



THE POLISH GROCERY RETAIL MARKET IN 2010-2020

**PROXIMITY SUPERMARKETS AND CONVENIENCE SEGMENTS WILL
BENEFIT FROM SLOWER GROWTH OF DISCOUNTERS**

November, 2016

Contents

1	<u>Grocery retail market</u>	5
2	<u>Customer trends</u>	13
3	<u>Regulations</u>	15

Foreword

We are happy to present the extended version of The Polish grocery retail market in 2010-2020 report published by Roland Berger in August 2016. The report gained noticeable market traction with number of articles in the most opinion shaping portals and newspapers.

After thorough analysis and interviews with key market stakeholders we have decided to update and enrich the report with new conclusions. Major differences vs previous report are in market segmentation and forecast projection.

We have distinguished soft franchise segment and divided supermarkets into large and proximity supermarkets. The reason for the change is different drivers behind those segments and therefore possible blurring of some market trends and dynamics.

We have also updated the forecast as for major players in terms of LFL sales 2016 is much more lucrative than 2014 and 2015, inflationary perspective for Poland has changed and we have taken into account the impact of minimum wage.

The results of the more detailed segmentation shine a new light on the market dynamics and the conclusions presented in the report describe deeper the perspectives for the future grocery market development. We encourage you to read the report carefully and wish you a pleasant lecture.

Market expects convenience stores, proximity supermarkets and discounters to continue to be the fastest growing market segments.

Overall market growth of grocery in Poland was 3.4% on average annually since 2010. Traditional trade declined on average by over 7% annually while modern formats increased their market share by total of 15 pp. Consumer trends strongly favoured both discounters (14.1% annual growth) and convenience stores (14% annual growth) – those two segments combined increased their market share by 13 pp (from 21% to 34%) enjoying growth on LFL and by aggressive network expansion. Proximity supermarkets were the third fastest growing segment (8.1% annually), benefiting from favourable customer trends. Furthermore number of stores increased the fastest in this segment (by over 13% annually). Soft franchise networks enjoyed moderate growth at rates above overall market, which enabled them to increase their market share by 3 pp. Sales volume and number of stores both in large supermarkets and hypermarkets segments stagnated – their combined market share declined by 3 pp.

Six key customer trends impact the buying behaviour and customer preferences across all retail formats: busy lifestyle, new family model, demand for higher quality, health consciousness, increased sophistication and awareness of customers and regional development. Expected customer trends, buying behaviour and preferences (including fast shopping, convenience, proximity etc.) will further promote development of convenience formats, discounters as well as small proximity supermarkets over other modern (large supermarkets, hypermarkets and soft franchise) and traditional channels.

Market expects the overall grocery sales in Poland to grow by 3.7% annually on average till 2020 driven by disposable income growth resulting from GDP development and increase in minimal wages as well as 500+ program (especially in 2016 and 2017). Growth of inflation is also expected to be a contributing factor. Traditional trade is expected to further decline (by 3.7% annually) to reach 14% share in 2020 as supported by CEE and WE benchmarks. Convenience stores are expected to continue to be the fastest growing segment (12.5% annually) followed by proximity supermarkets (8.2% annually) and discounters (decrease in growth rate from 14.1% 2010-2015 to 6.6% annually in the forecast period due to visible slow down in network expansion, especially by Biedronka). Soft franchise is expected to grow at rates comparable to overall market while hypermarkets and large supermarkets will further lose ground to other modern trade formats (decline of combined market share by 4pp).

1

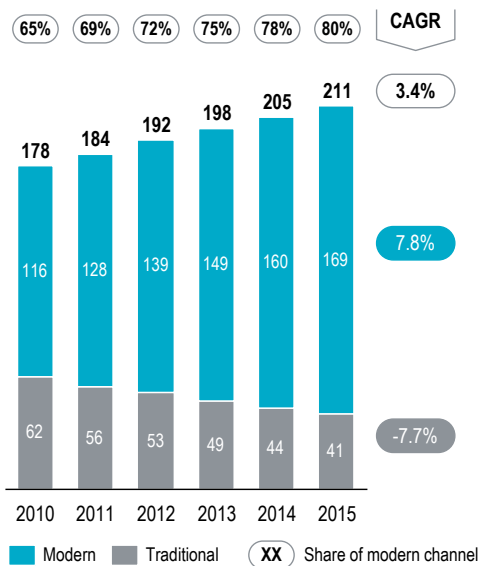
Grocery retail market

1.1

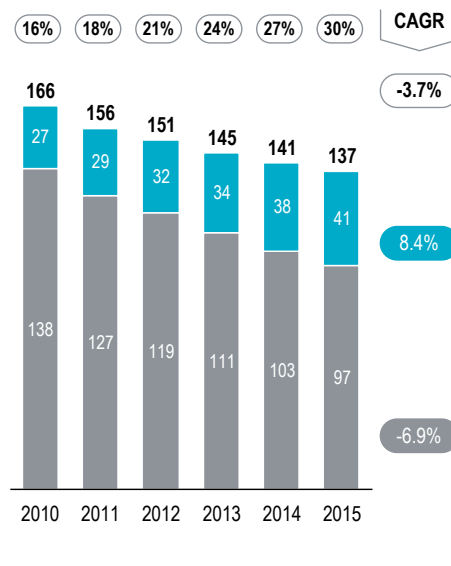
Historical development of grocery market

Historical development of grocery market and traditional and modern channel

Sales value, 2010-2015 [PLN bn]



Number of stores, 2010-2015 ['000]



Source: Roland Berger analysis based on PMR, EMIS, Euromonitor, company webpages and expert interviews

Grocery market growth was driven by increasing disposable income and individual consumption but slowed down due to deflation in 2014 and 2015.

Sales in traditional channel declined an estimated 7.7% annually, in line with historical trends and experiences of more mature markets, while modern trade formats grew over proportionately (7.8% annually on average).

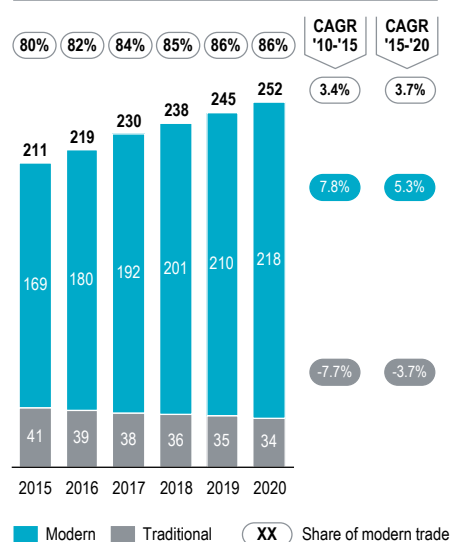
Share of traditional trade in 2015 approached 20%, examples of both Eastern and Western European countries show potential for further declines.

