

Navigator

Now, next and how for business

Poland



Together we thrive

Overview

Optimism abounds

Polish businesses, operating in what has been one of the EU's fastest developing countries in recent years, with a healthy economy and a position at the crossroads of European trade and transport routes, continue to grow¹. Despite rising protectionism and pressure to increase sustainability initiatives, growth remains at the middle of the scale, with more businesses projecting growth of between 6%-14% than the overall average globally and in Europe.

State of play

Tech, new market access and quality

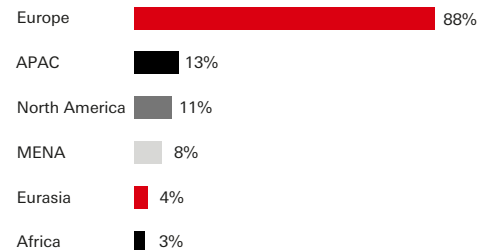
Polish businesses are very bullish about growth – with levels of optimism exceeding the global average. Almost nine out of 10 businesses say they expect growth in the next year, also ahead of global expectations. Optimism is particularly high among goods companies (89% versus 86% of services sector businesses) and international operators (92% versus 81% of domestic operators).

This positive outlook is being fuelled by the opening up of access to new markets (43%) and increases in the quality and availability of suppliers and raw materials (36%). Internal factors such as introducing new products/services (35%), improved business productivity (34%) and businesses themselves investing in technology (33%) are key drivers.

Expectation of sales growth in the next year



Current top trading partners



What you need to know



88% of Polish businesses expect to see growth in the next year – ahead of the global average (79%).



87% of firms expect to see growth over the next five years.



More Polish businesses expect to grow between 6% and 14% (41% of firms in the next five years) than the average globally (34%) and in Europe (33%).

What your business can do



Invest in improving the quality of products and services. 41% of Polish firms say this is part of their strategy.



Increase international trade. 80% of firms believe international trade will provide direct business benefits through new business opportunities over the next five years.



Invest in improving product quality and customer experience, two popular strategies for firms at present.

¹ <https://www.gov.uk/government/publications/exporting-to-poland/doing-business-in-poland-poland-trade-and-export-guide>

Trade outlook

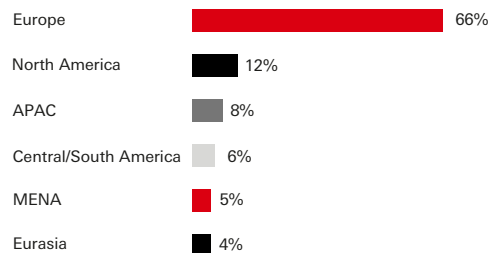
New markets appeal, but Europe continues to dominate

The expectation of international sales growth among those companies trading internationally is slightly more positive than companies' overall trading outlook (91% projected growth in international trade and 88% overall trade).

Trading within Europe remains the focus for businesses in Poland, with an increased focus on Germany as a key partner, followed by France, Russia, Ukraine, Czech Republic and Slovakia. 88% of international operators in Poland mention Europe as their primary trading region.

Polish businesses believe in the idea of trade as a force for good with 80% (compared to 79% globally) saying international trade will provide direct business benefit through new business opportunities. They also believe it will bring benefits for the customer and businesses by driving innovation (77%), and benefits for employees and across society by raising incomes (74%).

Future trading expansion markets in the next three to five years



What you need to know



Over the next five years, Europe will remain the key international market with 66% of Polish firms planning further expansion in the region.



31% of firms expect to increase their activities in Germany over the next five years – making it the key focus within Europe.



Customer demand, availability of a skilled workforce and its position as a gateway into the region are the top reasons to trade with Polish companies.

What your business can do



Invest in and increase use of technology in the supply chain to improve speed to market and reduce costs. 32% of Polish firms are planning to do so.



Focus on changing to lower-cost suppliers to further reduce costs – the strategy of a quarter of firms making changes to their supply chain.



