Digital Poles

Consumers in a time of e-revolution

Digital/McKinsey

About McKinsey & Company

McKinsey & Company is a global management consulting firm, deeply committed to helping institutions in the private, public and social sectors achieve lasting success. For nine decades, our primary objective has been to serve as our clients' most trusted external advisor. With consultants in more than 100 offices in 62 countries, across industries and functions, we bring unparalleled expertise to clients anywhere in the world.

For more information, visit www.mckinsey.com

About McKinsey & Company in Poland

McKinsey's Polish office opened in 1993. Over the last 23 years, the office has served as trusted adviser to Poland's largest companies as well as key public and government institutions. We are proud to have shared the transformation and growth journey with industry leaders in banking and insurance, consumer goods, energy, oil, TMT, mining and many other sectors. McKinsey & Company is the largest strategic advisor in Poland, with more than 900 experienced professionals, including 13 Polish partners, serving clients from its consulting office in Warsaw, the Polish Knowledge Center in Wrocław and the EMEA Shared Services Center in Poznań.

For more information, visit www.mckinsey.pl

EMEA Shared Services
Center in Poznań

Polish Knowledge
Center in Wrocław

McKinsey & Company
office in Warsaw

About Digital McKinsey

Digital McKinsey is a division of McKinsey that focuses on the digitization of economies and the digital transformation of companies. Clients can draw upon the support of nearly 2,000 experts from across our global firm – including more than 800 developers, IT architects, designers, and Big Data analysts.

For more information, visit
http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights

Contents

Preface

In this report McKinsey & Company presents the key trends and habits of what we call "digital Poles" – Poles aged 15-64 who have access to the Internet. For the purposes of the study, we analyzed this group's habits and asked them about their views. We use this as a basis for identifying trends in the e-revolution currently taking place among Polish consumers and to present its implications for business.

We are publishing this report in parallel with our study *Digital Poland: Capturing the opportunity to join leading global economies*, developed in cooperation with Forbes Poland. The aim of both studies was to examine digitization – currently a key trend in Poland – from two perspectives: the overall economy and e-consumers. It is the latter group that forms the focus of the present study.

The reports, which both originated as pro bono projects, reflect McKinsey's close involvement in the debate about how Poland can accelerate growth in its economy. They elaborate on the ideas set forth in two reports that we published in 2015, namely *Poland 2025: Europe's new growth engine* and *5 opportunities for Poland*.

We would like to take this opportunity to thank Daniel Boniecki, Senior Partner at McKinsey & Company and a leader of the Telecommunications, Media and Technology Practice in Central and Eastern Europe, Middle East and Africa, and Wiktor Namysł, Managing Partner in Poland, for their inspiration and guidance. Work on the report was led by Wojtek Bogdan, leader of the Consumer Goods and Retail Practice at McKinsey, and Wojciech Krok, Local Partner, together with a team consisting of Jakub Stefański, Senior Consultant, Anna Padamczyk, Consultant, and Joanna Iszkowska, Communications Manager.

We are also grateful for the contributions made by many of our colleagues, especially Dorota Machaj, Jarosław Kempczyński, Marta Zwierz, Bartosz Dyrda, Emilia Laszczka, Małgorzata Leśniewska, Robert Wielogórski and the McKinsey Research and Information Department in Warsaw.

Summary

Some 20 million people aged 15-64 have access to the Internet in Poland. For the purposes of this report, we call these individuals "digital Poles". As part of an in-depth survey involving 1,500 people, we investigated their habits and opinions on issues relating to the Internet.[1]

Our research shows that Poles' behavior is rapidly changing. Traditional television is giving way to online and on-demand TV, text messages are giving way to instant messaging, books to e-books, printed documents to files saved in the cloud, and shopping in malls to deliveries by courier.

Here are some key facts about digital Poles[2] (for more information, see the infographic on pp. 6-7):

- Digital Poles spend an average of six hours a day online.

- 89% of digital Poles have a laptop at home; 87% have Wi-Fi.

- 60% of digital Poles have saved their payment details on websites or apps.

- The children of more than 40% of digital Poles have their own tablet.

- For almost half of digital Poles, the Internet is a daily source of information.

- In terms of popularity, websites have already caught up with news programs on major TV stations.

- Digital Poles spend three times as much time communicating online as they do speaking on the phone or sending text messages.

In addition, 55% of digital Poles shop online.[3] The e-commerce market in Poland is worth in excess of PLN 34 billion,[4] and the share of online purchases in total retail sales is nearly the same as in Germany.[5]

Interestingly, however, our group of 20 million people is polarized when it comes to how they their spend time online, the type and number of devices they have, and their attitude toward the Internet and other technology.

For around two-thirds of digital Poles, the Internet is very important, and one in three say that it has become a major part of their life. This group includes people who regularly shop online and visit social networking sites every day. It consists mainly of younger, wealthier, better educated Internet users. By contrast, one in four digital Poles use the Internet more out of necessity than by choice; they prefer phone calls to online communication, and bricks-and-mortar stores to shopping online.

For the purposes of the report, we have created six profiles of digital Poles that illustrate the key differences in their behavior. These profiles can help companies identify which areas they can grow in. We go into detail on the profiles in Chapter 1.

Digitization in Poland is set to develop in line with demographic changes and the increase in disposable income for people born in the 1980s, 1990s and after 2000 – that section of society that grew up with access to the Internet. Over the next two decades, the 25% of Polish households that are still not connected to the Internet will get connected, and digital Poles' use of the Internet will intensify.

The share of online purchases in total retail and the percentage of smartphone users and subscribers to on-demand TV services is actually not much lower in

Poland than in some Western European countries. Indeed, in some cases it is higher in Poland. Our report shows that Poland has a solid foundation on which to build in these areas. That is why it is so important for companies to look at the digital trends when developing their business strategy. Chapter 2 focuses on the digital potential in Poland.

How fast digitization spreads in Poland depends to a large extent on whether online services can build broader trust among Internet users. At the moment, 60% of digital Poles think that Internet sites don't do enough to protect their personal data. Investing in solutions that increase the security of customer data – and effectively communicating these improvements to customers – should be a priority for companies. We write more on this in Chapter 3.

Our research shows that the e-revolution among Polish consumers continues apace. Now is the ideal moment for firms to take advantage of its significance and scale, and reflect them in their strategies.
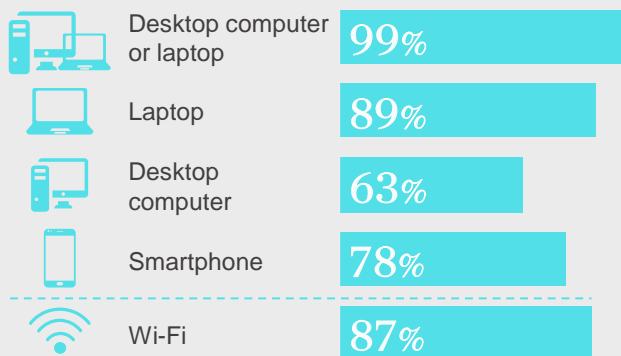
To do so effectively, companies need to examine their business from three perspectives. In particular they should:

- Analyze their own strategic position, making use of research into digital consumers, market trends and the behavior of digital leaders

- Evaluate their capabilities as regards their portfolio of digital products and the effectiveness of their digital sales channels, comparing them with the competition

- Examine their readiness to meet the requirements of e-consumers in terms of their organizational setup – human resources, processes and performance indicators

We describe this approach in detail in Chapter 4.

The e-revolution is shaping the behavior and preferences of consumers, creating new markets and changing value chains. Our research reveals that some trends affect digital Poles to a greater extent than is generally thought. To take full advantage of the huge opportunities created by the e-revolution, companies operating in Poland should make thorough preparations for change and define new directions for development.

DEVICES OWNED BY DIGITAL POLES

- Desktop computer or laptop **99%**
- Laptop **89%**
- Desktop computer **63%**
- Smartphone **78%**
- Wi-Fi **87%**

SOURCES OF INFORMATION

- Radio **46%**
- Social media **45%**
- National daily news programs on TV **42%**
- Websites **38%**
- TV news channels **38%**
- Daily newspapers **18%**
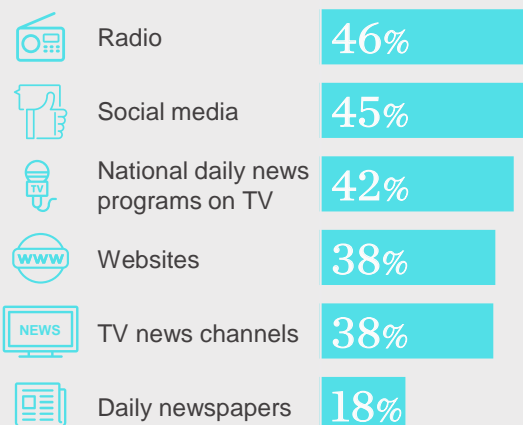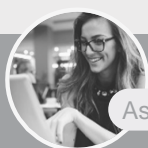
Digital Omnivores | Aspiring Enthusiasts | Mediocres

BASIC INFORMATION

Percent of all digital Poles	Percent of all time spent online	Percent of e-commerce market[9]
23%	40%	30%
19%	19%	25%
22%	20%	17%
13%	8%	20%
14%	10%	6%
9%	3%	4%

DEVICES

81%		69%
87%		53%
79%		51%
78%		66%
74%		44%
54%		41%

78 ···● Average for digital Poles ●··· 55
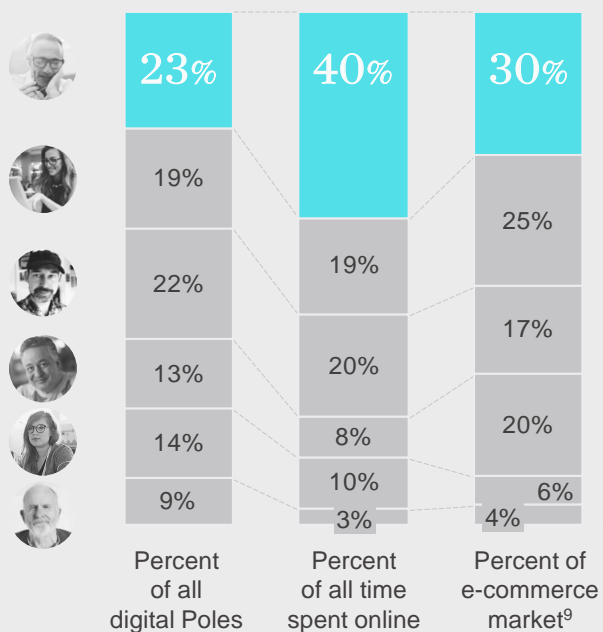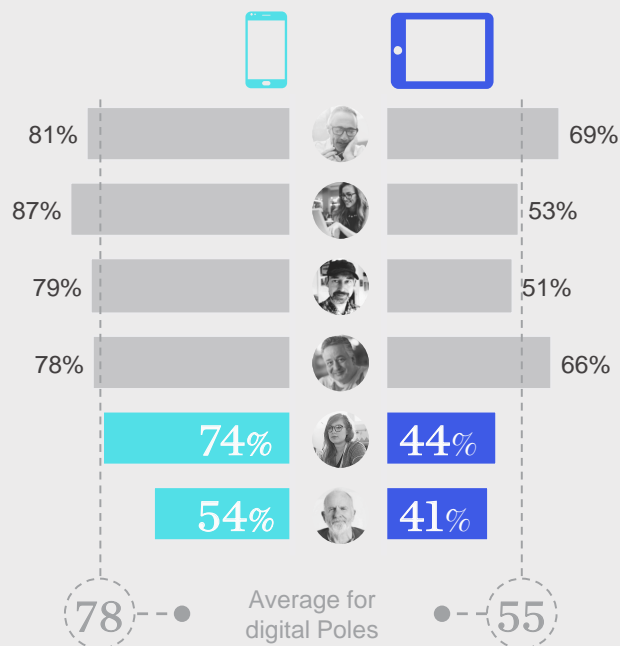
ONLINE SPENDING AS SHARE OF INCOME