1.2

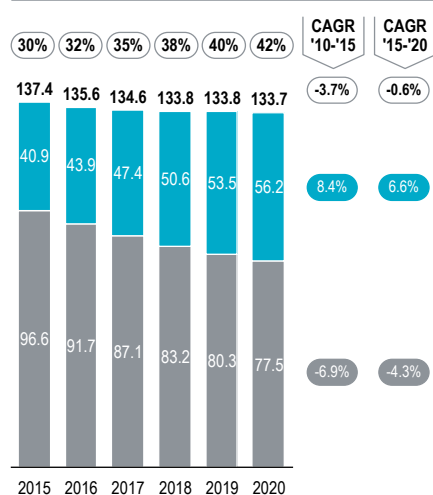
Forecast of grocery market development

Forecast of traditional and modern grocery trade

Sales value, 2015-2020 [PLN bn]



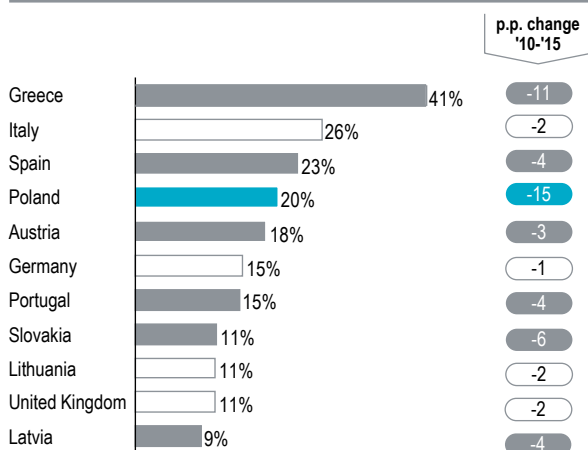
Number of shops, 2015-2020 ['000]



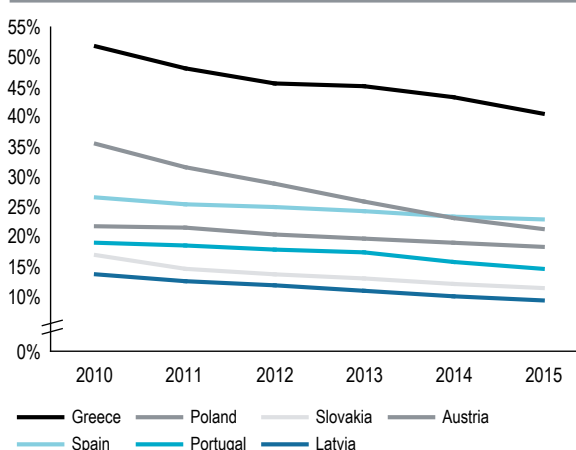
Source: Roland Berger analysis based on PMR, EMIS, Euromonitor, company webpages and expert interviews

Overview of traditional trade market shares and their development

Traditional trade share, 2015 [%]



Traditional trade share development, 2010-2015 [%]



Source: Roland Berger, EMIS

It is expected that the traditional trade will further decline, both in sales value (-3.7% annually) and number of shops (-4.3% annually).

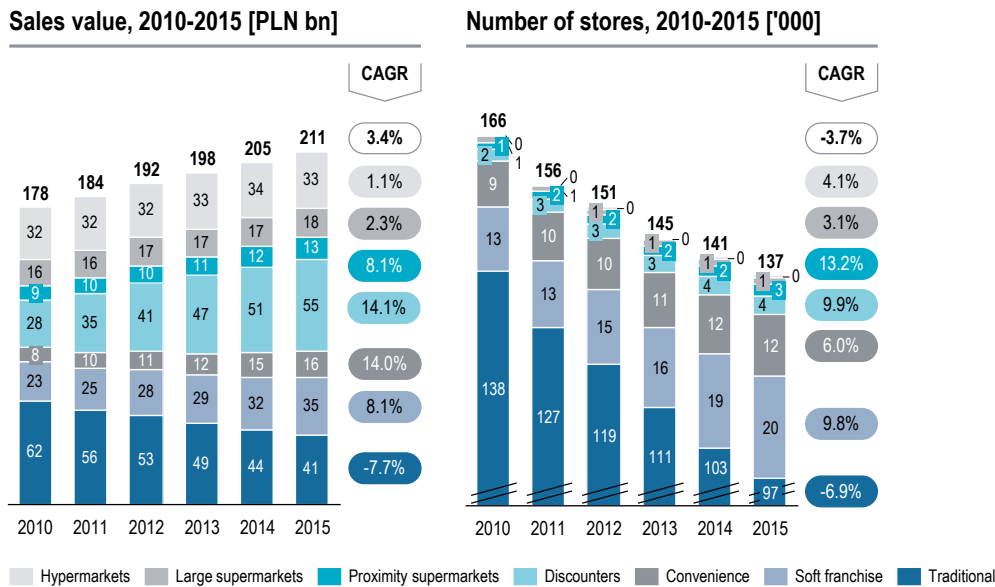
Trend is corroborated by experience from both WE and CEE markets, where traditional trade share stabilizes at levels between 11% and 15%.

The rate of decline is expected to slow down as compared to historical figures, because as traditional grocery shops join soft franchise chains or go out of market an increasing share of traditional trade will come from specialized stores, which are still popular among Polish customers (e.g. butchers, bakeries, alcohol shops, etc.).