Think beyond traditional markets. 43% of growing Polish firms cite new markets opening up as a key driver.

Protectionism and geopolitics

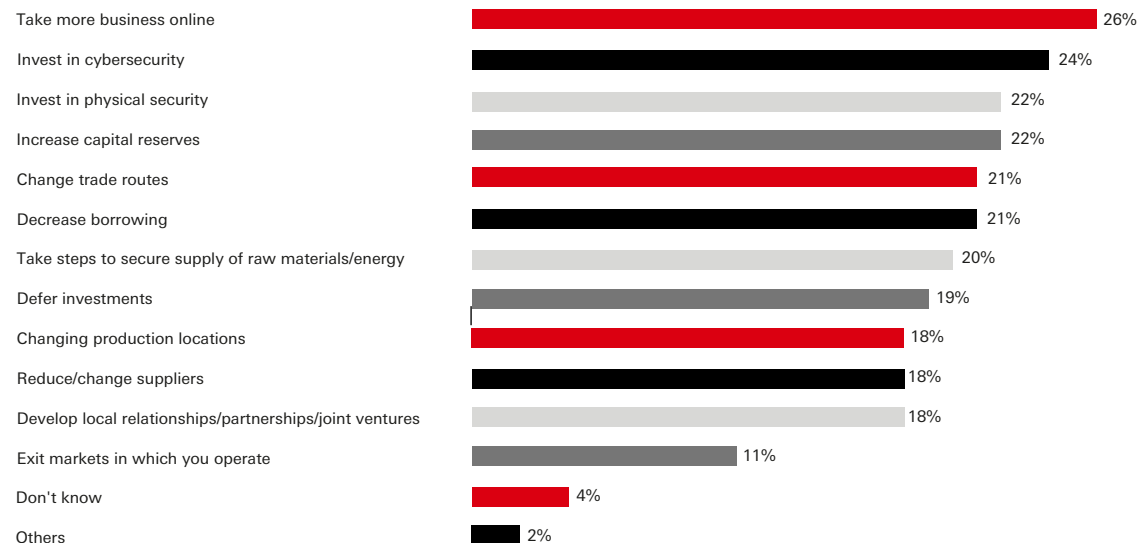
Gains outweigh losses as protectionism grows

Around three-fifths (59%) of Polish companies feel that protectionism is increasing in their key trading markets – above the average for Europe as a whole (55%) but below the global average (65%).

As governments around the world become more protective of their economies, firms in Poland say this is leading to increased competitiveness of their business (24%). This positive helps to outweigh the negatives of difficulties such as drawing talent into their businesses (26%), reduced competitiveness (25%) and controls imposed on moving money out of the market (23%).

The proportion of Polish businesses feeling the impact of geopolitics is in line with the average globally (65% versus 64%). Strategies being deployed to cope with geopolitical changes include taking more business online (26%), investing in cybersecurity (24%) and physical security (22%), as well as increasing capital reserves (22%).

Ways in which businesses cope with geopolitics



What you need to know

- 1 59% of Polish businesses feel protectionism is increasing in key trading markets, compared with a global average of 65%.
- 2 Businesses are addressing the impact of protectionism through cost reduction (35%), shortening the supply chain (28%) and accepting lower margins (27%).
- 3 Nearly two-thirds of Polish businesses (65%) say that they feel a strong impact of geopolitical developments on their business, in line with the global average (64%).

What your business can do

-  Consider strategies that combine cost-cutting, shortening the supply chain and accepting lower margins to combat protectionist policies.
-  Take more business online to reduce geopolitical risks.
-  Invest in both cybersecurity and physical security to reduce the impact of geopolitics.

