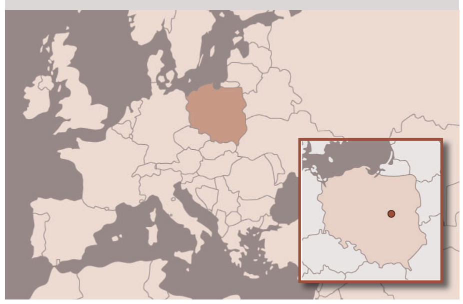
ROADS TO MARKET

Compared to the mature markets of western Europe, the Polish wine scene is still relatively young. After years under the state monopoly, the market is developing modern distribution channels. Tomasz Prange-Barczyński looks at the growth.

As young as the Polish market is, so too are the wine-drinking habits of most Poles. The difference between the early years after the fall of communism and now is merely that back then it was the importers and distributors who created those habits. Today, the consumer's desires are shaping the portfolio of the distributors.

While the costs of wine imports in Poland are still high, consumption is low, resulting in the steepest shelf prices in Europe, which does not favour consumption. Further, wine advertising is forbidden, which limits exposure. Last but not least, although wine sales are rising, Poles are traditionally vodka and beer drinkers.

1 Benchmark Data	www.pl
Inhabitants:	38.128m
Currency: Zloty	(1 PLN = $0.36/€0.26)
Per head wine consumption:	2.65 litres
Total wine sales:	75m litres
Total value of sold wine:	1,089 billion Zloty ($399m/€286m)
Licensed wine importers:	more than 700
Legal drinking age:	none



Where to buy wine in Poland

Wine sales in Poland are dominated by the off-trade (77%), with the main distribution channels being hypermarkets (21.9% market share) and supermarkets (25.9%), where together nearly half of all imported wine is sold.

While common in western Europe, large outlets and shopping malls are still a novelty. They have, however, especially in the larger cities, already become the trendiest places to shop. Today, every third Pole buys only in super- and hypermarkets.

In total, there are slightly over 200 hypermarkets in Poland. The largest chain in the country is the British Tesco, with more than 50 hypermarkets. The French Carrefour boasts slightly more than 30 hypermarkets and a large chain of supermarkets under the Champion brand. The Casino Group, third in rank in 2006, was recently purchased jointly by Tesco and AG Metro, which already owned the wholesaler Makro and hypermarket chain Real. In the larger cities, significant volumes of wines are also being sold by the French hypermarkets Auchan and Leclerc.

The discount market is dominated by the Portuguese group Jeronimo Martins, with its chain Biedronka, followed by the Schwarz Gruppe with Lidl and Tengelmann with Plus.

The range of wines available

In the mid 1990s, when the first French hypermarkets appeared on the Polish market, it was possible to find a large selection of inexpensive wines from Bulgaria, Spain, France and the New World for under €4 ($5.55) as well as Grand Cru Classé clarets at lofty prices. Today, the average price for a bottle of wine in supermarkets is around €5 to €7. Often, though, those same wines would cost only €2 to €4 in western Europe.

Some of the hypermarkets, like the Carrefour selection, do their own imports. Most of them sell well-known international brands from the major importers, such as the Californian Gallo, whose Carlo Rosso is one of the most successful brands on Polish market. Sutterhome, the French Castel Frères Group and Bongeronde also do well, although in smaller quantities, as do international brands like Trivento, San Pedro or Jacob's Creek.

On the other hand, Polish supermarkets are still full of anonymous own brands at €2 to €4, from the New World, less prestigious Spanish regions or the Languedoc region. Given the historical connection, cheap Bulgarian and Hungarian wines are also always present on the shelf. The best known and most widely distributed brands are Sofia and Egribikaver.

Smaller, but more prestigious chains of gourmet supermarkets operate in cities such as Warszawa, Kraków, Poznań or Wrocław, selling both gourmet delicacies and premium wines. In chains like Alma, Piotr i Paweł or Bomi, high-end bottles from Italy and France can be found alongside the less expensive stuff that is also available in regular hypermarkets.

