturated with retail infrastructure[*]), the annual rate of growth in the number of stores stabilized; since 2003 it exceeded 1% in none of the other countries (in Hungary and Slovakia it is a negative number at present).

Table 7

Retail structural indices in selected CEE countries

	Bulgaria		Czech Republic		Hungary		Poland		Romania		Slovakia	
	1999	2007	1999	2007	1999	2007	1999	2007	1999	2007	1999	2007
Number of retail outlets (in thousand)	77.5	84.7	83.7	87.2	121.1	133.1	306.7	333.4	109.5	137.4	45.2	44.1
Number of retail outlets per 1,000 inhabitants	9.6	11.1	8.2	8.5	11.8	13.2	8.0	8.7	5.0	6.4	8.4	8.2
Total selling space (thousand m^2)	2,864	4,714	9,573	11,437	11,438	14,782	26,172	34,012	37,89	8,518	4,839	6,495
Selling space per outlet (m^2)	37.0	55.6	114.4	131.1	94.4	111.1	85.3	102.0	34.6	62.0	107.1	147.1
Selling space per 1,000 inhabitants (m^2)	357	618	934	1112	1,116	1,470	684	893	172	395	900	1,204

Source: Based on data from Euromonitor International.

The pace of the increase in the total selling space is much faster. While the Compound Annual Growth Rate of the number of stores ranged from – 0.3% (Slovakia) to 2.9% (Romania), the same rate with regard to the total selling space was from 2.3% (the Czech Republic) to 6.4% (Bulgaria) and 10.7% (Romania). The total selling space increased in the years 1999-2007 by 19% in the Czech Republic, by around 30% in Hungary, Poland and Slovakia, and the largest rise was observed in those countries where retailing had the most fragmented structure – an increase of 65% in Bulgaria and 125% in Romania. Average space of a retail outlet in the two countries rose by 50% and 80% respectively, while in the other countries there was an increase of several percent only (the only exception is Slovakia, where the growth rate exceeded 30%). In spite of this, an average area of a store in Bulgaria and Romania is still twofold smaller than in Hungary and Poland and two and 0.5 times smaller than in the Czech Republic and Slovakia.

[*] In Romania the outlet density rate stands at 6.4/1,000 inhabitants and an average store space is signifycantly lower than in other countries.

A faster pace of the rise in selling space than in the number of stores results in a higher rate of saturation with selling space observed in all the analysed countries; also in this case the most dramatic increase was recorded in the countries with the lowest initial rate (in Romania by 130% and in Bulgaria by 75%), while the smallest one – in the Czech Republic (19%); in the other countries the growth rate was around 30%. Despite this, there is still a distinct difference in the level of saturation with selling space between particular countries – in Romania it is threefold and in Bulgaria twofold lower than in the Czech Republic, Hungary and Slovakia (where the rate is on the level comparable to the one in many countries of Western Europe)*.

The rate of market saturation with selling space, while indicating the level of market development, does not show its structure; analogous rates can occur in the areas where there is great density of small outlets as well as in those with low density of large-sized establishments. Without acknowledging the superiority of any of the development models (conditioned by various factors), structural differences between particular countries are worth discussing (Figure 1). Consider the Czech Republic and Poland, where the outlet density rate is almost the same, but stores in Poland are much smaller – average selling space in Poland is similar to the one in Hungary, but in the latter outlet density rate is significantly higher.