The sustainable future

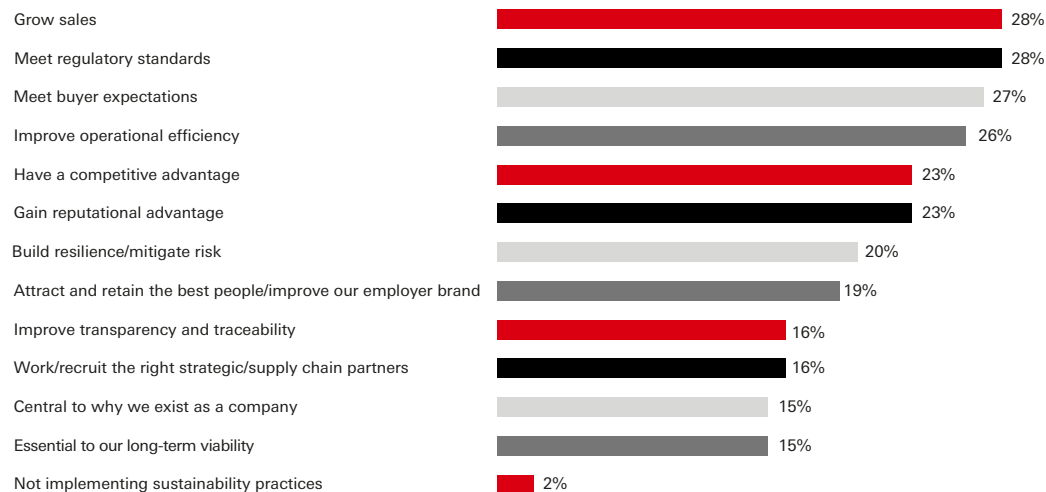
Sustainability pressures rise but knowledge gaps remain

Polish businesses are under pressure from customers (45%), competitors (37%), investors (33%), and governments (32%) alike to become more sustainable over the next five years. In response, firms are expecting to invest more in reducing waste generation, promoting employee health, wellbeing and safety, and in technology, innovation and infrastructure.

Growing sales, meeting regulatory standards, achieving buyer expectations and improving operational efficiency are the key motivations for Polish businesses to become more sustainable. However, many cite the extra finance (36%) and extra work and time (31%) required, as well as a lack of understanding and knowledge (28%), as barriers to improving sustainable practices in the next five years.

More than half of Polish businesses (51%) think they have a role to play in delivering the UN's Sustainable Development Goals (SDGs), but less than a fifth (16%) feel they have a significant role. Responsible production and consumption, quality education and decent work and economic growth are the SDGs where businesses feel they can contribute the most.

Motivations for implementing sustainable practices



What you need to know



16% of businesses feel they have a significant role to play in delivering the UN's SDGs.



Growing sales (28%), meeting regulatory standards (28%), achieving buyer expectations (27%) and improving operational efficiency (26%) are the key motivations.



The proportion of international operators who feel they have a role in delivering the UN's SDGs (59%) is much higher than the proportion of domestic players (40%).

What your business can do



Invest in a healthier workforce, transformative technology and energy efficiencies.



Educate your workforce on sustainability. 28% of businesses say they lack knowledge on this subject.



Sustainability isn't just about the environment. Polish firms highlighted executive salary and compensation as a metric that was relevant to 26% of them.

Breakthrough tech

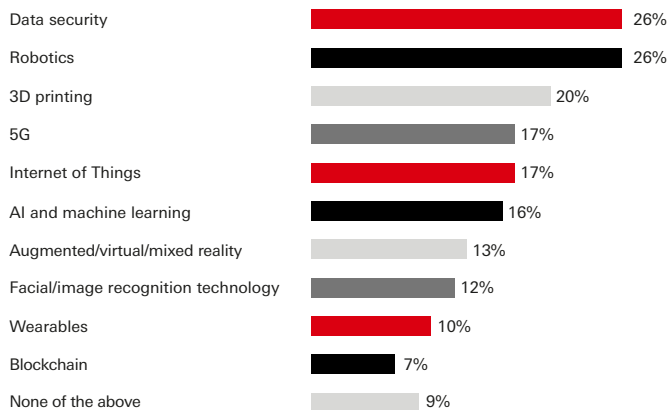
Data security leads tech drive

Businesses in Poland are clear in their views on the innovations that will have the greatest impact on their organisations over the next five years – data security technologies, robotics and 3D printing. Firms expect to see a number of benefits from these areas – most notably improved productivity, reduced costs, higher quality products and services, increased transparency and better customer experience.