- 13%
- 21%
- 11%
- 19%
- 11%
- 7%
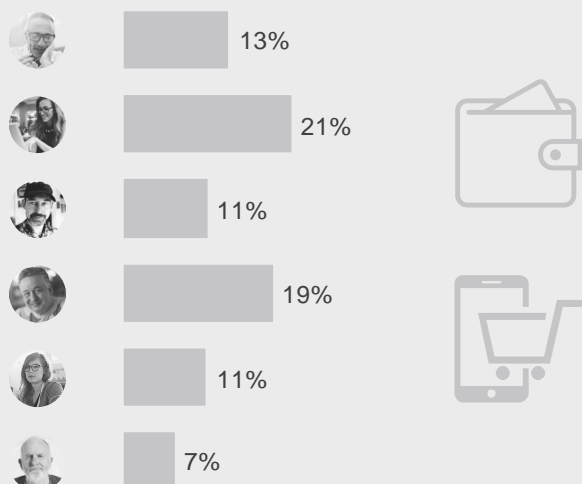
PERCENT WHO SHOP ONLINE
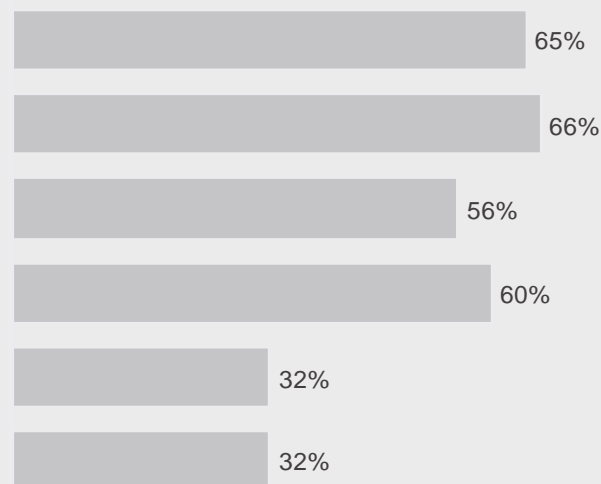
- 65%
- 66%
- 56%
- 60%
- 32%
- 32%

MEANS OF COMMUNICATION
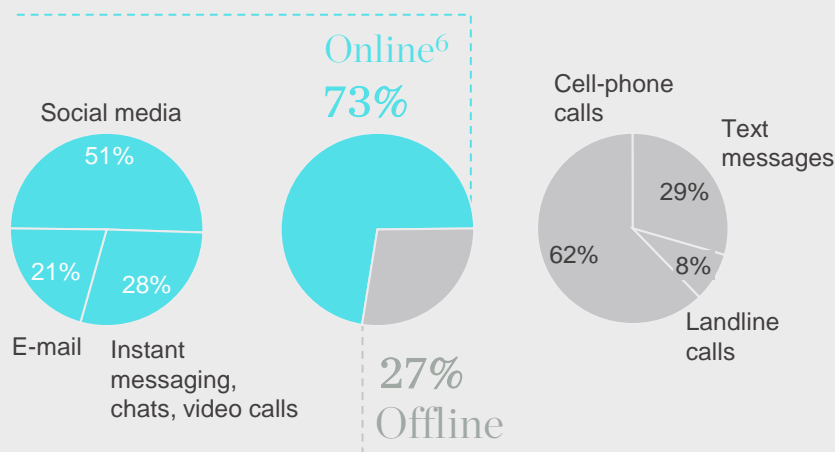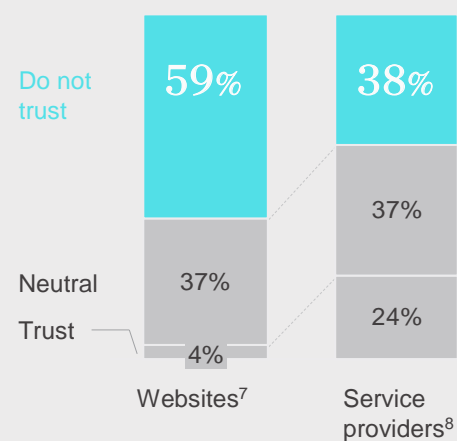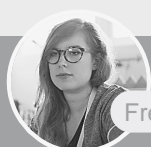
Social media
51%

21%
E-mail

28%
Instant messaging, chats, video calls

Online[6]
73%

27% Offline

Cell-phone calls
62%

Text messages
29%

8%
Landline calls

TRUST IN INTERNET

Do not trust
59%
38%

Neutral
37%
37%

Trust
4%
24%

Websites[7]   Service providers[8]

Wealthy Convenients

Freebies

Old-fashioneds

WHAT DO DIGITAL POLES DO WHEN THEY USE THE INTERNET?

Watch videos	15%	19%	16%	19%	18%	15%
Visit social networking sites	16%	21%	19%	4%	22%	7%
Browse websites	8%	12%	13%	18%	10%	23%
Communicate[10]	12%	9%	8%	4%	11%	4%
Look for information	8%	9%	10%	16%	9%	19%
	10	6	5	4	4	2

No. of hours spent online each day
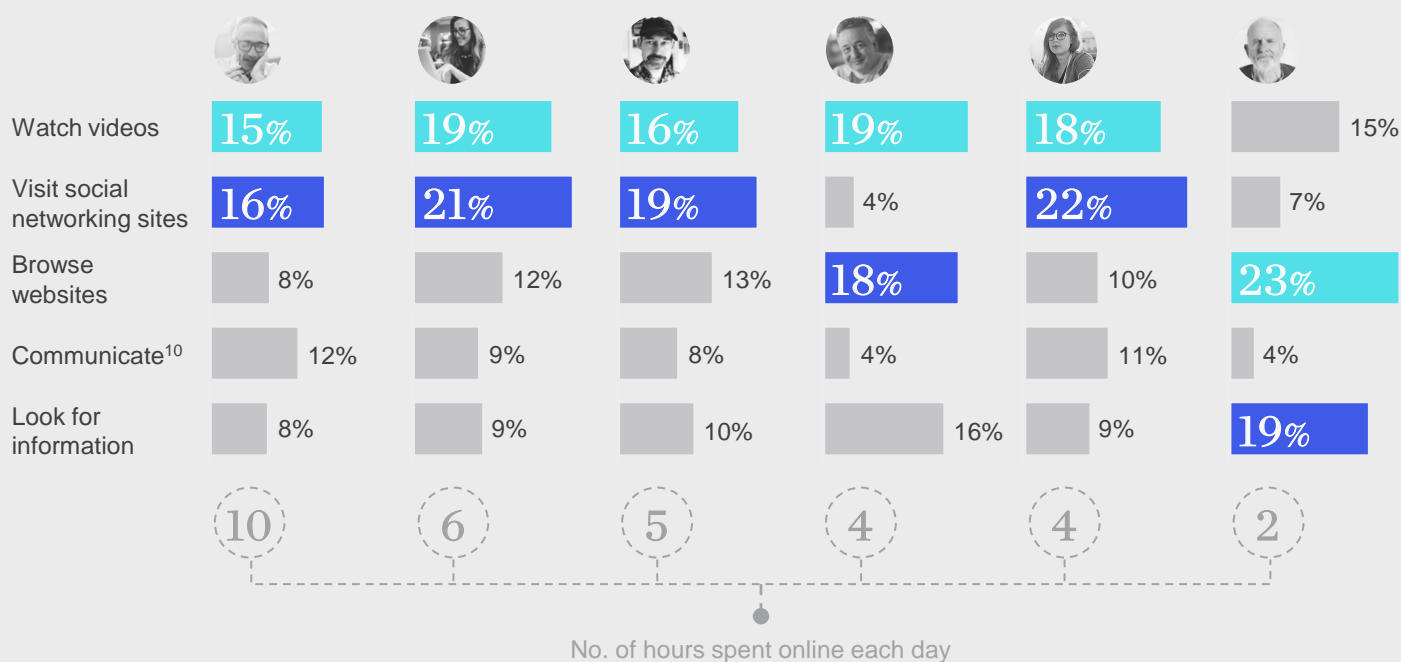
ATTITUDE TO INTERNET AND TECHNOLOGY

The Internet is a major part of my life	I do as much as I can online	I'm the first to try out new gadgets and technology
62%	61%	57%
52%	70%	22%
23%	31%	8%
19%	47%	9%
15%	17%	2%
16%	43%	3%

Source. McKinsey "Digital Poles" survey, 2016
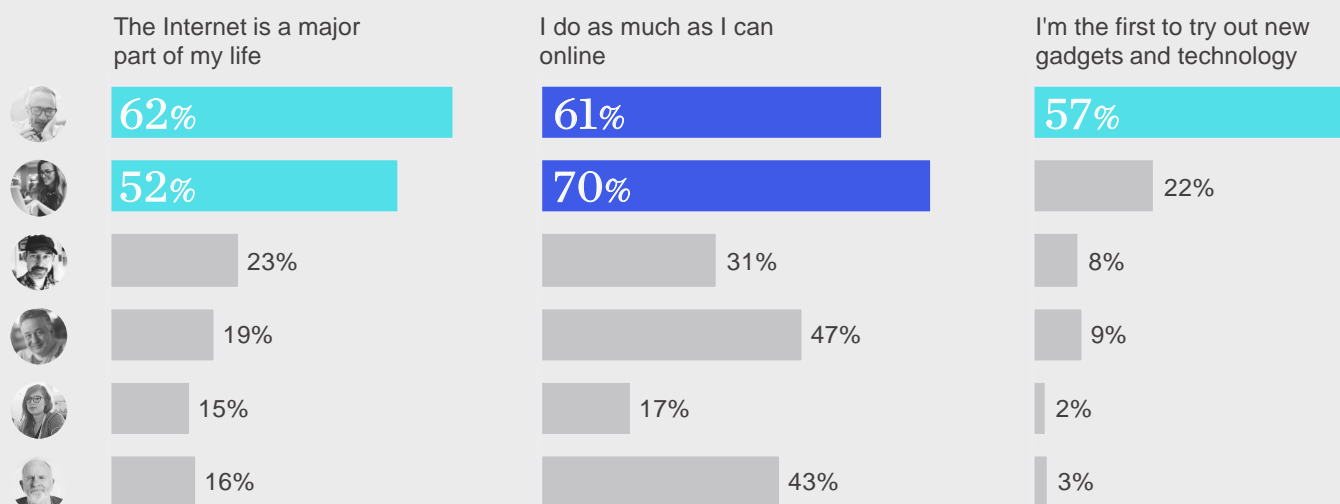
Chapter 1

A portrait of digital Poles

SMS

Polarization

The number of Internet users in Poland has grown fast. Only a decade ago, just one in three Poles had access to the Internet at home; today, the figure is 76%.[11] In terms of use of the Internet and digital services, Poland is now on a par with countries in Western Europe – and sometimes even surpasses them. The share of online shopping in total sales in Poland is higher than in Italy or Spain, for example.[12] Similarly, video on demand (VOD) provided by suppliers of pay TV is more popular in Poland than in Germany.[13] And our research shows that Poles skillfully exploit the possibilities offered by the Internet for communication and entertainment.

But that doesn't mean that Poland is done and dusted with regard to digitization. Indeed, a quarter of Poles still have no access to the Internet. And those who do have access to the Internet use it in very different ways. Our research reveals that 68% of digital Poles log in daily to social networking sites. Yet one in seven Poles use the Internet for less than five hours a week, and as many as 60% do not trust websites.

On the basis of our research into Poles' online behavior and their openness to digitization and technology, we identify six different groups of digital consumers in Poland (Figures 1 and 2). To make things simpler, we have named each group after possible representatives of that profile.