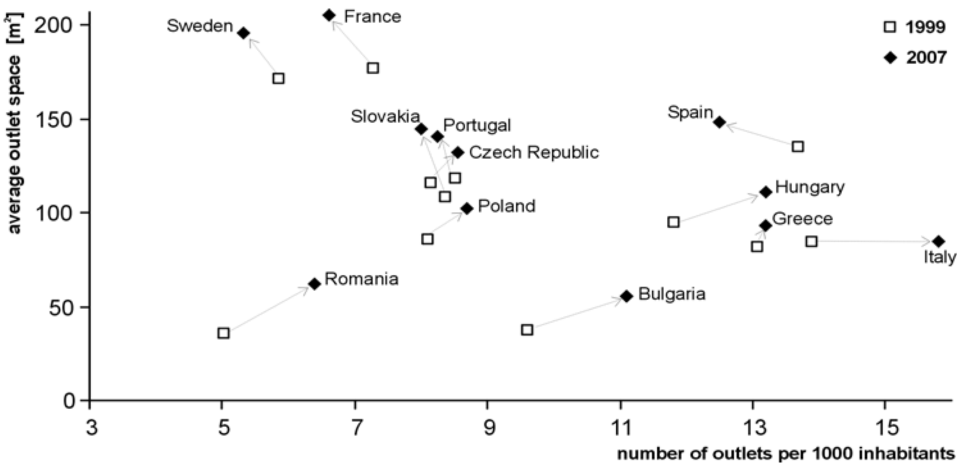

Figure 1. Structure of retailing in selected CEE countries

Source: Ibid.

The graph also presents some countries of Western Europe for comparison. One can easily spot the similarities between Hungary and Greece as well as between

* For instance, in Germany, France, Holland and Switzerland – ca. 1,400 m^2/1,000 inhabitants; in Great Britain, Portugal, Greece and Ireland – ca. 1,200 m^2/1,000 inhabitants.

the Czech Republic, Slovakia and Portugal. The differences between the current development trends of retailing in Central and Western Europe are also distinct. In the countries of the old European Union the outlet density rate tends to fall, which is coupled with a simultaneous rise in average space. The only exceptions among the countries chosen for comparison are Greece, where the structure did not virtually change and Italy, where the saturation with stores actually increased, while the average space remained unchanged. In Eastern Europe, growth in saturation and an increase in average space of a store exist side by side. Slovakia, where the trend resembles the ones observed in Western Europe, is an exception.

The differences in retailing structures in particular countries cannot be analyzed without referring to the market position of particular kinds of stores (Table 8). The dominating tendency is a dynamic rise in the market share of modern large-sized and medium-sized retail formats (hyper- and supermarkets, discounters), accompanied by a decrease in a small retailers' segment in all the analyzed countries. The development model is different in particular countries, and so are the conditions (e.g. legal, social and economic) facilitating the expansion or hindering the development of particular formats.

During the analysed period in Central Europe the hypermarket format developed strongly. There was a several-fold increase in both the number of this kind of outlets and their share in the total retail turnover. In the countries where the first outlets of this type were established in mid-1990s (e.g. the Czech Republic, Hungary and Poland) and where their most dynamic expansion took place at the turn of the twentieth century, at present the pace has slowed down due to gradual saturation of local markets. Slovakia is an interesting example; in 1999 there were only two establishments of this type, but later the investment boom resulting from economic reforms enabled Slovakia to catch up with its neighbouring countries. Currently Slovakia and the Czech Republic are among the countries which enjoy the highest density rate of this kind of format in Europe[*]. In Hungary and Poland, the market is relatively saturated in big agglomerations; therefore operators of retail chains concentrate on locations in minor areas, adapting the foundations of the format to the current needs and employing the concept of so called compact hypermarket (the selling space of 2,500 – 4,000m^2); they also announce investment in other retail formats (mainly supermarkets and convenience stores). Romania and Bulgaria are still in the early stage of hypermarket expansion – there the first hypermarkets were set up not so long ago. At present their extremely dynamic development can be observed, although for the time being, it is concentrated in capital agglomerations and the biggest cities of the two countries.

[*] Among the EU countries a higher rate is recorded only in Denmark (31,000 people/outlet), France (40,000 people/outlet) Finland (41,000 people/outlet) and Germany (44,000 people/outlet).