Smaller grocery stores are still responsible for 46.7% of the sales of all table wines in Poland. In fact, wine is now available in nearly two thirds of such shops, which means close to 70,000 outlets. However, only the cheapest brands are generally represented in such grocery stores and the upper price limit for a bottle ends at €4 to €5.

There are, however, a growing number of specialised wine boutiques in Poland. Even if only some 5.7% of all wine is sold in such shops today, the value of those bottles is significantly higher. Prices in such shops also start at the €4 to €5 level, but the most significant range is between €5 and €25.

Most of the finest specialised shops belong to wine importers. One of the biggest chains, La Passion du Vin, is owned by

5/07 WINE BUSINESS

POLAND'S TOP 10 IMPORTERS

1 Domain Menada Sp. z o.o. Belvedere Group*

Al. Krakowska 110/114, 00-971 Warszawa
Phone: +48 22 609 7295 www.domainmenada.pl

Managing director: Witold Franczak
Wine buyer: Agata Osińska
Focus: Bulgaria, Moldova
Major brands: Tcherga, Oriachovitza, Château Menada, Purcari

A member of the Belvedere Group, which produces one of the finest vodkas in Poland, their import arm focuses on entry level price points from Bulgaria and Moldova for hyper- and supermarkets and groceries. In particular, they promote the Tcherga brand using New World style packaging.

2 Partner Center Sp. z o.o.*

Piotrkowska 89, 90-423 Łódź
Phone: +48 44 649 4700 www.wina.net.pl

Managing director: Krzysztof Apostolidis
Wine buyer: Renata Grabińska
Focus: worldwide
Major brands: Hardys, Freixenet, Campo Viejo, Ruffino, Santa Julia, Allegrini, Planeta, Porta

Partner Centre has been well established in Poland since 1991 and possesses one of the largest distributing chains in the country. The company deals with hotels and specialised wine boutiques, but also hyper- and supermarket chains and gas stations. It also has own Internet shop, Wine Direct.

3 PWW*

Bokserska 66a, 02-690 Warszawa
Phone: +48 22 375 1800 www.pww.com.pl

Managing director: Evangelos Evangelou
Wine buyer: Dariusz Utracki
Focus: worldwide
Major brands: La Baronnie, Torres, Frescobaldi, Concha y Toro, Trivento, E&J Gallo

PWW, one of the most well-known wine importing companies, is owned by the Central European Distribution Corp. It also has its own chain of wine boutiques, Fine Wine and Spirits, and an Internet shop under the same brand. Although focused on premium wines, it maintains a conservative portfolio.

4 Grupa Żywiec Trade Holding Sp. z o.o.*

Browarna 88a, 34-300 Żywiec
Phone: +48 22 53 76200 www.zywiectrade.pl

Managing director: Tadeusz Dobrzycki
Wine buyer: Bronisław Kowalski
Focus: Chile, Argentina, Spain, Italy
Major brands: San Pedro (Gato)

Żywiec is probably the best known beer brand of Poland. A group of breweries belonging to Heineken, it has created one of the largest alcohol distributing companies in Europe. It also imports and distributes wine on the popularly priced segment of Polish market.

5 Centrum Wina Sp. z o.o.*

Puławska 336, 02-819 Warszawa
Phone: +48 22 566 3400 www.centrumwina.com.pl

Managing director: Piotr Kamecki
Wine buyer: Grzegorz Jach
Focus: worldwide
Major brands: Hugel, Vega Sicilia, Graham's, Martinez Bujanda, Gaja, Antinori, Masi, Santa Carolina, Astica, Trapiche, Lindemans, Kendermann, Casa Lapostolle, Beringer

Centrum Wina is one of the most well-known and active importers of premium wines in Poland. It belongs to Ambra Group, which is owned by Schloss Wachenheim, and has a sizeable distributing network. The company is particularly well represented in hotels and restaurants. It also has its own tasting centre, restaurant and wine bar in Warsaw.

6 La Passion du Vin, Przedsiębiorstwo Winiarskie*

Puławska 370, 02-819 Warszawa
Phone: +48 22 331 4270 www.winnica.pl

Managing director: Jan Bernard Porowski
Wine buyer: Robert Tujak
Focus: France, Italy, Spain
Major brands: Paolo Scavino, Domenico Clerico, Depardieu

La Passion du Vin, which focuses only on premium wines, has one of the largest chains of wine boutiques, often together with wine bars, in major Polish shopping malls and is one of the country's best known wine distributing brands.