1.3

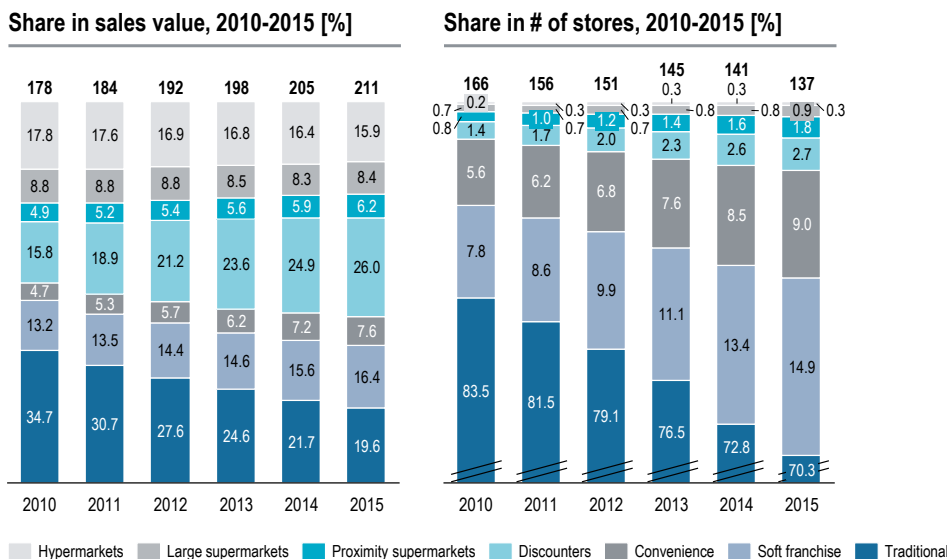
Historical grocery market segments development

Historical development of Polish grocery market by segment



Source: Roland Berger analysis based on PMR, EMIS, Euromonitor, company webpages and expert interviews

Historical development of Polish grocery market by segment – market shares



Source: Roland Berger analysis based on PMR, EMIS, Euromonitor, company webpages and expert interviews

Smart shopping trend started during economic crisis strongly supported development of discounters. Lidl and especially Biedronka expanded their

chains aggressively, capturing significant part of the market. With a market share of 26% discounters established themselves as leading segment.

Convenience stores benefited from changing customer trends (especially busy lifestyle and new family model). Network expansion of Żabka drove the growth. Convenience stores managed to grow in significance increasing their share by 3 pp.

Those same trends lead to increasing stagnation of hypermarket sales as customers looked for proximity and fast shopping.

Proximity supermarkets sales growth outpaced the growth of large supermarkets by almost a factor of 4. Proximity supermarkets gained market share (1 pp), while large supermarkets and hypermarkets

lost ground to other formats (market share declines of 1 and 2 pp respectively).

Growth of soft franchise chains was fed by traditional shops seeking professional support on increasingly competitive market. Soft franchise chains increased market share by 3 pp, fuelled by rebranding of traditional grocery stores.

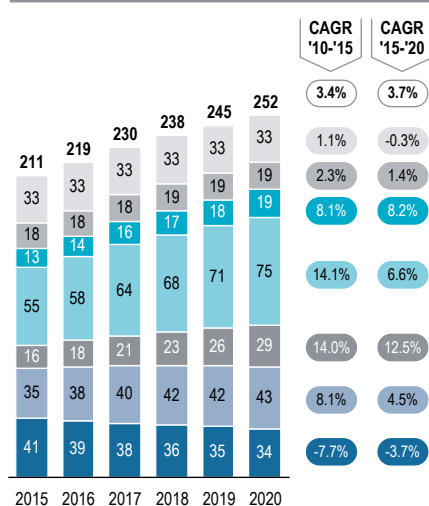
Traditional retail market shares dropped by almost 15 pp measured both by value and by number of stores.

1.4

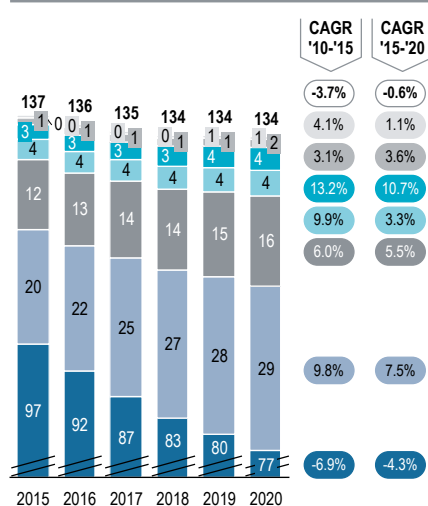
Forecast of grocery market segments development

Forecast of grocery market segments development

Sales value, 2015-2020 [PLN bn]



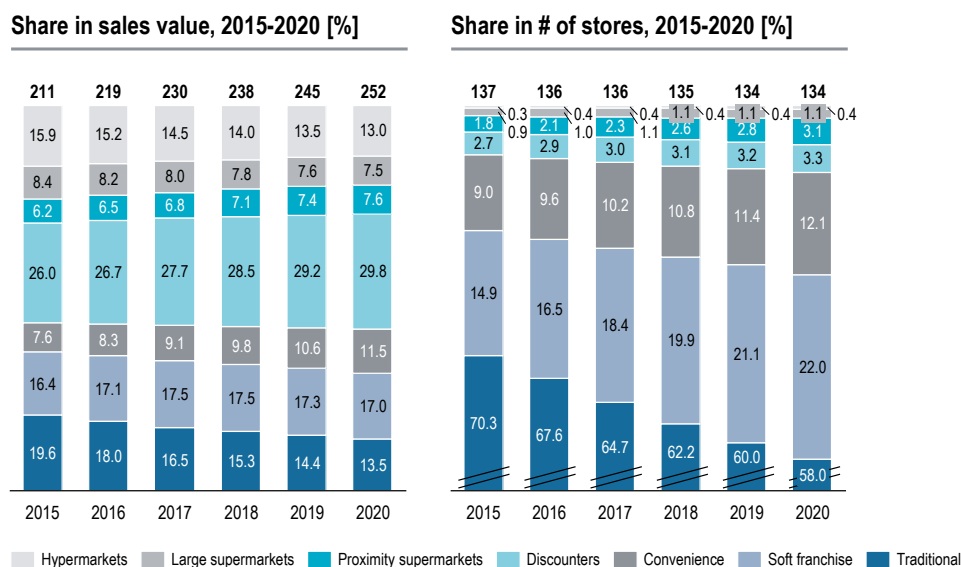
Number of stores, 2015-2020 ['000]



Legend: Hypermarkets, Large supermarkets, Proximity supermarkets, Discounters, Convenience, Traditional, Soft franchise

Source: Roland Berger analysis based on PMR, EMIS, Euromonitor, company webpages and expert interviews

Forecast of grocery market segments development – market shares



Source: Roland Berger analysis based on PMR, EMIS, Euromonitor, company webpages and expert interviews

Convenience channel is expected to lead the growth in modern trade formats (on average 12.5% annually) supported by favourable customer trends, gradually eating away on traditional and soft franchise networks. Żabka is expected to lead the segment with continued aggressive network expansion. Also sales in convenience stores are expected to increase significantly enabling them to reach 11% share in the market.