Exhibit 1

What do digital consumers say?

Digital Omnivores	*My smartwatch is integrated with my smart home system.*
Aspiring Enthusiasts	*Wow, thanks to my new photo I have so many new followers on Instagram!*
Mediocres	*I wonder who won the game? Let me check online…*
Wealthy Convenients	*It's great that I can check my bank account balance online.*
Freebies	*I would watch the new episode of my favorite series online, but I'd rather save money.*
Old-fashioneds	*In my day there was no Internet – and we all got by just fine.*

SOURCE. McKinsey "Digital Poles" survey, 2016

"Digital Omnivores" represent approximately 23% of the Poles in our survey. They are educated, and this is also the wealthiest of the groups – it accounts for one-third of the net earnings of all digital Poles. This group is also home to the largest number of people earning more than PLN 5,000 a month.

"Aspiring Enthusiasts" represent 20% of digital consumers. They are currently studying or at the beginning of their professional career. Half of them are already in employment, but three out of four earn less than the national average.

We call the next 20% "Mediocres". By this we simply mean that they are about average with regard to their age, education and income.

"Wealthy Convenients" make up another 13% of the digital population. They are the best educated group (almost 60% have higher education). Average income is PLN 3,500 net a month. The average Wealthy Convenient is aged 25-59 and works full-time.

"Freebies" make up 14% of the digital population. This segment has the highest share of people aged 15-24 (37%) and students (26%). It is also the group with the lowest incomes, with 40% of Freebies earning less than PLN 1,000 net a month and over 90% less than PLN 3,000. Freebies are a similar age to Aspiring Enthusiasts, but they differ in terms of their level of education and the extent to which they use digital services – as we see later in this chapter.

Finally, one in ten digital Poles are what we call "Old-fashioneds". Around 75% of this group are pensioners. Some 60% have income of less than PLN 2,000 net a month, and 78% do not have higher education.

Apart from the demographic characteristics described above, our groups also differ in terms of their attitude to the Internet and technology, the number of digital devices they own, and the degree to which they use the Internet (Exhibit 2).

Exhibit 2

Ranking of consumer segments by area of digitization
From lowest to highest score

Ownership of digital devices[1]

Time spent online[2]

Online purchases[3]

Use of cell phone[4]

Attitude to digitization[5]

Low   High

Digital Omnivores
Aspiring Enthusiasts
Mediocres
Wealthy Convenients
Freebies
Old-fashioneds
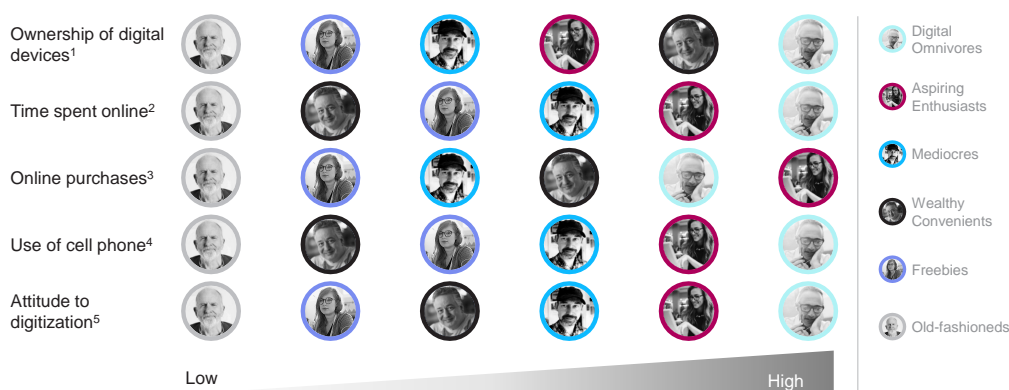
1 Score calculated as follows: 40% – percent using smartphones; 30% – percent using "wearbales", e.g. smartwatches; 20% – percent using tablets; 10% – percent using game consoles and smart TVs
2 Total hours spent online (on cell phone, computer, tablet or TV)
3 Share of people making an online purchase in the last three months. Score calculated as follows: 60% – min. 1 item; 40% – min. 3 items
4 Score components: 70% – average time spent using cell phone; 30% – average time spent online on cell phone
5 Average result from answers to selected questions about attitudes

SOURCE. McKinsey "Digital Poles" survey, 2016

Digital Omnivores are the most active participants in the e-revolution. They like buying new gadgets and trying out the latest technology, and they have the money to do so (Exhibit 3). They are also the group most open to using the Internet: Over half of them consider it a major part of their life, are frequently active on Internet sites. They also spend the most time of any group online.

Exhibit 3   **What is the attitude of digital Poles to technology?**

	I'm the first to try out new gadgets and technology (%)	I'm happy to pay for electronic devices with a great design (%)	I like owning gadgets but I don't go out and buy them straight away (%)
Digital Omnivores	57	54	54
Aspiring Enthusiasts	22	32	33
Mediocres	8	16	16
Wealthy Convenients	9	18	17
Freebies	2	6	15
Old-fashioneds	3	17	12
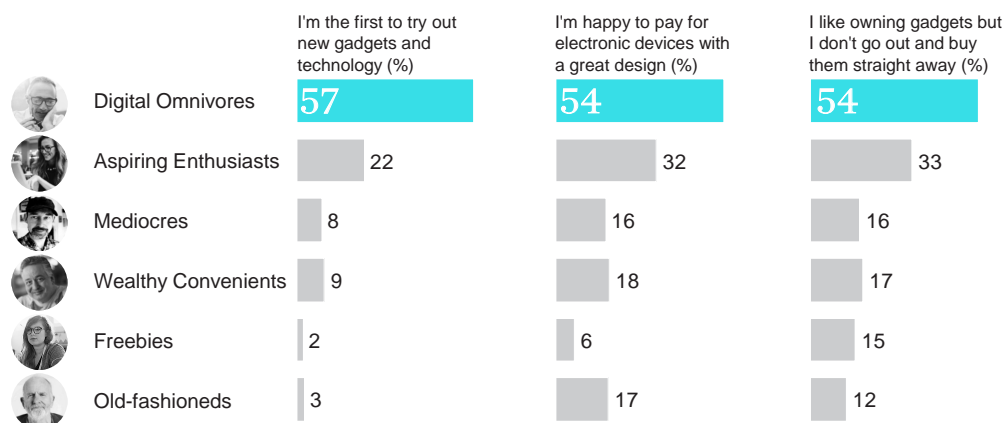
SOURCE. McKinsey "Digital Poles" survey, 2016

For Aspiring Enthusiasts, too, the Internet is a major part of their lives – half of them agree with this statement (Exhibit 4). That is more than three times as many as for Freebies. One in five Freebies, like Aspiring Enthusiasts, are frequently active on Internet sites, creating new content, writing blogs and so on. Aspiring Enthusiasts spend as much as one-fifth of the time they are on online on social networking sites (Exhibit 5). Despite their relatively low incomes, they are the group most likely to make online purchases – no doubt looking for special offers and bargains.

Exhibit 4   **What is the attitude of digital Poles to the Internet?**

	The Internet is a major part of my life (%)	I do as much as I can online (%)	I am frequently active online (%)
Digital Omnivores	62	61	49
Aspiring Enthusiasts	52	70	17
Mediocres	23	31	7
Wealthy Convenients	19	47	2
Freebies	15	17	4
Old-fashioneds	16	43	3
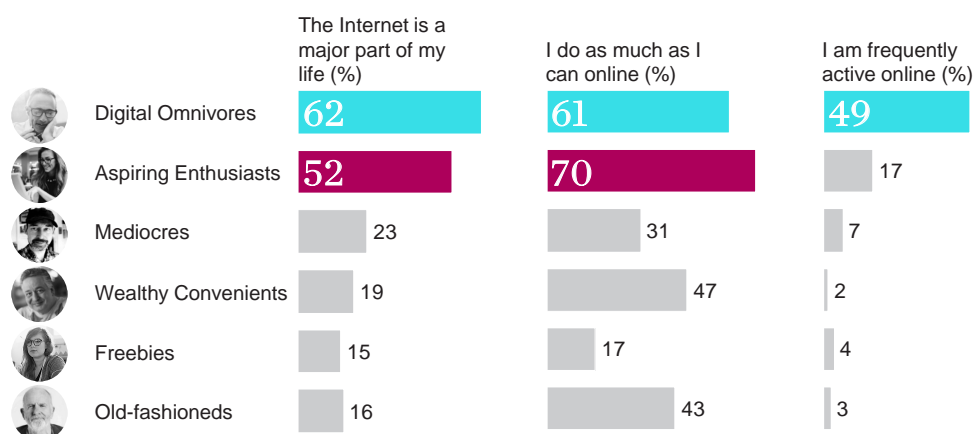
SOURCE. McKinsey "Digital Poles" survey, 2016

Mediocres are average with regard to their attitude toward the Internet, the number of devices they own, online shopping and the amount of time they spend online. They use the Internet mainly for social networking, watching videos or browsing websites.

What do digital Poles do when they use the Internet?
Percentage of total time spent online

	Digital Omnivores	Aspiring Enthusiasts	Mediocres	Wealthy Convenients	Freebies	Old-fashioneds
Watch videos	15	19	16	19	18	15
Visit social networking sites	16	21	19	4	22	7
Browse websites	8	12	13	18	10	23
Communicate[1]	12	9	8	4	11	4
Look for information	8	9	10	16	9	19

1 Instant messages, video calls, chats
SOURCE. McKinsey "Digital Poles" survey, 2016

Wealthy Convenients use the Internet mainly for practical purposes, spending more than a third of their time online looking for information or browsing websites. They are less likely than other groups to use the Internet for entertainment purposes, spending just 20% or so of their time watching movies and only 4% on social networking sites. Nor are they active online – just 2% of them contribute to websites.

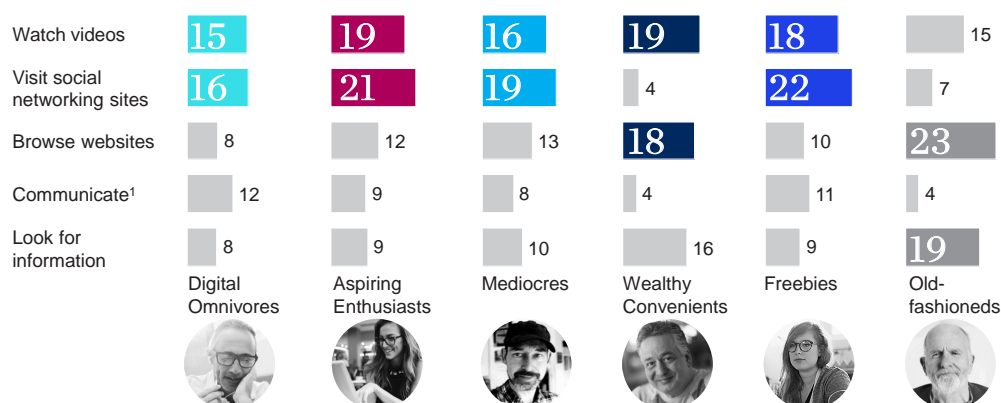Freebies follow digital trends even less. They are the same age as Aspiring Enthusiasts, and like them, they spend the largest portion (over 20%) of the time they are online on social networking sites. But unlike Aspiring Enthusiasts, Freebies do not consider the Internet a major part of their life; they are the group least likely to use the Internet for activities such as electronic banking or buying tickets.

Least digitized of all are the Old-fashioneds. They own the fewest digital devices, shop online the least frequently, and spend the least time online. They use the Internet chiefly for practical purposes such as getting information and visiting websites; together, these activities account for 40% of the time they spend online.

Another aspect in which the segments differ is how they communicate. For the majority of digital Poles, phone calls and text messages account for just 20%-30% of the time they spend communicating. But for the oldest groups – the Old-fashioneds and Wealthy Convenients – phone calls and text messages account for as much of half of their time communicating (Exhibit 6).

