

Poland Spotlight On Key Market Trends In Luxury Goods

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Impressive Sales Results for Luxury Goods

Growth in overall luxury goods has been fuelled by brisk economic growth and an increase in the number of high-earning households.

The Polish market for luxury goods is relatively young and therefore value sales across all categories recorded a significant increase over the last five years.

By 2010, almost all had registered impressive double-digit sales growth. Polish consumers have started buying more high-end products and are seeking more sophisticated international brands. To add to this, Polish consumers have acquired a strong taste for luxury goods.

This can be confirmed by the activities of many of the leading international luxury players which have already entered the Polish market, with further arrivals expected and eagerly awaited by the end of 2011.

Strong economy, strong middle-class

Four years after joining the EU, the Polish economy has undergone an extreme transformation. Booming exports and increased investment have finally triumphed over hyper-unemployment, which fell from 18% in 2005 to just 10% in 2010.

Indeed, Poland was the only economy in the EU to escape an economic recession in 2009 thanks to its strong reliance on domestic demand. This demand has created a positive backdrop for strong growth in both income and expenditure, fuelling demand across the luxury goods market.

Largest category, luxury jewellery and timepieces, underwrites overall luxury growth

Men's and women's luxury timepieces have been the primary areas of growth, registering real increases of 96% and 114%, respectively, over the five years to 2010. All men's and women's categories performed well throughout the review period.

Aggressive marketing and advertising campaigns have also been paramount to the success of the Polish luxury jewellery and timepieces market.

Fine wines, champagne and spirits and designer clothing and footwear remain the second and third largest categories. Fine wines/champagne and spirits was the second largest category, registering a real increase of 45% in the five years to 2010. Its best performing categories were fine still light grape wine, luxury tequila/mezcal and luxury rum, which all achieved double-digit real growth rates over the review period.

Luxury spirits categories are emerging in Poland, and undoubtedly benefited from the opening of a number of fashionable nightclubs, bars and luxury boutique hotels in the "enoughies", including Bar 13 at the Likus Concept Store, Blow Up Hall 5050 and Likus hotels and restaurants.

Designer clothing and footwear is the third largest luxury category in Poland of those covered by Euromonitor International's luxury goods research. In terms of brands, the designer clothing and footwear market is highly fragmented, with Polish designers still having a strong hold on the couture niche, whilst international luxury labels are highly sought after in the ready-to-wear niche.

Hugo Boss is currently the most popular brand in Poland. The company's strong position and share stem from its wide product range, good distribution and strong brand presence and heritage. Max Mara, Hexeline, Armani, Zegna, Burberry, Escada, Max&Co, Deni Cler and Church's shoes also feature high on the most wanted list.

Outlook: A bright future ahead for luxury goods

Due to the economic slowdown, the global forecast for luxury goods is rather modest. However, the future is much brighter for the Polish market as luxury goods have become increasingly desirable and in greater demand.

This will be further fuelled by the addition of new entrants to the Polish market, such as Italian luxury car giant Ferrari and global luxury brands such as Louis Vuitton, which is set to open its first store in spring 2011, and Carolina Herrera, which opened its first boutique in 2010, along with the development of new distribution channels and infrastructure.

The growing disposable incomes of Poles will continue to boost demand for luxury goods and services, and although the Polish luxury goods market is not forecast to sustain the stellar growth experienced over the review period due to its enhanced base, its projected trajectory is nonetheless impressive.

The performance of its luxury goods will allow Poland to maintain its ranking of 20th out of the 26 markets covered by Euromonitor International's luxury goods research by 2015, whilst it will continue to remain as one of the top 10 growth markets (+38%) over 2010-2015, ahead of eighth-placed Singapore (+34%).

Analyst Insight by Fflur Roberts.

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