Market expects slowing down of discounters' growth. The number of stores opened in 2014 and 2015 was lower than in previous years, moreover the main discount chain has announced much smaller plans of expansion due to reorganization of their current stores. Increasing LFL sales will only partially compensate revenues from reduced new store openings.

Discounters are expected to continue to have leading customer perception and fit well to the smart shopping trend because they established themselves as shopping destinations also for less affluent people which should affect LFL and sales per store but not stores number development. Although discounters' growth is expected to slow down as compared to previous 5 years, this format is expected to gain 4 pp of market share.

Supermarket formats are expected to continue to develop at different rates, with proximity supermarkets sales expected to grow at 8.2% annually (store # by over 10%) while large supermarkets are expected to stagnate. Proximity supermarkets are expected to gain 2 pp of market share while large supermarkets are expected to lose 1 pp.

Sales in soft franchise are expected to grow at levels slightly higher than total market development (4.5% annually) due to lower than historical shop number growth and increasing competition with formalized convenience formats. Soft franchise stores are expected to maintain their current position.

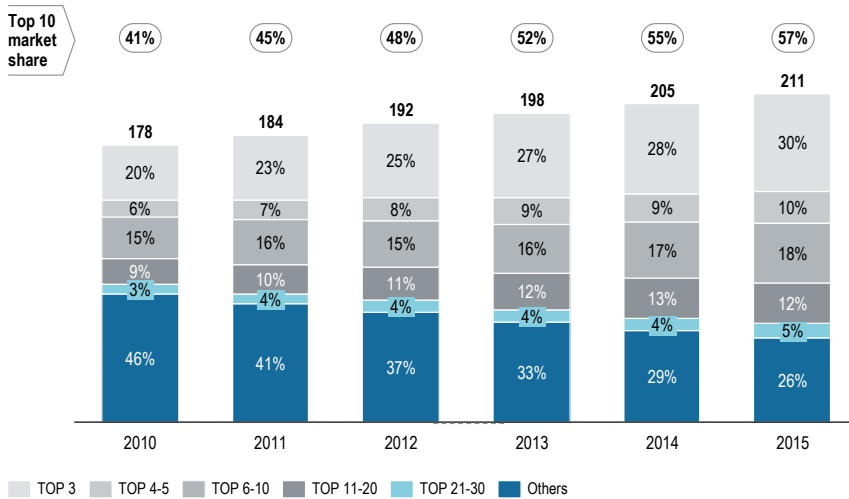
Sales in hypermarkets are expected to decrease on average 0.3% annually due to customer trends clearly putting this format at a disadvantage. Both hypermarkets and traditional trade are expected to further decline reaching market shares of 13% and 14% respectively.

1.5

Top players historical development

Overview of top players in modern Polish grocery retail

Sales value, 2010-2015 [PLN bn]



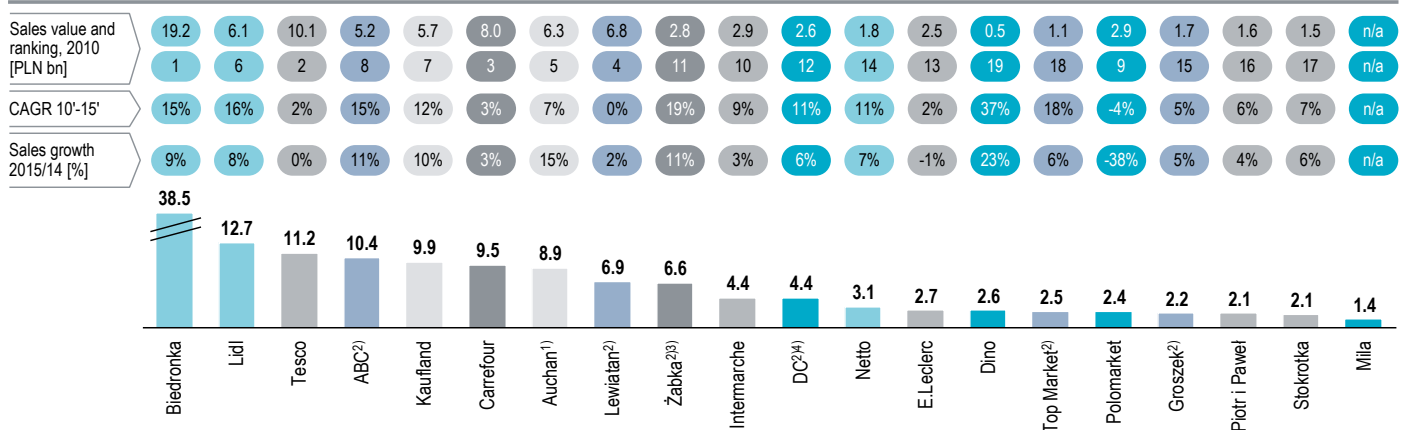
Source: Roland Berger analysis based on PMR, EMIS, Euromonitor, company webpages and expert interviews

Concentration of modern trade segment is increasing – share of Top 10 retailers grew by 16 pp between 2010 and 2015. Top 3 players increased their combined market share between 2010 and 2015 by 10 pp. Market share of top 5 chains grew

from 26% to 40% (by 14 pp), whereas market share of top 10, top 20, and top 30 grew by 17, 20, and 22 pp respectively. Market share of smaller players is decreasing. In 2010 they accounted for 46% of market while in 2015 their share dropped to 26%.

Overview of TOP20 players in terms of sales in 2015

Sales value, 2015 [PLN bn]