Differences between the segments are also apparent in their online communication. Here, social networking services are the most important. Aspiring Enthusiasts spend almost half the time that they dedicate to online communication on social networking sites, visiting them every day (Figures 6 and 7). Digital Omnivores, Freebies and Mediocres communicate via social networking sites less often, but they still prefer them to other channels. Older people, such as Old-fashioneds and even Wealthy Convenients, prefer e-mail and spend half the time that they dedicate to online communication reading and writing e-mails (Exhibit 6). Only one in two Old-fashioneds and 42% of Wealthy Convenients use social networking sites.

Exhibit 6

How do digital Poles communicate using the Internet?
Percentage of total time spent communicating

	Social networking sites	E-mail	Instant messaging/chat	Telephone or text messages
Digital Omnivores	37	15	27	20
Aspiring Enthusiasts	44	11	18	26
Mediocres	39	16	16	29
Wealthy Convenients	13	26	11	50
Freebies	39	13	20	29
Old-fashioneds	15	22	8	55

Online   Offline
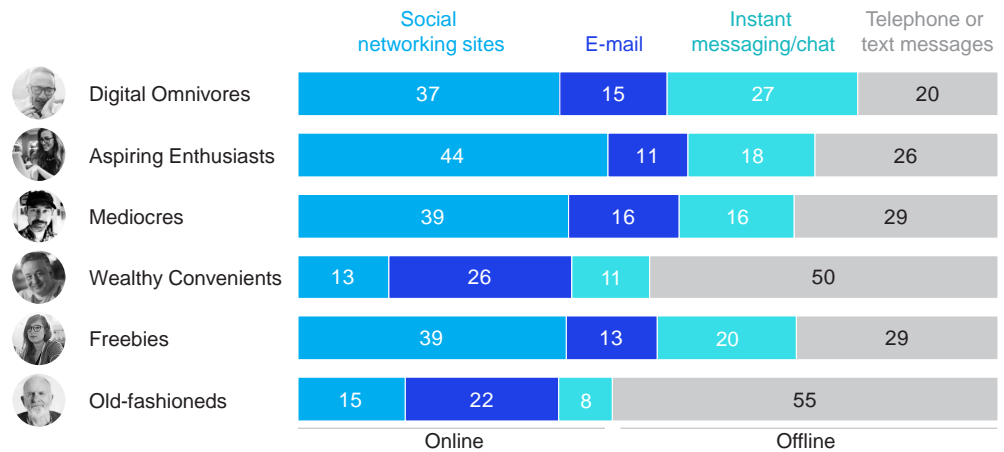
SOURCE. McKinsey "Digital Poles" survey, 2016

Exhibit 7

How often do digital Poles use social networking sites?
%

	Every day	Less often	
Digital Omnivores	73	20	93
Aspiring Enthusiasts	96	3	99
Mediocres	93	6	98
Wealthy Convenients	6	36	42
Freebies	81	11	92
Old-fashioneds	17	33	50
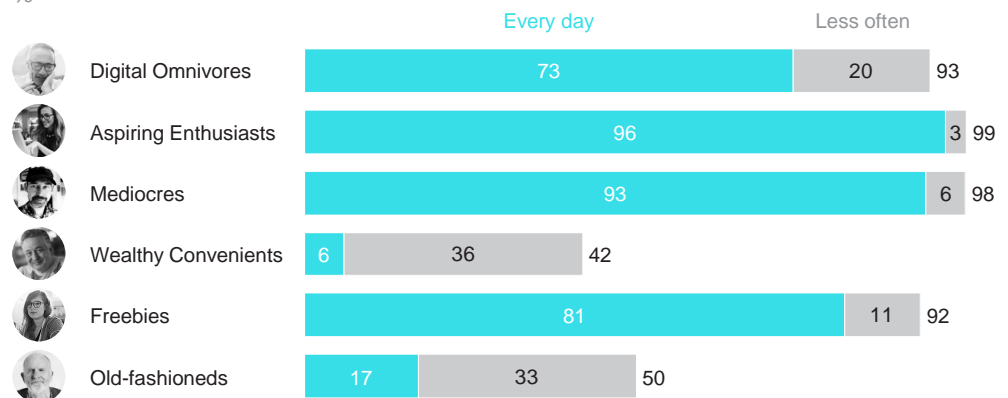
SOURCE. McKinsey "Digital Poles" survey, 2016

As our research shows, digital Poles are not a uniform group. For companies, that means that each segment has a different growth potential. Some segments require constant innovation and can serve as a testing ground for new ideas; other segments are skeptical about digital innovations. A one-size-fits-all approach may therefore be unsuccessful; instead, firms need to specialize or maintain a wide portfolio of products.

Understanding the differences between the attitudes and behavior of digital Poles is the starting point for the next stage in developing a digital strategy, namely attempting to predict how each segment will evolve. We turn to this in the next section.

Digital∕McKinsey

The future of digital
Poles

Digitization is changing the lives of Poles – and its progress appears to be unstoppable. It will proceed in two ways. First, those individuals who currently have no Internet access will get connected. Second, current users will do more and more of their daily activities online and spend even more time on the Internet.

Over the last five years the number of Polish households with Internet access has grown by 14 percentage points, to 76%. This is still less than the European Union average of 81% (Exhibit 8). But in the coming years this should change: In line with the European Digital Agenda, the goal of the Polish National Broadband Plan is broadband Internet access for all Polish residents.[14]

Exhibit 8

Percentage of Polish households with Internet access

+14 p.p.

2011	2012	2013	2014	2015	UE28 2014	Plan for 2020[1]
67	71	72	75	76	81	100
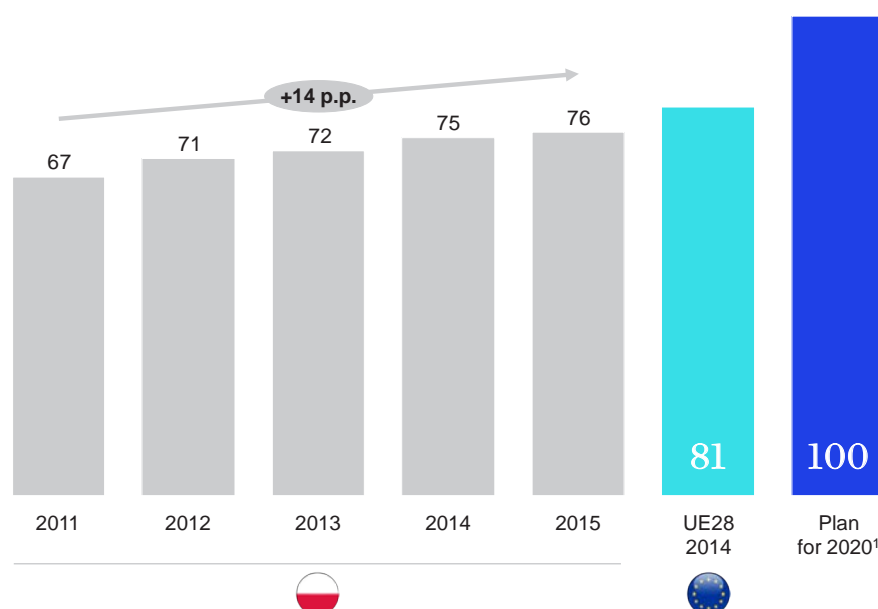
1 Polish National Broadband Plan
SOURCE: GUS; Eurostat; European Commission: Digital Single Market

Our research also indicates that digital Poles will make increasing use of the Internet and advanced technologies in the future. This will partly be the result of natural demographic changes (Exhibit 9). Over the next two decades the numbers of Old-fashioneds will shrink. Their place will be taken by today's Mediocres, who are more aware of the advantages offered by the Internet and technology. Compared to Old-fashioneds, they will surf the web more freely and make greater use of the Internet to manage everyday tasks or simply for entertainment.

Exhibit 9

Evolution of digital consumers over the next two decades

Share of the Polish digital population

Level of digitization[1]
(%)
High

Digital Omnivores → Digital Encyclopedias

Aspiring Enthusiasts → Digital Natives

Mediocres → Digitally Mature

Wealthy Convenients → Digitally Aware

Freebies

Old-fashioneds → Analogs

Low

Today   Tomorrow

New group of people born in the Internet age and fully at home with it

1 Time spent online, ownership and use of digital devices, share of people shopping online, attitude to digitization
SOURCE. McKinsey "Digital Poles" survey, 2016

In fact, we can already observe this trend taking place. In the last five years the percentage of Internet users in the oldest age groups grew significantly, almost doubling for those over 65 (Exhibit 10). However, encouraging Old-fashioneds and Mediocres to make active use of the Internet and technology remains a challenge. An approach specially tailored toward this age group is needed, with their children or grandchildren acting as ambassadors.

Exhibit 10

Poles aged 55+ who regularly use the Internet
%, by age group

55-64: 30, 30, 32, 38, 42 — +9% p.a.

65-74: 10, 14, 15, 19, 20 — +18% p.a.

2011   2012   2013   2014   2015
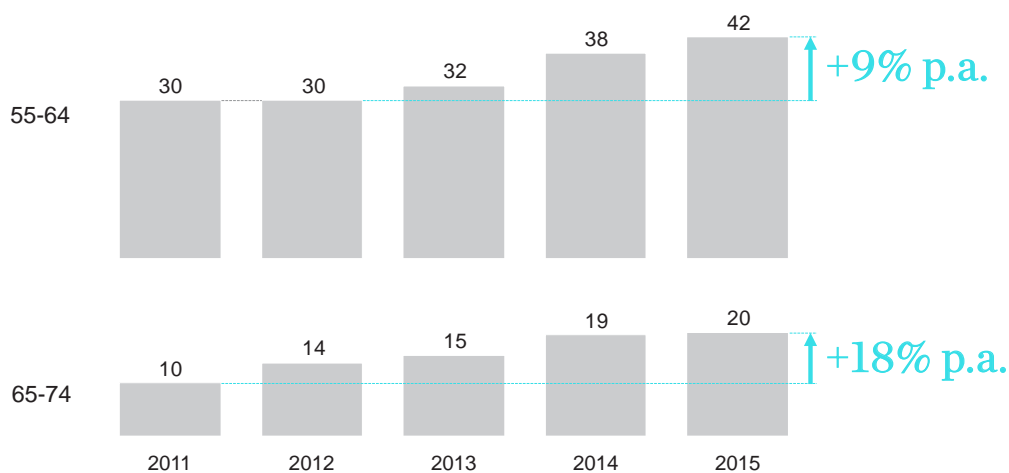
SOURCE: GUS: *Społeczeństwo informacyjne w Polsce*

Although, as time progresses, Wealthy Convenients will gradually reach the age of today's Old-fashioneds, it is possible that they will make greater use of the Internet. This is because they value convenience, and if what is offered online make their lives easier, they are happy to use the Internet to manage their everyday affairs. Entertainment packages tailored for this group, such as Internet TV, may capture their attention and lead to them spending more time online.

If they are not offered the right services, however, Wealthy Convenients will not have any motivation to use the Internet when they reach the age of today's Old-fashioneds. Reaching this segment is particularly difficult because of their limited use of social media – a communication channel commonly used by companies.

Today's Digital Omnivores are exceptionally attractive clients for e-commerce players, as they have both the means and the willingness to try out new technologies. The challenge is to meet their high expectations. For Digital Omnivores, the Internet is such an important part of their lives that, as their ages and incomes increase, their interest in digital innovations will grow even stronger. Over time, Digital Omnivores will become the first generation of mature individuals who are skilled users of the products of digitization while still remembering the old days of analog.

In just ten years' time, people who were born after 1980 and so were brought up in the Internet age and feel fully at home with it will make up more than half the population of Poland.[15] For these individuals, the Internet is becoming an integral part of their lives. Already, in 43% of digital Poles' homes, the children have their own tablets (Exhibit 11).