Table 8

Grocery retail formats in selected CEE countries

		Hypermarkets		Supermarkets		Discounters		Small grocery retailers	
		1999	2007	1999	2007	1999	2007	1999	2007
Bulgaria	number of outlets	–	28	64	415	–	–	29,048	28,299
	share in total retail sales (%)	–	4.4	1.6	6.9	–	–	35.1	20.8
	inhabitants per outlet (‘000)	–	272.3	125.5	18.4	–	–	0.28	0.27
Czech Republic	number of outlets	63	219	436	525	223	590	6,204	4,009
	share in total retail sales (%)	6.9	15.8	7.1	5.5	3.8	6.6	7.4	1.6
	inhabitants per outlet (‘000)	162.7	47.0	23.5	19.6	46.0	17.4	1.7	2.6
Hungary	number of outlets	24	124	208	471	287	488	23,266	17,723
	share in total retail sales (%)	5.5	14.5	1.9	4.1	3.6	6.2	32.2	21.7
	inhabitants per outlet (‘000)	427.2	81.1	49.3	21.4	35.7	20.6	0.44	0.57
Poland	number of outlets	65	302	663	1639	732	1650	126,100	135,503
	share in total retail sales (%)	3.0	7.2	3.0	6.1	2.7	5.0	27.2	22.8
	inhabitants per outlet (‘000)	588.9	126.2	57.7	22.5	52.3	23.1	0.30	0.28
Romania	number of outlets	–	22	147	679	2	147	12,393	15,400
	share in total retail sales (%)	–	6.5	2.6	6.5	0.1	3.9	19.5	14.2
	inhabitants per outlet (‘000)	–	979.8	149.5	31.7	1098.8	146.6	1.78	1.40
Slovakia	number of outlets	2	92	170	561	29	152	16,500	14,199
	share in total retail sales (%)	0.4	11.3	5.1	11.8	0.6	2.2	21.1	11.9
	inhabitants per outlet (‘000)	2697.9	58.6	31.6	9.6	185.4	35.5	0.33	0.38

Source: Ibid.

The expansion of large-sized establishments overshadows the development of supermarket chains although, just like in case of the hypermarket format, in most analyzed countries one can observe a twofold or threefold increase in the number of outlets (in Bulgaria and Romania the growth was even stronger) and a significant rise in their share in the total retail turnover over the analysed years. The only exception is the Czech Republic, where this format stagnated for a few years due to increasingly fierce competition from hypermarkets and discounters. The supermarket density rate is almost the same in all the analysed countries except Slovakia and stands at around 20,000-30,000 people/outlet. It still differs from the figures recorded in the countries of Western Europe, where on average there are a few thousand inhabitants per one supermarket. A characteristic feature of the supermarket market in CEE countries is that, unlike in case of hypermarkets which are in the hands of foreign concerns[*], in the majority of analyzed countries local companies are among the leading supermarket operators and they are able to compete successfully with Western European chains[**].

[*] Mainly from Western Europe, the exception is the Piccadilly hypermarket chain in Bulgaria, owned by Serbian Delta Holding.

[**] For instance, market leaders in Bulgaria (Van Holding with Fantastico chain) and Slovakia (Coop Jednota cooperative), also Hungarian CBA and Coop Hungary, Romanian Artima and Polish Bomi and Piotr i Paweł.

As regards the development of discounters, the process varies in particular countries. While in some of the analyzed countries the format was present at the beginning of the last decade*, in Bulgaria no discount stores have been established up till now. In the Czech Republic, Poland and Hungary the period was characterised by rapid and steady growth of the discount format – on average the number of outlets of this type rose by 7-13% annually (CAGR) and it doubled over the time; so did its share in the total retail turnover. Discount chains developed in a much more dynamic way in Slovakia, where (like in case of hypermarkets) the backwardness in relation to the neighbouring countries was quickly overcome. The density rate in the aforementioned countries stands at 20,000 people/outlet (in Slovakia 35,000 people/outlet) and is much lower than in the European leading countries – Denmark and Germany, where one discounter serves 4,000-5,000 inhabitants. The discount format seems to have considerable potential for development, especially when we consider the fact that consumer in the analysed countries have lower purchasing power. Rapid development of discount chains can be expected in Romania where the chains in questions have entered quite recently and in Bulgaria, where their arrival is still awaited**.

As stated earlier, in the reviewed countries modern formats were expanding, whereas small stores were being squeezed out of the market. There are differences among particular countries; when market shares are considered, the downward trends were observed in all the analyzed countries (to a smaller or greater extent), while the number of stores in Bulgaria, Poland and Romania remained stable or even grew slightly (although here a downward trend occurred in recent years as well). A collapse in a small stores' sector was recorded in the Czech Republic, where over the years 1999-2007 the number decreased by one third and there was a fivefold drop in their market share. The process was a bit slower in Slovakia and Hungary, but in those countries a dramatic fall occurred primarily in the number of independent retailers (Table 9).