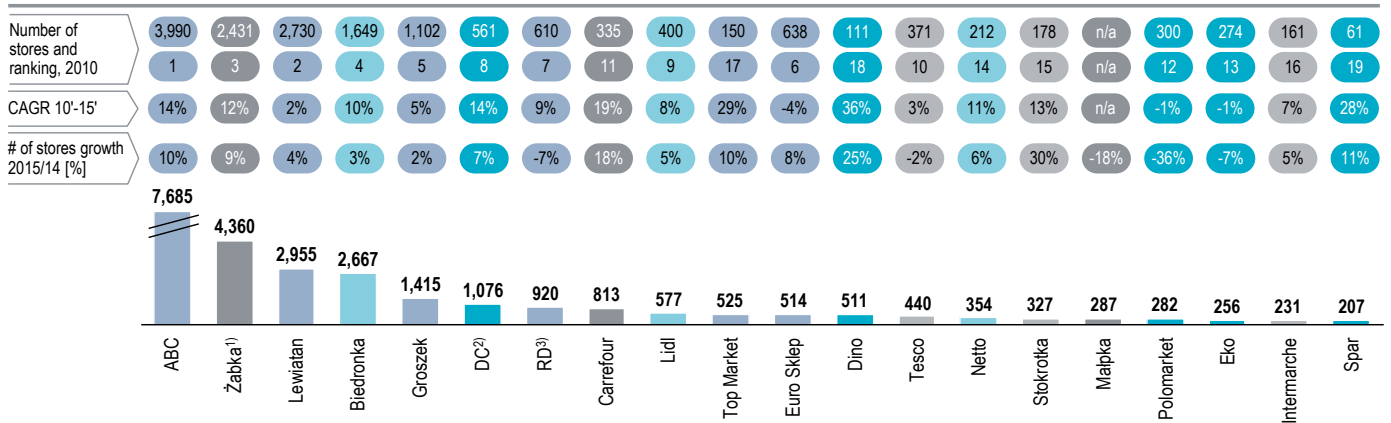
Legend:⁵⁾ Hypermarkets Large supermarkets Proximity supermarkets Discounters Convenience Soft franchise

1) Including Real 2) Estimated sales in stores 3) Żabka + Freshmarket 4) Delikatesy Centrum 5) Segment in which grocery chain had the most stores in 2015

Source: Roland Berger analysis based on PMR, EMIS, Euromonitor, company webpages and expert interviews

Overview of TOP20 players in terms of stores number in 2015

Number of stores, 2015 [#]

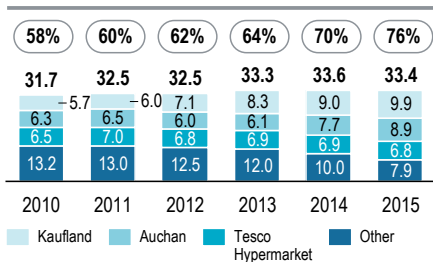


Legend: 1) Żabka + Freshmarket 2) Delikatesy Centrum 3) Rabat Detal 4) Segment in which grocery chain had the most stores in 2015

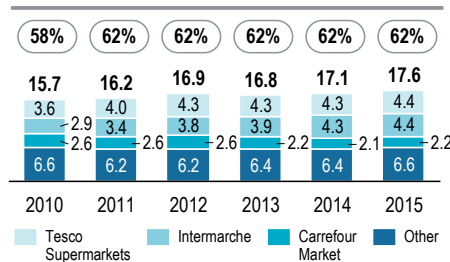
Source: Roland Berger analysis based on PMR, EMIS, Euromonitor, company webpages and expert interviews

Overview of top players in market segments by sales, 2010-2015 [PLN bn]

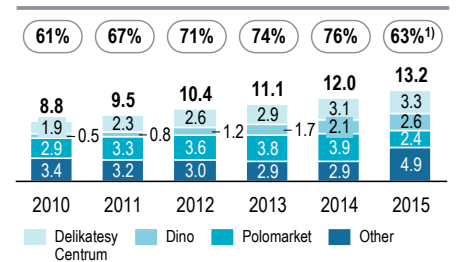
Hypermarkets



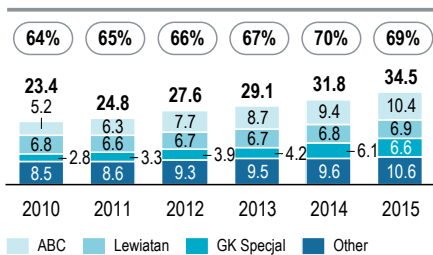
Large supermarkets



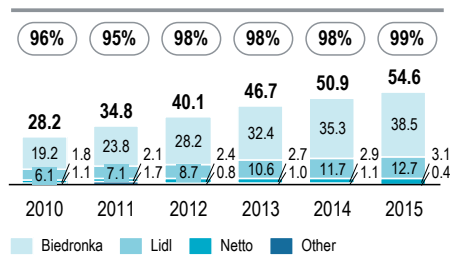
Proximity supermarkets



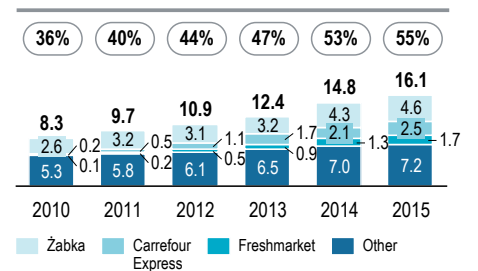
Soft franchise



Discounters



Convenience

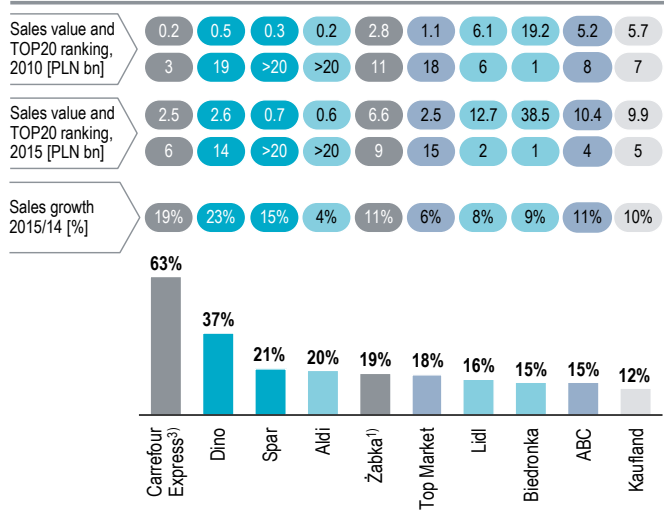


XX Top 3 market share in segment 1) Polomarket chain was split into Mila and Polomarket in 2015