Exhibit 11

Percentage of digital Poles whose children have their own electronic devices
%

Tablet	Computer in own room	TV in own room	Game console	Mobile game console
43	40	36	24	9
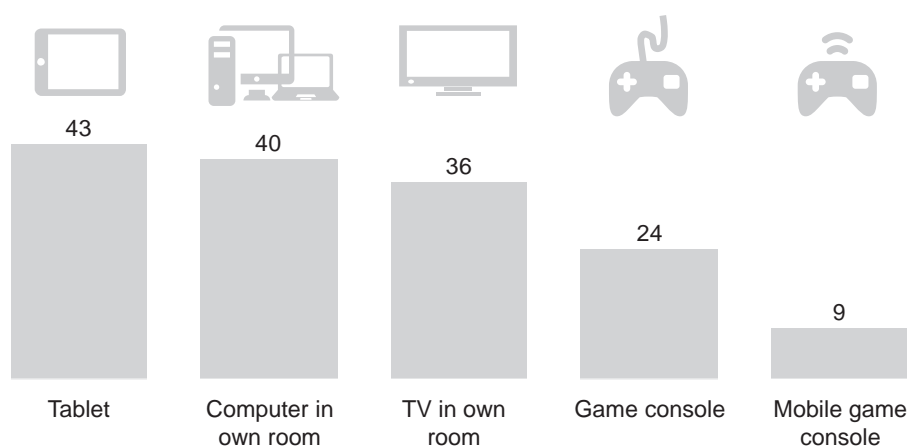
SOURCE. McKinsey "Digital Poles" survey, 2016

Exhibit 12

Total annual income of the Polish population by age group
PLN bn

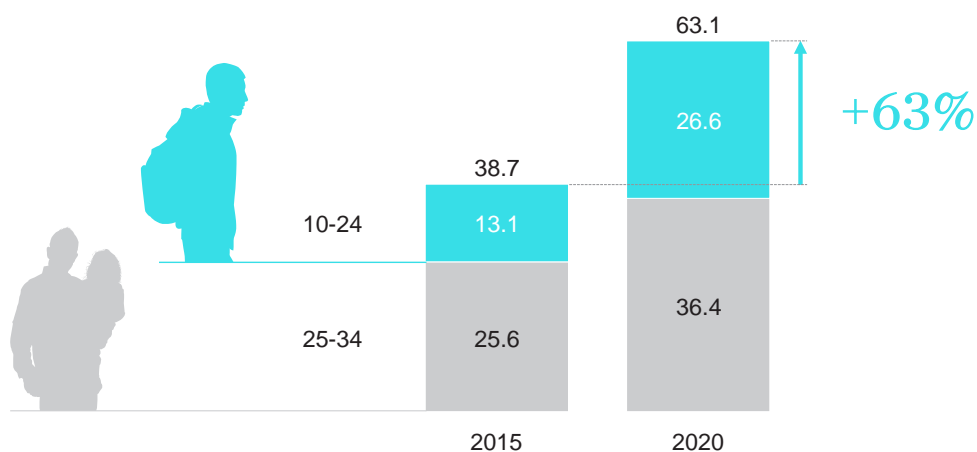SOURCE: Eurostat; GUS; McKinsey analysis

Today's generation will form a new group of people who have been digital since birth, who grew up in a digital world. Aspiring Enthusiasts and Digital Omnivores will together become a large group of what we call "Digital Encyclopedias". At the same time, as they enter the job market and develop professionally, their disposable income will significantly increase. Thus, over the coming five years, today's 10-34-year-olds will see their income grow by 63% (Exhibit 12).

This development will enable Aspiring Enthusiasts, who already often shop and spend a lot of time online, to become an even more digitized version of today's Digital Omnivores: They will use the Internet a lot, enjoy online shopping and buy services and technological innovations. At the moment, they lack the money to purchase the more expensive devices and services.

The Internet is already a natural part of life for Freebies, too – the least digitized segment of the young generation. They will start using the Internet more and more to transfer money, buy things and watch movies. Increased incomes will enable them to pay for what they used for free in the past, and to purchase more digital devices.

For current Freebies, financial barriers not only severely limit their access to technology and the Internet, but also stopthem from developing "digital habits" such as those displayed by Aspiring Enthusiasts. If Freebies are not targeted with financially attractive offers today, they may become less digitized in the future than today's Mediocres. As with Aspiring Enthusiasts, firms should be fighting for the attention and trust of Freebies now, when the preferences of these young people are still being formed.

Our research into digital Poles indicates just how far advanced digitization is among Polish e-consumers – and how quickly it is progressing. For companies, this means that they should analyze which segments show potential growth in demand for their products and services and which do not, as well as which

segments are worth some initial investments. This analysis will enable companies to adapt their product range and methods of attracting and retaining customers in line with the trends in digitization. It may even lead to them changing their long-term strategy or area of specialization.

For a fuller picture, companies should also look at the trends taking place in areas that our research shows are significant from the point of view of growth potential driven by digitization. We turn to this topic in the next chapter.

Chapter 2

Digital growth potential

Broader access to modern devices

Poland has the potential to further create value by increasing access to smart devices. Nine out of ten Poles have a cell phone. But smartphones remain less popular in Poland than in Western Europe (Exhibit 13).

Some 78% of today's digital Poles use smartphones (Exhibit 14). The remaining 22%, who use simple cell phones, find smartphones impractical: half of them think the functions they offer are unnecessary, and one in four thinks they're simply too expensive.

Exhibit 13

Share of adult population using cell phones and smartphones
%

Cell phone   Smartphone

Pew research[1]

	Cell phone	Smartphone
🇵🇱	88	41
🇫🇷	85	49
🇩🇪	94	60
🇮🇹	94	60
🇪🇸	96	71
🇬🇧	91	68
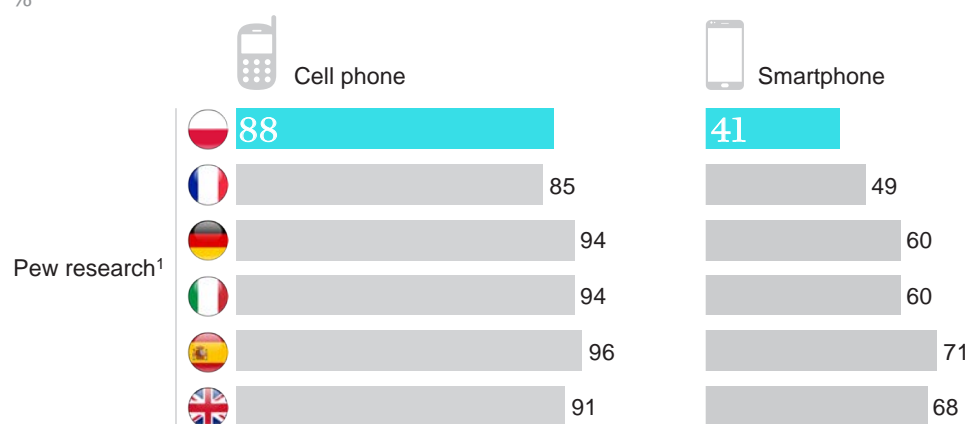
1 Pew Research covers individuals aged 18+
SOURCE: Pew Research Spring 2015 Survey

Exhibit 14

What sort of phones do digital Poles use, and why don't they use smartphones?

Smartphone 78%

No cell phone 1%
Basic cell phone 7%
Advanced cell phone 14%

Reason for not having a smartphone
%

Current phone is good enough	57
Don't need the functions they offer	48
Too expensive	25
Don't use the phone often enough	25
Contract on the other phone	13
Don't know how to use them	11
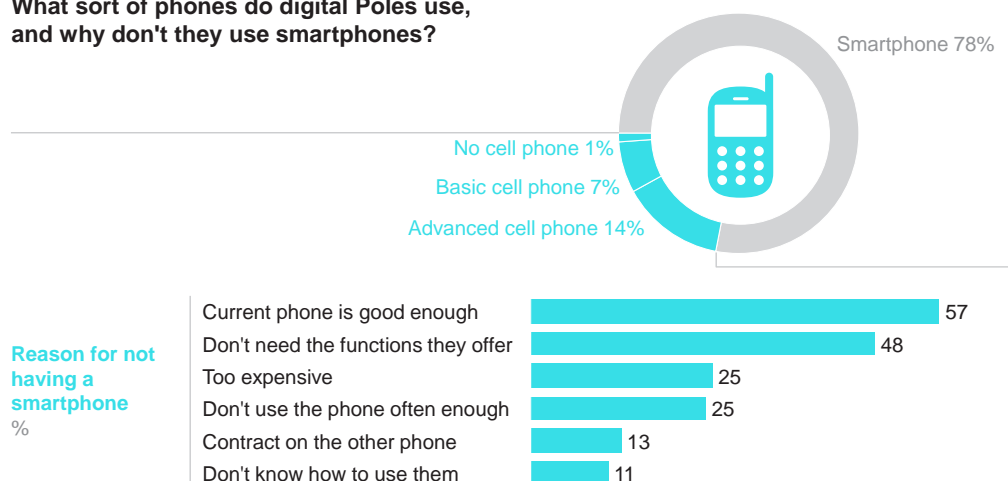
SOURCE. McKinsey "Digital Poles" survey, 2016

Optimizing spending is most important for the youngest generations. One in three Aspiring Enthusiasts and Freebies say they don't have a smartphone because of the cost. The same goes for tablets: For many digital Poles, especially Freebies and Old-fashioneds, tablets are just an expensive gadget (Exhibit 15).

Exhibit 15

Which devices are used by digital Poles in each segment?
%

	Smartphone	Tablet
Digital Omnivores	81	69
Aspiring Enthusiasts	87	53
Mediocres	79	51
Wealthy Convenients	78	66
Freebies	74	44
Old-fashioneds	54	41
Average for digital Poles	78	55
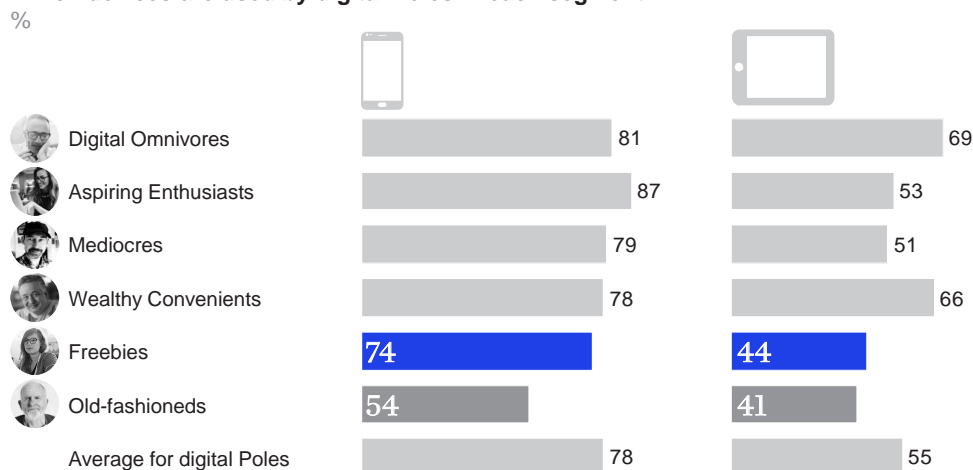
SOURCE. McKinsey "Digital Poles" survey, 2016

The cost of devices remains a problem, despite the fact that affordable alternatives to leading brands exist and even discount stores now sell simple smartphones. People in the poorest segments may view such a purchase as too expensive given their limited budget or the quality of devices on offer (Exhibit 16).