In Bulgaria, Poland and Romania the number of small retailers did not fall, but the small retailers have to do with smaller pieces of the market cake. Some of them face increasingly severe competition and try to defend their market position by starting to operate under the wings of franchise chains***, which provide them with marketing support, centralized purchases and other advantages resulting from economies of scale as well as with private label products and a recognisable brand of the chain. Franchise chains usually offer a convenience store format, characterised by longer opening hours

* First discount stores of Plus chain (owned by Tengelmann) were opened in Czech Republic and Hungary in 1992 (Maleszyk, 2005). In the same year the first discounter of the REMA 1000 chain (as a franchise of Norwegian Reitangruppen) was opened in Poland (http://www.tengelmann.de).

** The only chain retailer leading the policy of discounting prices in Bulgaria is hypermarket operator Kaufland.

*** Such tendencies can be observed primarily in Bulgaria and Poland.

and assortment widened with press, alcohol, personal hygiene products, and sometimes take-away food. So far local firms have tended to be franchisors (e.g. KOOP Targovia i Turizam in Bulgaria, ZKiP Lewiatan and Eurocash in Poland or CBA in Hungary) although international concerns also announce their expansion in this format (e.g. Metro AG with its ARO stores in Bulgaria, Carrefour with "5 Minut" chain in Poland or Tesco with "Tesco Express" in Hungary and Poland). In Bulgaria the first convenience stores opened in 2003 and by the end of 2007 there were over 1,000 of them, while in Poland the number doubled in the years 1999-2007. In Hungary the pace of development of this format was not so impressive, but in this country convenience stores had constituted a significant retail segment for many years, due to the presence of the COOP Hungary cooperative, which owns a chain of 3,000 stores. An interesting thing is that convenience stores do not exist in the Czech Republic, Slovakia and Romania. Their role was taken over by forecourt retailers, a format which develops rapidly in all those countries (and in Poland as well), but whose share in the total retail turnover still remains marginal.

Table 9

Small grocery outlets in selected CEE countries

	Number of outlets					
	Convenience stores		Forecourt retailers		Independent retailers	
	1999	2007	1999	2007	1999	2007
Bulgaria	0	1,068	253	377	28,795	26,854
Czech Republic	0	3	663	1,051	5,541	2,955
Hungary	6,013	7,510	742	891	16,511	9,322
Poland	4,900	10,296	3,196	6,419	11,8000	118,788
Romania	0	0	227	485	12,166	14,915
Slovakia	0	0	0	754	16,500	13,445

Source: Ibid.

Although the most spectacular structural changes are observed among grocery retailers, a remarkable transformation takes place in the non-grocery segment as well. In this context fast development of shopping malls is a particularly significant trend. Originally, they were just additions to hypermarkets, but they evolved into giant multilevel establishments located both in the centres and on the outskirts of cities and comprise major chain stores offering premium brands and a variety of service outlets, catering and leisure facilities. Foreign non-grocery chains locate their stores primarily in shopping malls; so do domestic companies, which employ tested patterns and in many markets effectively compete with international players.

The dynamic development of shopping malls led to stagnation in the department stores' format (Table 10). In almost all the analysed countries (the only exception is Romania) there was a fall in the number of this type of establishments, and in Bulgaria this type of store disappeared completely in 2001. The existing department stores are in many cases part of the heritage of the communist times and are owned by cooperative retail chains. Tesco, which bought thirteen Maj and Prior department stores from KMart when entering the Czech and Slovak markets in 1996, is the only foreign retail chain that invested in this format in CEE countries. Although department stores offer a wide selection of products, they lose among customers to specialty stores, which provide a much broader and deeper assortment within particular product categories.