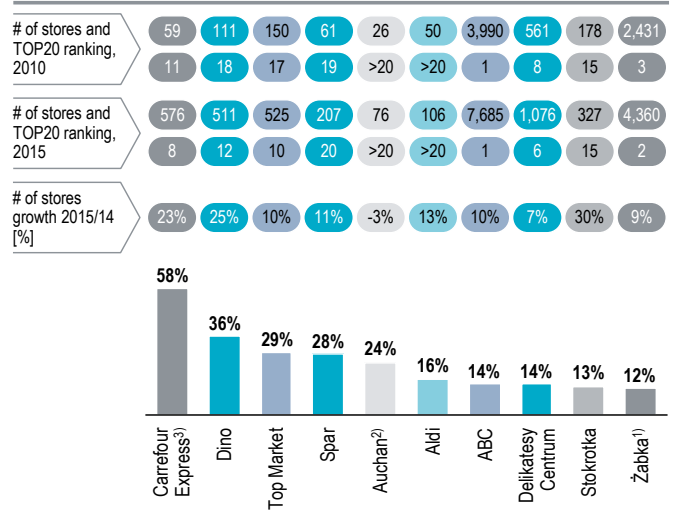
Source: Roland Berger analysis based on PMR, EMIS, Euromonitor, company webpages and expert interviews

Overview of top players in terms of historical growth

CAGR of sales value, 2010-2015



CAGR of # of stores, 2010-2015

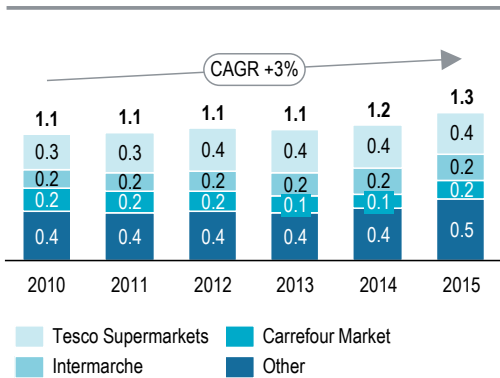


Legend:⁴⁾ Hypermarkets Large supermarkets Proximity supermarkets Discounters Convenience Soft franchise
 1) Zabka + Freshmarket 2) Including acquired and merged Real hypermarkets in 2014 3) Ranking for the whole Carrefour 4) Segment in which the company had the most stores in 2015

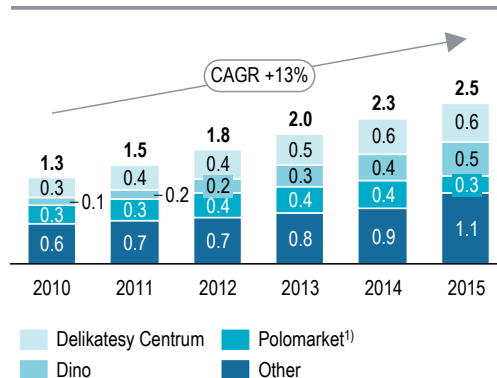
Source: Roland Berger analysis based on PMR, EMIS, Euromonitor, company webpages and expert interviews

Overview of top players stores number evolution in supermarket formats, 2010-2015

Large supermarkets



Proximity supermarkets



1) Polomarket chain was split into Mila and Polomarket in 2015, Mila was included in other segment

Source: Roland Berger analysis based on PMR, EMIS, Euromonitor, company webpages and expert interviews

Concentration is also growing in segments, especially in convenience – most concentrated segments are discounters and hypermarkets. Concentration in convenience increased by 19 pp. Supermarkets is more stable segment with 6 pp change from 2010 to 2015. Concentration is also increasing in proximity supermarkets and large supermarkets. Top 3 players in proximity supermarkets increased their share by 2 pp from 61% to 63%. The leader in proximity supermarkets segment continued to be Delikatesy

Centrum. Dino jumped to 2nd position while 3rd place was taken by Polomarket. Differences between the three largest chains in proximity supermarkets are not significant and there is no clear leader as opposed to discounters and convenience segments. In the large supermarkets segment concentration has increased by 4 pp from 58% to 62%. Top 3 players in this segment were Tesco Supermarkets, Intermarche and Carrefour Market, taking the first, second and third position respectively.

The fastest growing retail chains from 2010-2015 both in terms of sales value and number of stores were Carrefour Express and Dino.

The fastest growing chain in terms of sales value was Carrefour Express with annual growth of 63% from 2010 to 2015. 2nd and 3rd place was taken by Dino and Spar with almost two and three times slower growth pace than the leader. LIDL, Biedronka and ABC were the fastest developing chains that in 2010 had already recorded sales value of above 5 PLN bn.

The fastest growing chain in terms of number of stores was Carrefour Express with annual growth of 58% from 2010 to 2015. 2nd and 3rd place was taken by Dino and Top Market with almost two times

slower growth pace than the leader. ABC, Delikatesy Centrum and Żabka were the fastest developing chains that in 2010 had already owned above of 500 stores.

The concentration is expected to increase most rapidly in convenience, proximity supermarkets and large supermarkets segment because of the significant number of players in these segments and better fit of these segments to shifting consumer trends.

2

Customer trends

Impact of selected consumer trends on store format development

	Hypermarkets	Large supermarkets	Proximity supermarkets	Discounters	Convenience
Busy lifestyle	Long shopping time due to large store size and long queues, distant location	Long shopping time due to large store assortment and most often distant location	Easy and fast shopping due to close location and limited but sufficient assortment	Extended shopping time due to limited space, crowded stores and longer queues (limited in-store employment)	Making shopping as quick and convenient as possible, proximity
New family model	Rich offering of multipacks and family packs but limited offer for singles and lack of proximity	Rich offering of ready meals, including salads and frozen meals, however lack of proximity	Already wide selection of ready meals or pre-assembled/ semiprepared products	Selection of ready meals or pre-assembled/ semiprepared products getting wider (e.g. grill sets)	Potential to introduce ready meals and serve food-to-go/hot drinks confirmed by international examples
Demand for higher quality, premium products	Wide assortment of high quality products, organic products available	Wide assortment of high quality products, organic products available	Wide assortment of fresh products, with fresh charcuterie, less premium products than in large stores	Presence of high quality Private Labels, increasing focus on fresh food	High quality of available assortment with large selection of ready meals and availability of niche products
Increasing health-consciousness	Wide assortment of fresh, organic and regional products	Wide assortment of fresh products and organic products	Fresh assortment with high quality of products but limited availability of organic products	Increasing focus on fresh food but potential limited by lower SKU numbers	Limited shelf space reducing the ability to offer eco/green products and reducing potential to offer fresh food
Increasing awareness of customers	Prices comparable or slightly lower than in discounters, attractive promotions	Prices not much higher than in hypermarkets, attractive promotions, Private Labels potential	Prices of main SKUs slightly higher than in discounters, remaining SKUs at higher prices than larger stores, limited promotions	Price levels difficult to compete with due to simplified operating model, efficient logistics, large scale per SKU and Private Labels	High prices not compensated by the promotions
Regional development	No development potential in small and mid-size cities	Limited development potential in small and mid-size cities	Format preferred by small shopping malls outside large agglomerations	Limited development potential in small and mid-size cities	High potential of geographic penetration due to small store area