Exhibit 16

Reasons for not having a smartphone
%

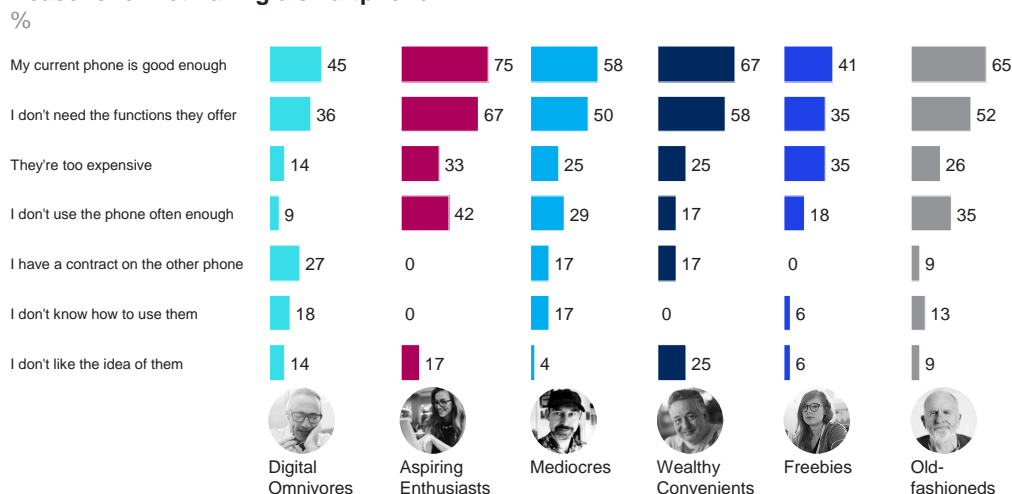|	Digital Omnivores	Aspiring Enthusiasts	Mediocres	Wealthy Convenients	Freebies	Old-fashioneds
My current phone is good enough	45	75	58	67	41	65
I don't need the functions they offer	36	67	50	58	35	52
They're too expensive	14	33	25	25	35	26
I don't use the phone often enough	9	42	29	17	18	35
I have a contract on the other phone	27	0	17	17	0	9
I don't know how to use them	18	0	17	0	6	13
I don't like the idea of them	14	17	4	25	6	9

SOURCE. McKinsey "Digital Poles" survey, 2016

Older people such as Old-fashioneds and Wealthy Convenients more often – indeed, in two out of three cases – say they don't have a smartphone because a regular phone is good enough for them. Here, it is interesting to note that for Old-fashioneds, who generally have low incomes, the cost of buying a modern phone is not the biggest problem. Wealthy Convenients have reservations about both the idea of owning a smartphone and their price.

Offering attractively priced devices may not be enough to attract these two groups. Companies need to convince them to purchase the devices, showing them the new possibilities these devices offer and adjusting their functions so that they meet the particular requirements of these segments. This could mean offering
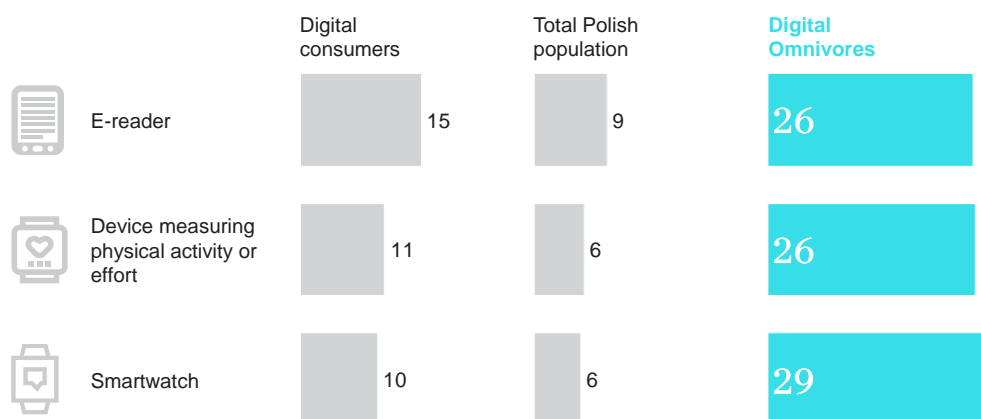
apps that simplify everyday jobs, such as paying bills, making appointments with the doctor, or dealing with local authorities.

Poland has the potential to increase the number not only of smartphones and tablets but also of other devices. The first smartwatches appeared on the market just three years ago, yet today already 10% of digital Poles have one, including one in four Digital Omnivores (Exhibit 17). This segment, and in the future also Aspiring Enthusiasts, are the pioneers of digitization in Poland. Their behavior is crucial for the introduction of new products and services. Companies should target innovations at these groups, trying out new solutions on them and taking advantage of the fact that they are willing to pay for additional services and more expensive gadgets.

Exhibit 17

Percent of people using various digital devices
%

	Digital consumers	Total Polish population	Digital Omnivores
E-reader	15	9	26
Device measuring physical activity or effort	11	6	26
Smartwatch	10	6	29

SOURCE. McKinsey "Digital Poles" survey, 2016

Over the next two decades, the increasing incomes of digital Poles – especially Aspiring Enthusiasts and Freebies – may contribute to the popularization of digital devices. This means more channels for communication with consumers, more time spent online, and more activities carried out via the Internet. And that, in turn, should contribute to further digitization.
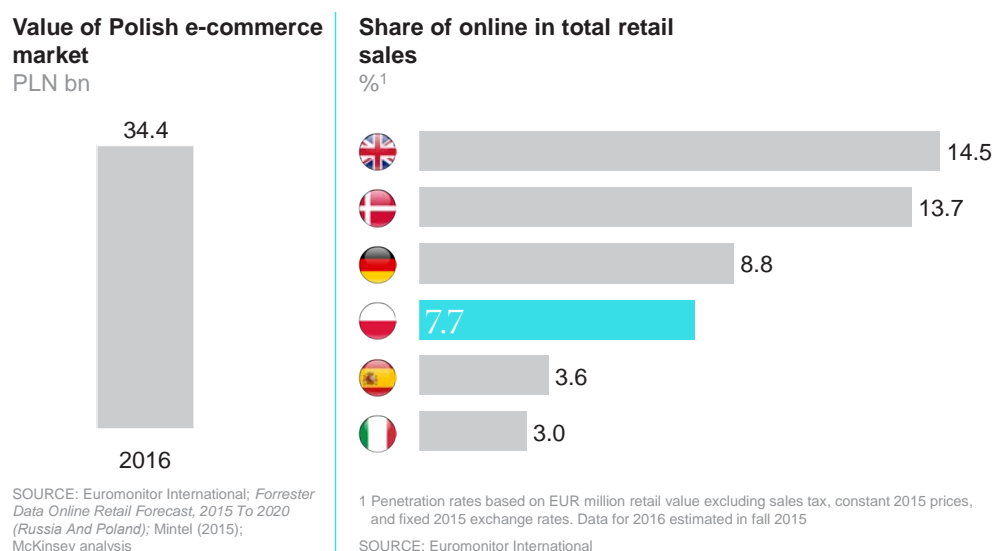
Growth of e-commerce in Poland

The Internet has been a huge success as a sales channel, with over half of digital Poles now shopping online.[16] In 2016 the e-commerce market was worth PLN 34.4 billion.[17] The share of online in total retail sales is higher for digital Poles than in Italy or Spain (Exhibit 18).

Moreover, for certain products, the proportion bought online is almost as high as in the West. For example, 14% of sales of toys are online in Poland, which is only just below the figures for France (16%) and Germany (18%).[18]

Exhibit 18

Value of Polish e-commerce market
PLN bn

34.4

2016

SOURCE: Euromonitor International; *Forrester Data Online Retail Forecast, 2015 To 2020 (Russia And Poland);* Mintel (2015); McKinsey analysis

Share of online in total retail sales
%[1]

🇬🇧	14.5
🇩🇰	13.7
🇩🇪	8.8
🇵🇱	7.7
🇪🇸	3.6
🇮🇹	3.0

1 Penetration rates based on EUR million retail value excluding sales tax, constant 2015 prices, and fixed 2015 exchange rates. Data for 2016 estimated in fall 2015

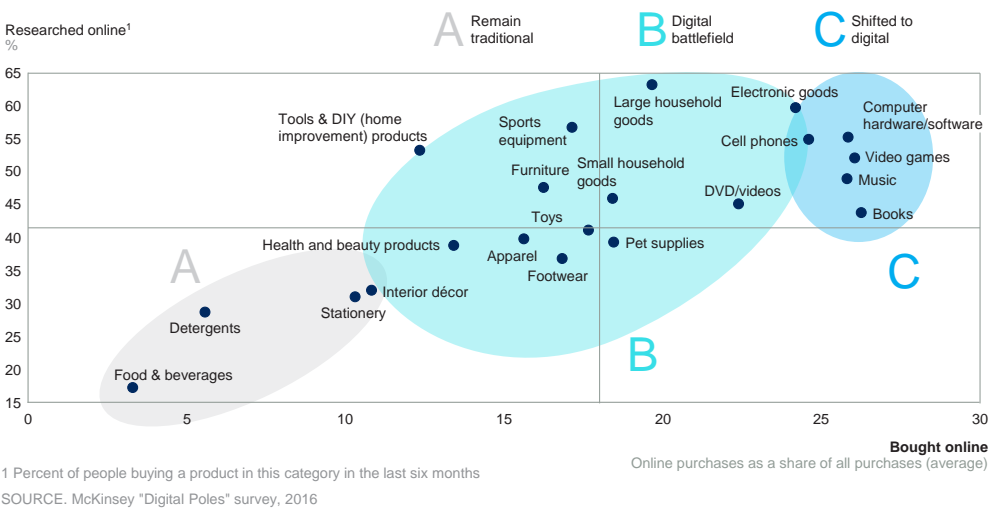SOURCE: Euromonitor International

Even more than for shopping, digital Poles use the Internet to gather information about products. Online research is the main way people find out about the pros and cons of products, as well as their specifications and price (Exhibit 19). This is particularly the case with electronic goods (including computer equipment, video games and other consumer electronics), books and music. In roughly half of cases on average, consumers gather information about these products from the Internet. These are also the categories of products most frequently (25%-30%) bought online.[19] The products least frequently researched and bought online are food & beverages, domestic detergents and stationery.

Although many people (35%-65%) look online for household goods, apparel, footwear, furniture and toys, the percentage of purchases actually made online is much lower, at less than 20%. These categories are clearly affected by the ROPO trend: research online, purchase offline. In other words, Poles look at these types of products online and compare them, but they buy them in bricks-and-mortar stores. For instance, 60% of digital consumers who are planning to buy large household goods carry out online research, but one-third of that number actually purchase them online.

Exhibit 19

Categories of products bought and researched online by digital Poles

Researched online[1]
%

A Remain traditional
B Digital battlefield
C Shifted to digital

1 Percent of people buying a product in this category in the last six months
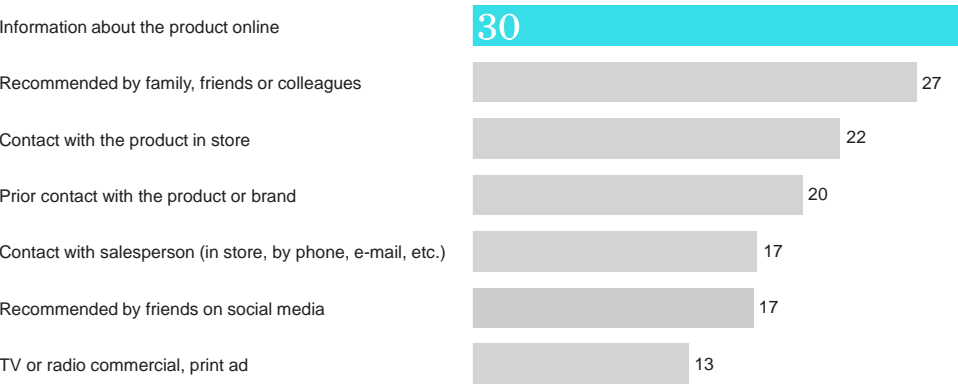SOURCE. McKinsey "Digital Poles" survey, 2016

The Internet also helps build brand awareness. Some 30% of digital Poles admit that they find out about new products online. The second most popular channel is recommendations by family or friends (27%). Just 13% of digital Poles say that traditional types of advertising such as TV commercials help build their brand awareness (Exhibit 20).