7 Winiarnia Bartex*

Paproć 111, 64-300 Nowy Tomyśl
Phone: +48 61 44 26 100 www.bartex.com.pl

Managing director: Bogdan Bartol
Marketing director: Anna Bartol
Focus: worldwide
Major brands: Barton & Guestier, Angove's

Winiarnia Bartex is one of the largest distributors of inexpensive wines, vermouths, sparkling and sweet wines in Poland. In the past few years it has enlarged portfolio with a few premium products. In addition, the company produces wines made from imported must and fruits. It now also has wine bar in Poznań.

8 Racke Polska Sp.z o.o.*

Stachury 2, 01-684 Warszawa
Phone: +48 22 833 3401 www.racke.pl

Managing director: Marcin Morawiecki
Wine buyer: Piotr Drzewiecki
Focus: whole world
Major brands: Golden Kaan, Yellow Tail, Rapitala, Folonari, Bongeronde, Vitae, Rebian's, GIV

This is the Polish arm of the German company specialised in the popularly priced segment of the market with a clear brand focus. It has wide distribution in hyper- and supermarkets, grocery stores and gas stations.

9 Wine 4 You Sp. o.o.*

Okulickiego 19, 05-500 Piaseczno
Phone: +48 22 701 7144

Managing director and wine buyer: Jarosław Cybulski
Focus: France, Italy, Spain, Chile
Major brands: Carmen, Jindalee, Roederer, Jadot, Schlumberger, Lurton, Mezzacorona, Murietta, Marques de Griñon, Avignonesi, Kanonkop, Coppola

Wine 4 You is one of the major players on the premium wine market in Poland. Its portfolio is well present in restaurants, hotels and wine-boutiques throughout the country. It has its own Internet shop and luxury wine hotel, Dwór Chotynia, near Warsaw, where many wine events are held.

10 Mielżyński Wina*

Burakowska 5/7, 01-066 Warszawa
Phone: +48 22 887 3805 www.mielzynski.pl

Managing director and wine buyer: Robert Żychliński-Mielżyński
Focus: Europe
Major brands: Godet, Lorgeril, Frescobaldi, Marco Felluga, Bodegas LAN, Roda, Quinta Vale D. Maria, Seghesio, Château Los Boldos

Mielżyński Wina has risen to the premier league of Polish wine importers in just three years. A member of the well-known Canadian wine trading family and an oenologist by education, Mielżyński has created one of the most well-known specialised boutiques and bars in Warsaw, offering a careful selection of wines and some of the best prices in the country.

*turnover: While most Polish wine importers treat turnover data as a business secret, unofficial research places the average turnover of players one to six, from €21m down to €13m. The average turnover of the smaller players, numbers seven to ten, is estimated at between €2.5m and €5m.

Seneclauze, a well established company. The outlets are usually located in shopping malls in the major cities. The other chain, Fine Wine and Spirits, belongs to one of the largest premium wines distributors in Poland, Piwnica Wybornych Win, which is owned by Carey Agri. His own chain of wine shops boasts another big market player, Centrum Wina, owned by Ambra, which is in turn owned by Schloss Wachenheim.

On the other hand, a major role in promoting wine culture and selling interesting premium brands, even if the turnover is still relatively low, is played by shops owned by small, specialised wine importers like Robert Mielžyński in Warszawa, whose international portfolio includes Breuer, Foradori, Hoffstätter, Meryvale and Felluga. Atlantika, also in Warszawa, specialises in Portuguese wines, including brands like Niepoort, Quinta da Alorna, Herdade do Esporão. Festus in Gdańsk, Tre Bicchieri in Poznań, Burgundia in Katowice and Vinoteka 13 in Kraków also offer their clients an interesting selection of wines not seen elsewhere.