Positive impact on format development Negative impact on format development

Source: Roland Berger analysis based on Nielsen, PMR, Industry expert interviews, industry press

List of buying behaviors/customer preferences impacted by customer trends

Buying behavior/
customer preferences



- A Increasing frequency of grocery shopping
- B Growing importance of location near work/ home
- C Availability of extended opening hours
- D Important convenient access and availability of parking places
- E Increasingly important range of products not available elsewhere
- F More popular healthy, organic and fresh products
- G Increasing popularity of regional products
- H Quality, freshness of available products
- I Continuously important promotions, attractive offers and loyalty programs

Source: Roland Berger analysis based on PMR, Industry expert interviews, industry press, GUS

Changing lifestyle and key consumer trends impact buying behaviour and customer preferences in Poland which further impact formats' future growth potential with proximity, discounters and convenience being increasingly attractive.

Amongst the trends which have the most impact on convenience, proximity supermarkets and discounters are busy lifestyle, new family model and increasing awareness of consumers. Busy lifestyle is a result of growing employment, increasing share of employees working at more than one job or longer hours and more time spent on entertainment activities. New family model is driven by growth in number of single households and growing awareness is mainly a result of increasing internet access.

Proximity, discounters and convenience stores are best fit to customers' increasing frequency of shopping and closer locations. Proximity supermarkets and large stores are the best fit to customers' valuing healthy, fresh and regional products of good quality.

Proximity supermarkets and discounters also fit well in changing consumer trends, especially busy lifestyle and new family model. On one hand customers who do not want to spend a lot of time

on shopping can easily buy necessary products quickly i.e. on their way home from work because of the convenient localizations of stores and sufficient parking area. Both formats also respond well in terms of delivering products at a reasonable price and good quality.

On the other hand wide selection of ready meals in proximity supermarkets and discounters attracts customers fitting in the new family model because these customers are more often seeking ready or semi-ready products with a good quality to price ratio. What is more, proximity supermarkets and discounters, due to their suitable size and logistics have big potential in regional development, especially penetrating smaller cities, inhabitants of which are increasingly expecting same shopping experience as in bigger cities.

On one hand it is caused by smaller store area which enables reaching break even point with less customers than bigger stores. On the other hand it is caused accessibility to appropriate lots, lower CAPEX and effective logistics.

3

Regulations

3.1

The family 500+

Total impact of 500+ is estimated to contribute to 1.1% - 2.5% of additional sales growth in 2016-2017.

In the first half of 2016 most of the grocery chains noted positive revenue trend YoY with positive LFL sales e.g. Biedronka announced YoY LFL sales growth of 8.8% (9.8% Q2 2016) and Stokrotka announced YoY LFL growth of 7,5% (6,6% Q2 2016).

Part of the growth may be explained by marginally positive food inflation but the rest of it is associated with increased consumption that linked to family 500+.

3.2

Act on minimum hourly wage

Introduction of the minimum hourly wage act is expected to affect not only the convenience format, soft franchise and traditional stores in a negative manner but also to stimulate the market growth. On one hand in terms of higher employment costs, the minimum hourly wage can lead to smaller margins in the worst case, closing the store.

On the other hand, increase of minimum hourly wage to 13 PLN/hour may contribute to growth in disposable income boosting individual consumption.

3.3

Act on counteracting the unfair use of contractual advantage in the trade in agricultural and food products

The act aims to eliminate unfair commercial practices between buyers, especially large retail chains, and producers of agricultural products throughout the supply chain. This is to be achieved by prohibiting the unfair use of bargaining power in contracts in a way which is:

- against other similar practices (also not specified by the act)
- threatens or violates a substantial interest of the producer, by abusing a situation wherein the producer lacks the ability to sell the agricultural or food products to a different buyer, and there is a substantial imbalance in the economic potential in favour of the buyer (and vice versa)

The act is likely to affect all players in the retail supply chain, including retailers, food processing companies and agricultural producers.

Effects on retail chains and food processing companies, based on market experience:

- If the act is successful as a measure to combat downward price pressure on suppliers, thus increasing the prices of supplied goods, retail chains will likely increase prices in order to secure margins leading to inflationary pressures

- Diverting supply to large intermediaries in order to reduce the risk of being accused of unfair use of bargaining power against small, fragmented suppliers
- Diverting supply to foreign suppliers to whom the Polish law does not apply
- Difficulty to conduct marketing activities through e.g. temporary price reductions, shelf placement marketing and trade marketing

Notes

Differences in comparison with the previous report

We have implemented several changes in comparison with the previous report. Changes appeared mainly in the past market value estimation, forecasted market value, defined segments, scope of top players and trend-segment fit assessment.

Past market value in 2010-2015 has been adjusted due to the increased detail level of analysis, whereas the projected market value has been updated, mainly due to the recent inflation prognosis which turned out to be favourable for the retail market, recent high like-for-like results of top retail chains on the polish market and additional expert interviews and industry report results.

In the above report we also identified new division of segments as a result of breaking down supermarkets segment into proximity supermarkets and large supermarkets. Breaking down the segment has been consulted with the industry expert and made it available to forecast the market more accurately basing on the new assumptions especially

Methodology notes

Our analysis is performed on retail grocery market. Grocery sales includes the total value of products sold in grocery stores encompassing fresh food, fast moving consumer goods, and other products (including non-food, such as clothing, footwear, home appliances, consumer electronics and digital media, home furnishings, toys) sold in grocery stores. Market assessment includes also food sales in specialist shops (e.g. butchers, bakeries, alcohol stores, fishmongers, green groceries).

We have segmented the market into 6 segments – Hypermarkets, Supermarkets (further sub segmented into Large, Proximity) Discounters, Convenience (chain and hard franchise), Soft franchise, Traditional trade.

regarding the proximity supermarkets segments. The new division has led to reassignment of top players amongst the new segments which then led to slightly different distribution of market shares and growth of each segment. Furthermore we have excluded soft franchise segment from the convenience and shown it separately.

This report also includes the extended top players scope (from 10 to 30 players). The extension of the bottom up assessment was necessary for forecasting the market value with more accuracy and for detailed estimation of newly assigned segments.