Exhibit 20

Sources of brand and product awareness among digital Poles
Percent of respondents giving this source as one of the three most important

Information about the product online	30
Recommended by family, friends or colleagues	27
Contact with the product in store	22
Prior contact with the product or brand	20
Contact with salesperson (in store, by phone, e-mail, etc.)	17
Recommended by friends on social media	17
TV or radio commercial, print ad	13

SOURCE. McKinsey "Digital Poles" survey, 2016

Although the Internet already plays an extremely important role as both a source of knowledge about products and a sales channel, it has huge potential to increase its significance further still. For example, there are considerable differences in the degree to which the various segments of Polish e-consumers use online sales channels.
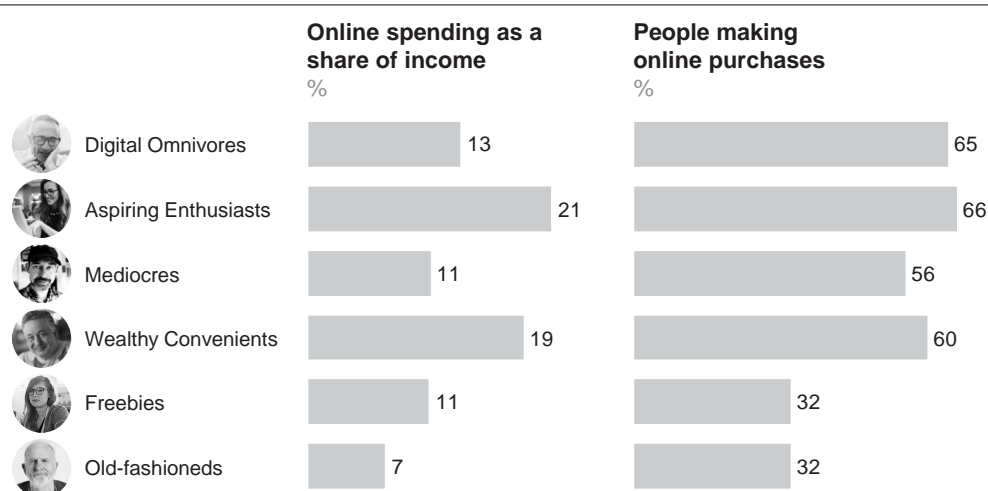
Just half of all digital Poles – Aspiring Enthusiasts, Digital Omnivores and Wealthy Convenients – account for 73% of the value of the e-commerce market. In part, this is due to the differences between segments in terms of their income:

Old-fashioneds and Freebies, the segments with the lowest incomes, spend the lowest share among peple buying online. But it turns out that income is not, in fact, the main barrier. Aspiring Enthusiasts on average earn less than Mediocres, for example, but they spend twice as much of their income online as Mediocres or even Digital Omnivores (Exhibit 21).

Digital Poles differ in the extent to which they use the Internet as a purchase channel. Just one in three Old-fashioneds and Freebies shop online, compared withmore than twice that number in the most digitized segments, namely Digital Omnivores and Aspiring Enthusiasts (Exhibit 21).

Exhibit 21

Online spending as a share of income
%

People making online purchases
%

Segment	Online spending as a share of income %	People making online purchases %
Digital Omnivores	13	65
Aspiring Enthusiasts	21	66
Mediocres	11	56
Wealthy Convenients	19	60
Freebies	11	32
Old-fashioneds	7	32

SOURCE. McKinsey "Digital Poles" survey, 2016

However, even in the segments that shop online most often, the majority of people still prefer bricks-and-mortar stores. This is mainly down to habit. Digital Poles like to go to physical stores to compare products and try them out (or try them on) themselves. More than half of the respondents who were fans of traditional stores gave this explanation (Exhibit 22). Irrespective of age or income, for most Poles the possibility of actually touching the product is an important argument in favor of traditional shopping – more important than unwillingness or inability to pay online.

Delivery costs are also a not-insignificant factor in discouraging younger people, such as Aspiring Enthusiasts and Freebies, from shopping online.

Among older Poles, such as Old-fashioneds, there is also a belief that shopping online is complicated. More than 40% of those people in this segment, who prefer to shop in bricks-and-mortar stores, say that making returns and comparing products is easier in a traditional store than online.

Digital/McKinsey

Exhibit 22

Why do digital Poles still shop in traditional stores?
%

	Digital Omnivores	Aspiring Enthusiasts	Mediocres	Wealthy Convenients	Freebies	Old-fashioneds
I want to try out the product myself	46	65	50	61	49	63
It's easier to compare products	33	39	50	49	44	41
I like shopping	30	30	47	46	37	38
I don't want to pay for delivery	31	43	34	29	37	31
It's easier to return products	25	26	23	32	27	44
It's more convenient for me to go to the store	20	20	27	34	37	28
I don't want to give my card details	11	10	12	7	17	9
I can't pay online	11	1	3	5	7	3

SOURCE. McKinsey "Digital Poles" survey, 2016

This polarization over online shopping shows that Poland has significant potential for further growth in e-commerce. Comparison with the West supports this finding. Thus, online sales account for 7.7% of total Polish retail in value terms today, compared to 8.8% in Germany and as much as 14.5% in the UK (Exhibit 18). The value of online purchases in Poland is expected to grow by an average of 16% annually through 2020,[20] to a level of almost PLN 62 billion a year and 12% of total retail sales.[21]

We identify four key actions that will support the development of e-commerce in Poland. Companies can use these actions to exploit the current trend.

1. Ensure consistent multichannel experience

In order to keep pace with e-consumers, stores that shoppers are familiar with from malls but which do not yet have a web store should set up an online channel and start selling online. The key here is to take a multichannel approach in which customers can find out about products and purchase them both offline and online, using whatever devices suit them.

Some 58% of digital Poles bought a product of the same category both online and offline in the last six months. However, 77% of those who shop online used traditional channels for the majority of their purchases (Exhibit 23). Despite their name, online "stores" are more often used for researching products than for buying them these days. The actual purchase takes place in a bricks-and-mortar store, as described further above (see: ROPO).
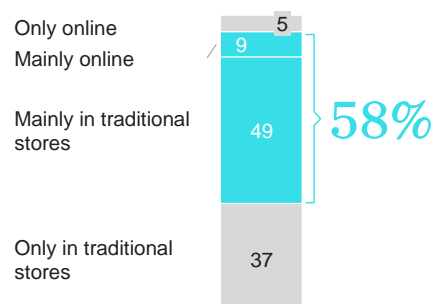
Poles use various devices to research products online, with 72% using two or more devices (Exhibit 23). Actual purchases are less multichannel in nature, although even here, one in three digital Poles uses two or even three different devices.

It is thus not enough for retailers to simply provide different channels. They also need to ensure consistency between channels and flexibility for customers to choose between them. Retailers can achieve this effect by offering the option of collect and return from the customer's home, a bricks-and-mortar store or a partner store. Other possibilities include the option to check on the website whether a product is available in the bricks-and-mortar store, and the option to view the products on
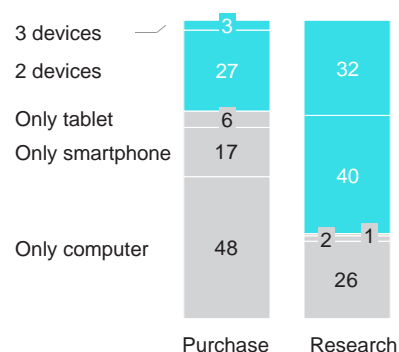
Exhibit 23

Purchase channels for digital Poles
Percent of people buying a product in this category in the last six months[1]

Only online	5
Mainly online	9
Mainly in traditional stores	49
Only in traditional stores	37

58%

Devices used by digital Poles for online shopping
%

	Purchase	Research
3 devices	3	
2 devices	27	32
Only tablet	6	
Only smartphone	17	40
	2	1
Only computer	48	26

1 Average for the categories computer hardware/software, electronics, books, DVD/videos, video games, food, apparel, footwear, health and beauty products, detergents, stationery, tools and DIY (home improvement) products, furniture, interior décor, toys, sports equipment, large household goods, pets supplies, music, cell phones, small household goods

SOURCE. McKinsey "Digital Poles" survey, 2016

offer or order goods using mobile devices within the physical store. Any changes companies make to their multichannel strategy should first and foremost reflect the actual needs of the various e-consumer segments.
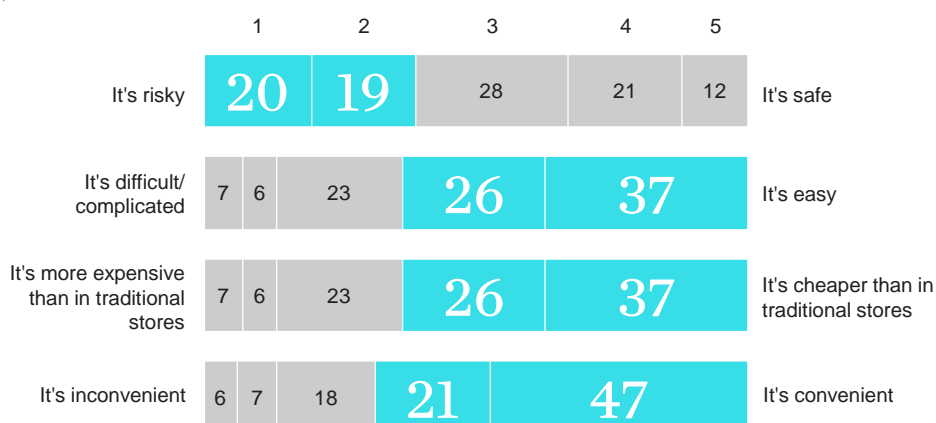
2. Increase the level of trust in online shopping

The majority of e-consumers in Poland think that shopping online is easier, cheaper and more convenient than shopping in traditional stores. Yet almost 40% think that it is risky (Exhibit 24). Doubts about the quality of goods bought online are fairly widespread. Half of those who prefer traditional stores say that being able to actually touch the product before buying it is important to them.

Exhibit 24

What do digital Poles think about online shopping?
%, scale of 1-5

	1	2	3	4	5	
It's risky	20	19	28	21	12	It's safe
It's difficult/ complicated	7	6	23	26	37	It's easy
It's more expensive than in traditional stores	7	6	23	26	37	It's cheaper than in traditional stores
It's inconvenient	6	7	18	21	47	It's convenient

SOURCE: *E-commerce w Polsce 2015. Gemius dla e-Commerce Polska*

To overcome these concerns, companies must reassure consumers that payments, deliveries and returns are safe: 40% of Poles still consider these areas problematic and more difficult than in bricks-and-mortar stores (Exhibit 24). Convenient payment options, such as pay on delivery and online payment via trusted partners, and a customer-friendly returns policy can help boost credibility here.

3. Improve the customer purchase experience

Digital Poles visit bricks-and-mortar stores because they can look at and compare products before buying them. But that's not the only reason – they also just like shopping (Exhibit 22). In the near future, online stores will be able to use technology to make the purchase process easier and to make the customer experience online closer to that of a traditional store.

Presenting products properly on the website can help here. The website should include photos in HD quality, the possibility of viewing the product from different angles (360-degree view), and videos showing how to use the product. What is important is not just what the page looks like, but how quickly shoppers can find the information they want –this should not take more than a few seconds.

Secondly, remote customer service should not be limited to a traditional hotline or a list of FAQs. Chatting with virtual customer advisers has proven effective for customers who usually communicate via messages on social media or instant messaging applications – Digital Omnivores and Aspiring Enthusiasts, for example. Old-fashioneds and Wealthy Convenients, on the other hand, may prefer e-mails, text messages or telephone help lines.