Data security technology – identified by more than a quarter (26%) of Polish businesses as being the most important technology over the next five years – is expected to deliver increased transparency (39%), improved customer experience (33%) through enhanced products and services quality (29%) and improved productivity (29%). Robotics is expected to improve products and services quality (40%), productivity (44%) and reduce costs (40%).

North America, Europe and APAC are seen to be the regions where new technologies are at their most advanced, meaning that businesses in Poland will need to look outside the region, primarily to North America, for technological innovations.

Technologies businesses think will be important over the next five years



What you need to know



Data security technology is identified by 26% of Polish businesses as the most important technology in the next five years.



Increased transparency (39%), customer experience (33%) and productivity (29%) are among the key benefits of data security technology.



Among Polish businesses, Europe is considered the hub for both data security (65%) and robotics (60%).

What your business can do



Consider where your business needs to improve? Use this as the starting point for choosing technology investments.



Remember, tech innovation needs to be backed up by strong data strategy and cybersecurity.



Understand the right investment for your sector. Data security is as important to services businesses (30%) and robotics to goods companies (31%).

About HSBC Navigator Poland

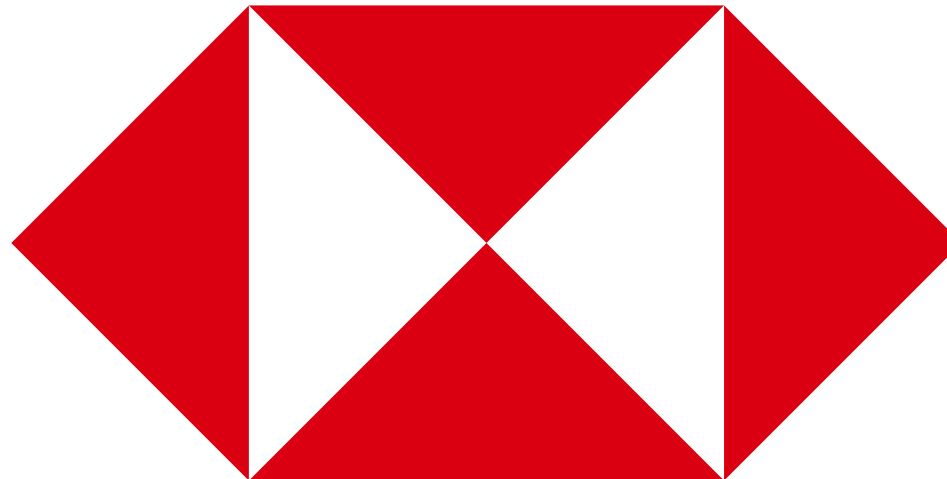
The HSBC Navigator survey, which is the largest of its kind, is conducted on behalf of HSBC by Kantar. The study gauges sentiment and expectations of businesses in the near to mid-term future on topics including: business outlook, international trade, geopolitics, sustainability, technology and wellbeing. It is compiled from responses by decision-makers at 9,131 businesses – from small and mid-market to large corporations – across a broad range of industry sectors in 35 markets. Sample sizes for each market were chosen to ensure the statistical accuracy of results, with 200 businesses surveyed in Poland. Global results are based on an average of the 35 markets (using weights based on each market's share of world trade). The survey was conducted between August and September 2019. Interviewees were polled on a range of questions including expectations around future growth in trade, attitudes toward trade policy developments and strategic business plans. The survey represents a timely source of information on the fast-evolving international business environment.

Data visualisations based on the following:

Page 2: all companies (left). International operators (right). n=200/9131 (left); n=121 (right)

Page 3, 5 & 6: all companies. n=200

Page 4: companies who are impacted by geopolitics. n=194



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