Minor changes have also been implemented in the trends section in the best-fit assessment of segments to the most recent trends. Changes were implemented after consulting with the industry expert and using additional sources (industry reports, financial reports of the extended scope companies) with intent to more accurately picture the present and future market dynamics.

We have modelled key historical operating parameters of approximately 40 largest retail players based on their performance in segments (including: E.Leclerc Hypermarkets, Auchan, B11, Kaufland, Tesco Hypermarket, Carrefour Hypermarket, Real, Biedronka, Lidl, Netto, Aldi, Tesco Supermarket, E.Leclerc Supermarkets, Carrefour Market, Simply Market, Intermarche, Piotr i Paweł, Alma, Stokrotka, Mila, Polomarket, Dino, Spar, Eko, Delikatesy Centrum, Freshmarket, Żabka, Carrefour Express, Chata Polska, Top Market, Groszek, GK Specjal, Euro Sklep, Rabat Detal, Lewiatan, ABC).

Overview of grocery market segments and players clustering

	Format	Description	Key players
Modern	Hypermarket	> Mixed stores (food and non-food products) with an area of over 2,500 m ² , offering around 30,000-50,000 products, of which grocery products comprise at least 50%. Typical location outskirts of large cities	
	Discounter	> General grocery stores with an area of around 1,000 m ² , offering with limited SKU, mainly typical food products, many under white label. Prices typically lower by 15-30% than the market average. Typical location large and medium cities both close to residential areas and city centers	
	Large supermarket	> Mixed stores (food and non-food products) or general grocery stores with an area of 500-2,500 m ² , offering around 5,000-10,000 SKUs, of which around 70% are typical food products. Typical location outside residential areas in large and medium cities	
	Proximity supermarket	> Mainly general grocery stores with an area of 200-500 m ² , operated in hard franchise or own chain model, offering of around 4000-8000 SKUs, of which typically 90% are food products. Typical location close to residential areas in large, medium and small cities	
	Convenience (incl. hard franchise)	> Chain or hard franchise, self-service small format stores (on average sales area accounts for around 60 sqm) opened at least 11 hours a day offering basic range of groceries comprising food, alcohol, cigarettes and press. Also includes petrol stations. Typical location city centers and residential areas in large, medium and small cities	
	Soft franchise	> Soft franchise, predominantly self service small and medium format stores with a sales area of 50-300 m ² . Typical location city centers and residential areas in large, medium and small cities	
Traditional	Traditional not organized trade	> Not organized, individual grocery stores. Typical location small cities and rural areas	

1) Stokrotka shops under 500 m² selling surface assigned to proximity supermarkets

2) DC, Freshmarket and Eko shops over 200 m² selling surface assigned to proximity supermarkets

ABOUT US

Roland Berger, founded in 1967, is the only leading global consultancy of German heritage and European origin. With 2,400 employees working from 36 countries, we have successful operations in all major international markets. Our 50 offices are located in the key global business hubs. The consultancy is an independent partnership owned exclusively by 220 Partners. Roland Berger has been present in Poland since 1995 with a Warsaw office operating since 2000. We work for the biggest Polish and international companies from all sectors.

FURTHER READING



DIGITAL INDEX – ASSESSMENT OF THE DIGITAL TRANSFORMATION IMPACT ON POLISH COMPANIES

Digital transformation is one of the hottest topics currently discussed in the business press. However, in practice, real actions towards digital transformation lag behind the perceived importance of this topic in the public debate. In February and May 2016 Roland Berger conducted a survey that confirmed a significant difference between the awareness of the importance of digitalization and the implementation of real digitalized solutions in business. Furthermore, Roland Berger created a Digital Index and chose digitalization leaders in various industries. The publication of the study was preceded by a series of articles published in Rzeczospolita, a leading Polish newspaper.



RADICALLY DIGITAL – SHAPING THE TRANSFORMATION

There are two main reasons why companies fail: one, the management doesn't make the right decisions at the right time, and two, external factors cause so much upheaval that business as usual is no longer an option. In today's fast-paced and unpredictable economy, that external factor is digitalization, and it's behind 34% of company crises. The management needs to react with a strategy that is just as radical, and they need to ask the right questions. Do you know the rules of the digital game? Do you have a clear idea of the direction in which you want to move? It's time for Plan D, and the "D" stands for "digital".

Links&Likes

ORDER AND DOWNLOAD
www.rolandberger.com

STAY TUNED
www.twitter.com/RolandBerger

LIKE AND SHARE
www.facebook.com/Roland-Berger-in-Poland

ROLAND BERGER Sp. z o.o.

Plac Bankowy 1

00-139 Warsaw

Poland

+48 22 323 74 60

www.rolandberger.com

**WE LOOK FORWARD TO YOUR QUESTIONS,
COMMENTS AND SUGGESTIONS**



KONRAD GRUDA

+48 601 364 303

Konrad.Gruda@rolandberger.com



PIOTR MALIK

+48 698 189 802

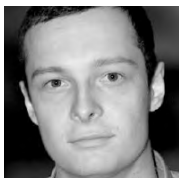
Piotr.Malik@rolandberger.com



MAREK JAKUBÓW

+48 515 205 006

Marek.Jakubow@rolandberger.com



MICHAŁ BACHMACZ

+48 515 205 002

Michal.Bachmacz@rolandberger.com

Neither the whole nor any part of this report may be distributed, reproduced, disclosed to, used or relied upon by any other person or used for any other purpose without the prior written consent of Roland Berger.

While the information provided herein is believed to be accurate, Roland Berger makes no representation or warranty, expressed or implied, as to the accuracy or completeness of such information. The information contained herein was prepared expressly for use herein and is based on certain assumptions and information available at the time this report was prepared. In furnishing this report, Roland Berger reserves the right to amend or replace the report at any time and undertakes no obligation to provide the User with access to any additional information or to update or correct any inaccuracies or omissions from this report.

Roland Berger has not been asked to verify the accuracy of the information it has received from any third party in the course of preparation of this report. Roland Berger should never be held legally liable for its judgments in this regard.

Neither the report nor any information therein constitutes an offer to sell, or a solicitation to buy, any securities by any person in any jurisdiction and Roland Berger shall not be liable for any loss or damage arising out of its work carried out. Accordingly, neither Roland Berger nor any of their directors, officers, employees, representatives, advisers or agents shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of the use of or reliance on any information or on the basis of any omission, or inaccuracy, in this report or in any other written or oral information made available in relation to this report.

In this notice the term Roland Berger include its partners, directors, officers, employees, representatives, consultants and agents.