Table 10

Non-grocery retail outlets in selected CEE countries

		Department stores		Health &beauty		Furniture and DIY		Durable goods		Clothing &footwear	
		1999	2007	1999	2007	1999	2007	1999	2007	1999	2007
Bulgaria	number of outlets	4	0	7,878	10,273	5,534	6,467	1,523	1,946	10,551	12,013
	average outlet space (m^2)	2,249	–	33	33	93	159	84	167	41	61
	selling space per 1,000 inhabitants	1	–	32	45	64	135	16	43	54	96
Czech Republic	number of outlets	60	55	5,380	6,524	8,400	8,552	1,427	1,533	12,825	13,266
	average outlet space (m^2)	3,566	3,564	98	95	208	249	129	136	120	120
	selling space per 1,000 inhabitants	21	19	51	60	170	207	18	20	150	155
Hungary	number of outlets	49	39	7,032	7,920	12,910	16,187	3,680	3,601	22,864	25,798
	average outlet space (m^2)	3,655	3,604	47	71	228	232	242	312	68	62
	selling space per 1,000 inhabitants	17	14	32	56	287	373	87	112	152	159
Poland	number of outlets	545	3,94	16,018	1,8434	11,565	13,782	7,434	8,045	35,513	55,508
	average outlet space (m^2)	2,600	2,605	73	75	438	491	277	300	80	80
	selling space per 1,000 inhabitants	37	27	31	37	132	178	54	63	74	117
Romania	number of outlets	109	138	8,128	11,033	4,703	6,785	690	2,742	4,019	6,621
	average outlet space (m^2)	2,520	3,079	29	48	51	194	69	112	42	55
	selling space per 1,000 inhabitants	12	20	11	24	11	61	2	14	8	17
Slovakia	number of outlets	35	14	2,828	4,380	920	1,136	386	312	3,765	4,503
	average outlet space (m^2)	3,574	5,178	89	95	588	755	399	445	210	217
	selling space per 1,000 inhabitants	23	13	47	77	101	159	29	26	147	182

Source: Ibid.

Specialty stores developed in many sectors and so did modern retail formats. The most spectacular changes can be observed in the durable goods, furniture and DIY sectors, where large-sized establishments occurred. In all the analysed countries a rise in the number of stores in these sectors went hand in hand with a rise in average space. It is the most dramatic in the countries, where foreign retailers are just recent entrants (Bulgaria, Romania). In others, the development is slower due to steady saturation of the market with retail space; as regards furniture and DIY stores, the density rate stands at approximately 200 m^2/1,000 people (in the Czech Republic, Poland and Slovakia; in Hungary it is even higher 372 m^2/1,000 people) and does not differ much from the rate in Western European countries.

The comparison with old Europe is less favourable for analysed countries (with exception of Hungary) when market saturation with retail space in the segment of durable goods is considered. However, here local retailers who join their forces in franchise chains (e.g. MIX Electronics in Poland or Euronics in Hungary and Slovakia) compete successfully with large-sized establishments of foreign and domestic chains. It has to be borne in mind that competition takes place not only within the format; retailers face strong competition from hypermarkets. There is a similar situation in health & beauty sector, where competition with hypermarkets and discounters offering an increasingly broader assortment of health&beauty products led to the emergence of a drugstore discount format (e.g. Scheckler present in some of Central European markets for a few years). In the health & beauty sector the saturation with retail space in the Czech Republic, Slovakia and Hungary approaches the level recorded in Western Europe, while other countries record a slightly lower figure. However, average store space is quite small in all the countries. Relatively small stores dominate in the clothing & footwear sector and market saturation with retail space is similar to the one in many countries of Western Europe (Romania is an exception). The pace of development and emergence of modern formats correlates strongly with opening of new shopping malls, where chain stores of this sector are usually located. A characteristic feature of this market is that apparel branded chains (e.g. Zara, Hennes&Mauritz, C&A and others) compete fiercely with local chains, which adopt tested patterns (e.g. Polish company LPP, owner of the Reserved and Cropp Town brands, Czech Kenvelo or Slovak K Cero and Makyta).

Conclusions

Although intensive changes in retailing resulting from the expansion of foreign retail concerns can be observed in all the analysed CEE countries, particular markets have their own characteristics. Some of them are similar, e.g. the Czech, Slovak and Hungarian markets, where retailing is highly concentrated and where there is relative saturation with virtually all forms of modern retail formats, which however differ in proportions (e.g. large-sized establishments dominate in the Czech Republic and Slovakia, while convenience stores have a significant position in Hungary). The Polish market, however, is still fragmented and extremely competitive; it is characterized by relative saturation with infrastructure in agglomerations and big cities, but lacks modern structure in smaller towns. Romania and Bulgaria are still in the initial stage of foreign concerns' expansion. Dynamic changes take place there, but market saturation with modern infrastructure is still low.

The biggest retailers in this part of Europe are Metro, Tesco and Schwarz-group. The specific character of the Central European market is displayed in intense competition, a relatively low share of domestic companies (except Poland) and a greater share held by discounts and small stores than in the UE-15, particularly compared to Western and Northern Europe.

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