

## Poland

### Poles in Time of Crisis

#### **The Poles were not frightened by the crisis, only by the news of it.**

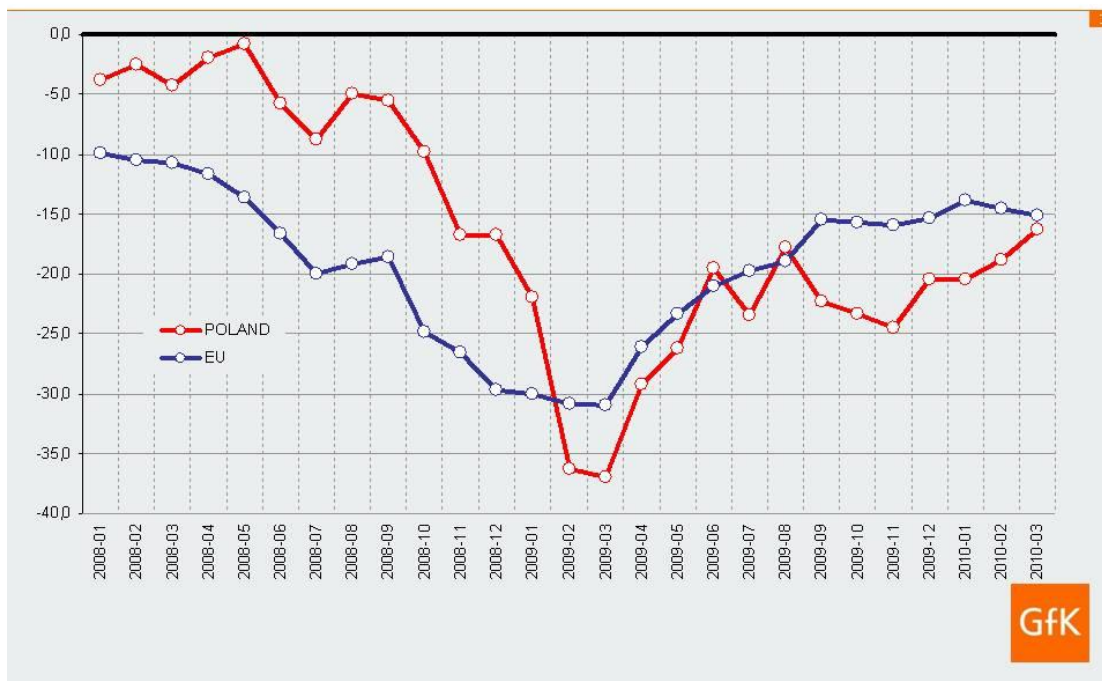
Many months have passed since 15 September 2008, when Lehman Brothers Bank declared bankruptcy. It is now possible to look at this time from a longer perspective and try to answer the question: which mechanisms had an effect on public opinion and consumers, and what were their consequences?

Today, we are already in a position to say that the crisis has been dealt with relatively painlessly in Poland. The first reason for this is that there is a large internal market of over 38 million consumers and economic growth is less dependent on external conditions than is the case in other countries of the region. In addition, the Polish small and medium enterprise (SME) sector is in a favourable situation since, in most cases, it finances its operations from internal resources. As a result of this, it is not affected by the more severe credit policies adopted by banks. On the other hand, SMEs obviously have a harder time handling periods of declining order numbers but they do tend to do well in the longer term.

The good condition of the Polish economy is not the result of politicians' actions or perfect anti-crisis policy packages: the consumers are the salvation of our economy. We can say quite confidently that it is the high internal demand and being the largest market in the region that has saved Poland from the crisis. Unlike the situation in other countries, consumption is the most crucial factor with regard to the Polish GDP. In the second quarter of 2009, Poland recorded a growth in GDP of 0.8 per cent and was the only European country with a positive index. It was individual consumption that had the strongest impact on this result. That the Poles were not scared by the crisis is also confirmed by retail sales data: negative values were recorded only in the early part of the year. The positive influence of the internal market on our economy is not the only advantage that has helped as an effective defence against economic slowdown. Poland has also benefited from the low share in GDP taken by exports: 30 per cent in Poland compared to 66 per cent in the Czech Republic and 69 per cent in Hungary.

However, when you compare hard macroeconomic data, for example on the GDP, with the data from the GfK Consumer Mood Barometer, it can be seen quite clearly that it was the world crisis that forcibly aroused the Poles' awareness rather than the data from the Polish economy, which was performing exceptionally well at that time. As you can see from the charts, the consumer trend indexes in 2008 and 2009 reached their lowest points in a period where the Polish GDP remained one of the brightest points on the map of Europe. This phenomenon was a result of the actions on the part of the media, which first stimulated consumer trends by thoughtlessly repeating worn-out slogans from media pseudo-analysts and then, equally thoughtlessly, relishing the fact that they had found a hot topic in the form of the crisis, repeated it ad nauseum until the consumers got bored with it and stopped buying the "merchandise". The real data showed that the global financial crisis did not shake the Polish economy: its only result was to slow it down. Poland was one of the few countries in the world that did not experience recession. The Poles were not particularly frightened by the crisis but, much more importantly, started to buy more and more, so strengthening their economy.

## GfK Consumer Mood Barometer – Poland vs EU



## Gross Domestic Product – Poland vs EU

Source: Eurostat and Bloomberg		
Country	2009 YoY - II quarter	2009 YoY - III quarter
Austria	-4,40%	-3,40%
Belgium	-3,80%	-3,50%
Bulgaria	-3,50%	-5,80%
Cyprus	1,20%	-2,70%
Czech Republic	-3,40%	-4,10%
Estonia	-16,60%	-15,30%
Finland	-6,00%	-7,60%
France	-2,60%	-2,40%
Greece	-0,20%	-1,60%
Spain	-3,00%	-4,00%
Netherlands	-5,10%	-3,70%
Ireland	-8,50%	-7,40%
Lithuania	-22,40%	-14,30%
Latvia	-19,60%	-18,40%
Germany	-5,90%	-4,80%
Poland	0,80%	1,70%
Portugal	-3,70%	-2,40%
Romania	-8,80%	-7,10%
Slovakia	-5,30%	-4,90%
Sweden	-6,30%	-5,00%
Hungary	-7,60%	-8,00%
UK	-5,60%	-5,20%
Italy	-6,00%	-4,60%



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