Probably the most successful chain of small and unostentatious wine shops was created by half-Pole, half-Dane Peter Puławski. The idea behind Grand Cru, as he calls them, combines an extremely modest design with the direct import of value for money wines. Today, Puławski's Grand Cru has over a dozen outlets and succeeds in attracting a host of loyal clients.

No month goes by without the opening of a new wine shop somewhere in Poland. Only a couple of years ago, the only successful places to establish wine business were the major cities. Today, there are numerous tiny boutiques in smaller cities like Krosno or Tarnów. These shops often play the crucial role of wine education centres in each of the regions, disseminating knowledge to the interested.

Some 16% of all wine in Poland is distributed through hotels, restaurants and catering channels. Wine was, and often still is, treated by restaurant owners as a difficult drink to manage. There is a noticeable lack of educated staff. Very few restaurants employ a sommelier and the turnover of staff is so high that it makes little sense to invest in training. The result is a vicious circle, where wine sales are low and prices high. Mark ups of 300% do not encourage consumption. Further, even in most of the famous restaurants, selection is poor.

However, as wine becomes a more prestigious drink, often even a status symbol, the situation has improved over the last two years, In addition, there are a growing number of trendy wine bars offering a wider selection of better wine by glass.

Other wine channels

Although there is no reliable data about Internet wine sales in Poland, this channel of distribution seems to be growing as it is the only way for many consumers to buy the premium wines from the small, quality-oriented importers. Most of them treat Internet sales as an appendix to their classical business, but there are a couple of successful projects that are based only on the web. The best example is that of 101win.pl, the first Internet-only wine shop in Poland. It is based in Szczecin and owned by the enthusiast Marek Popielski, who imports a wide range of both good value and rare wines from Germany.

While direct sales, including the sale of wine by importers directly to final consumers, represent 7% of Polish distribution, that figure seems to be decreasing as the number of specialised wine shops grows. Further, the door to door sales that work so well in some markets are also on the wane.

The wine structure matures

After more than ten years of development, the modern wine market in Poland is consolidating. The best example is the growth of Ambra, the owner of one of the biggest premium wine importers. The company was established in 1994 with a 25% holding of the German Sektkellerei Schloss Wachenhei and concentrated on sparkling wine production. In only ten years, Ambra became the leading sparkling wine company in Poland, with 25% of the market. In 2004, Wachenheim took full ownership. In 1999, Ambra established Centrum Wina, a separate company responsible for the import and distribution of premium wines including Antinori, Gaja, Beringer, Lindemans, Casa Lapostolle, Santa Carolina and Trapiche. Five years later, Ambra bought 51% of Vinex, the leading importer of Bulgarian wines, and thereafter 50% of TIM, which specialises in serving a wide range of supermarket wines, and then 47% of Seneclauze, the premium wine importer with the largest chain of wine shops in shopping malls in all of Poland. Finally, Ambra bought the Wine House, which also owns an important chain of wine outlets in various shopping malls in Warszawa.

Ambra's main competitor on the market of premium wines is Central European Distribution Corp., the largest (in value) producer of internationally known vodkas Žubrówka and Soplica and owner of Carey Agri, which under the name of Piwnica Wybornych Win imports the wines of Torres, Mondavi, Concha y Toro, Frescobaldi and brands like Mouton Cadet.

At the entry level price point, Bartex, which also produces wines from imported must, is the leading company. However, in the past few years it has extended its portfolio to include brands in the middle-price range, like Australia's Angove's.

An important part of the Polish wine market is serviced by medium-sized companies, trying to survive by importing and selling premium wines. Mielžyński or Atlantika have already been mentioned. Other major players of this league are, among many others, Dom Wina, Bodega Marques, Wine 4 You, Wineria, Skarbnica Winnic and Vininova.

While the consolidation among the major players was in progress, the last three years have also seen a plethora of smaller companies emerge. These have often been founded by wine enthusiasts with significant financial background in other activities, who import smaller amounts of premium wines almost as a hobby. Their distribution channels are mostly through the internet or small wine boutiques.

Poland is still an emerging market. As wine has never been the national drink, nor obviously present on Polish tables, it is not an easy country to penetrate; but with a population of 38m and economic growth of 7%, it is a place of great potential. ■