Over the long term, virtual reality (VR) may change the digital habits of Poles. VR technology requires special equipment such as goggles and gloves, but it allows customers to test-drive a car without leaving the dealership, for instance, or experience services in a way that would otherwise be impossible prior to purchase. Some travel agencies, for example, allow customers to try out vacations first with the help of special eyeglasses. One furniture store goes even further, letting customers visit a virtual kitchen, where they can select different appliances, open drawers, and even see what the room looks like from a child's perspective.

In the future, virtual reality may become more than just a marketing tool for stores. Indeed, it could revolutionize the way we buy products, by allowing customers to learn more about products and try them out without having to purchase them or even visit the store.

4. Provide convenient, attractively priced delivery for items ordered online
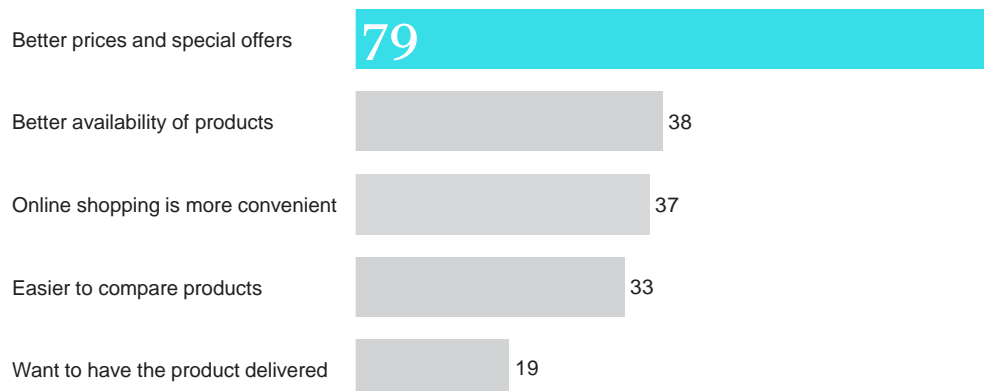
What attracts 80% of online shoppers to online stores today is better prices for products and services, and special offers (Exhibit 25). But consumers also care about other costs, such as delivery charges. Not wanting to pay for delivery is one of the main reasons why digital Poles still buy in bricks-and-mortar stores, especially for people in the youngest segments (Exhibit 22).

Only one in five customers of Internet stores shop online because of the option of having goods delivered to their home (Exhibit 25). That means that enormous growth potential exists for alternative, cheaper methods of delivery, such as picking up the goods at the store or from a kiosk or parcel machine – options that are currently much less popular than home deliveries.[22] It is too soon to say, however, whether "click and collect" will catch on in Poland the way it has done in France, where 80% of online grocery shopping is collected from stores by clients, or whether home deliveries will remain the most popular option, as in the UK.[23]

Exhibit 25

Why do digital Poles make online purchases?
Percent of respondents giving this answer

Better prices and special offers	79
Better availability of products	38
Online shopping is more convenient	37
Easier to compare products	33
Want to have the product delivered	19

SOURCE. McKinsey "Digital Poles" survey, 2016

Another method, not yet widely available in Poland, is "crowdshipping". The idea here is that goods purchased online are delivered to your home, usually on the same day you buy them, by people who are not professional couriers. Crowdshipping works through mobile apps or is offered as a delivery option by the Internet store. Solutions of this type will mean that younger people with lower incomes, such as Freebies or Aspiring Enthusiasts, can make online purchases more often in the future.

Research shows that, in some respects, the Polish e-commerce market is on the same level as in developed European countries. But it also suggests that there is potential for dynamic growth. This potential lies mainly in the factors influencing which channel digital Poles choose to carry out their purchases. Making the customer experience in the Internet store similar to that in a bricks-and-mortar store and providing opportunities for multichannel, multi-device shopping should strengthen the growth of overall Internet sales – and hence individual e-businesses.
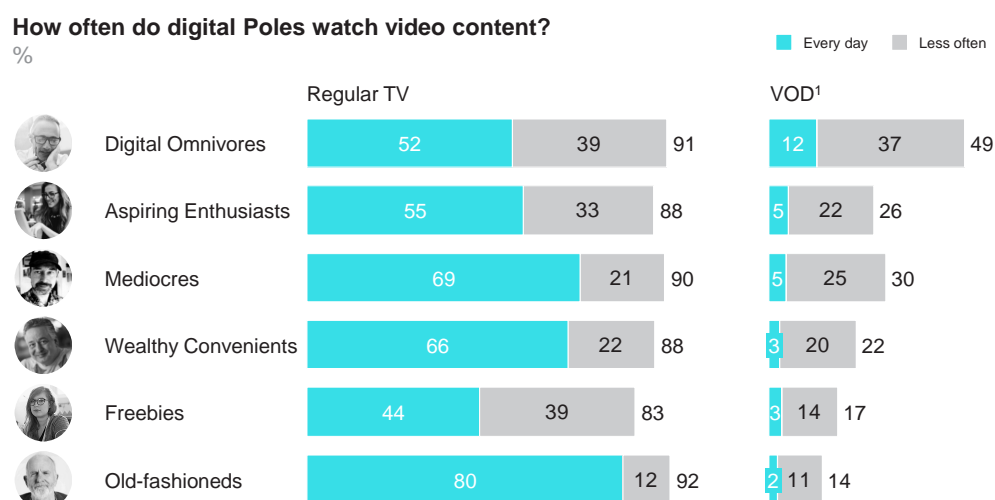
Growth of non-linear television

Our research indicates that media use in Poland is changing rapidly. Traditional television is gradually losing ground to non-linear, on-demand TV – although this trend is still in its infancy.

In terms of popularity, Internet TV has not yet caught up with traditional TV, which is still watched by 90% of digital Poles (Exhibit 26). The average e-consumer likewise spends 60% more time watching video content on TV than on a laptop, and around four times more than on a tablet or cell phone.[24]

This is true for both older and younger, more digitized generations. Even for Digital Omnivores, the percentage of people watching traditional TV is higher than those watching video on demand (VOD) via the Internet.
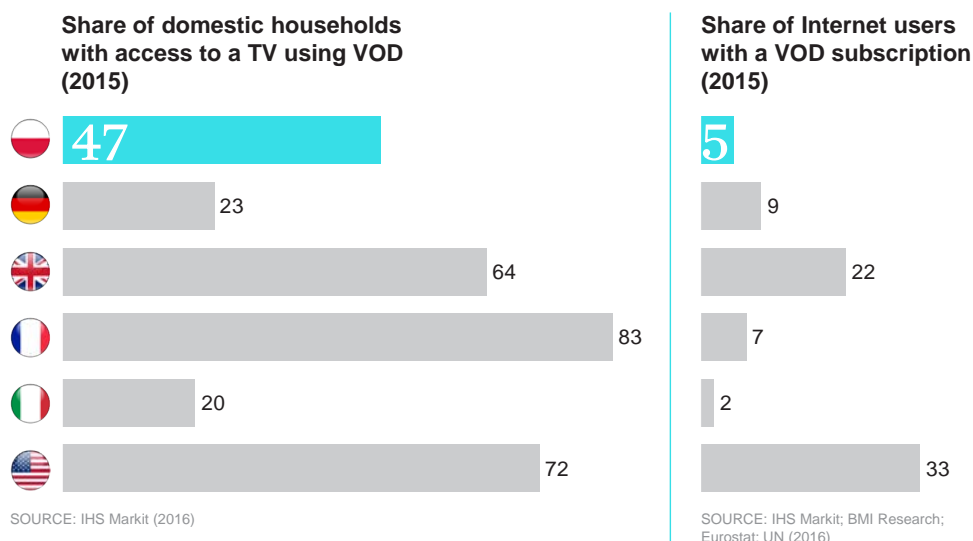
Exhibit 26

How often do digital Poles watch video content?
%

■ Every day ■ Less often

	Regular TV			VOD[1]		
Digital Omnivores	52	39	91	12	37	49
Aspiring Enthusiasts	55	33	88	5	22	26
Mediocres	69	21	90	5	25	30
Wealthy Convenients	66	22	88	3	20	22
Freebies	44	39	83	3	14	17
Old-fashioneds	80	12	92	2	11	14

1 Average for three popular VOD services
SOURCE. McKinsey "Digital Poles" survey, 2016

VOD is less popular in Poland than in some Western countries. Less than half of Polish households are able to watch VOD on their TV sets, compared to 64%-83% in France, the UK and the USA (Exhibit 27). Poles are even less likely to subscribe to VOD services online – only 5% of Poles do so, one-fourth the rate in the UK. This may be partly due to the prevalence of illegal sources of video content, and partly to the relatively meager offering from legitimate services. Paid-for foreign VOD services offer a wide range of content, but it is usually only available in English. In turn, Polish services have a limited amount of the sort of premium content that would encourage customers to a take out a paid subscription.

Exhibit 27

Share of domestic households with access to a TV using VOD (2015)

Country	Value
Poland	47
Germany	23
UK	64
France	83
Italy	20
USA	72

SOURCE: IHS Markit (2016)

Share of Internet users with a VOD subscription (2015)

Country	Value
Poland	5
Germany	9
UK	22
France	7
Italy	2
USA	33

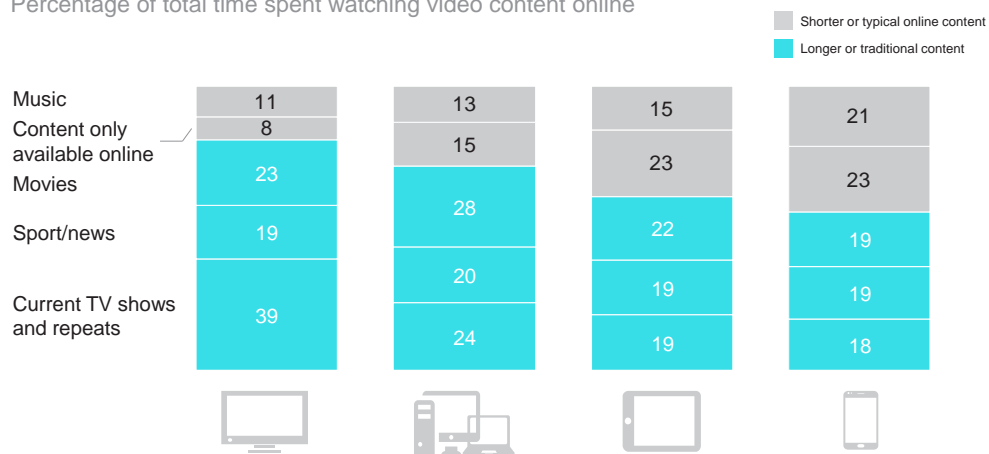SOURCE: IHS Markit; BMI Research; Eurostat; UN (2016)

E-consumers do not yet fully exploit the possibilities of non-linear television, especially on their mobile devices. Our research shows that when digital Poles watch video content online, they do so 73% of the time on their desktop or laptop, 10% on their cell phone, and even less frequently on a tablet. Poles mainly watch video content on their mobile devices to kill time or on their way to work. In other words, it supplements their viewing of content on larger screens.

The increasing popularity of video on mobile devices also affects the development of new forms of video – short clips typical of online content, and user-generated content (UGC).[25] Content of this sort accounts for 44% of the total time digital Poles spend watching video online on smartphones, but just 28% on computers (Exhibit 28).

Exhibit 28

What video content do digital Poles watch online?
Percentage of total time spent watching video content online

Shorter or typical online content
Longer or traditional content

	Desktop	PC/Laptop	Tablet	Smartphone
Music	11	13	15	21
Content only available online	8	15	23	23
Movies	23	28	22	19
Sport/news	19	20	19	19
Current TV shows and repeats	39	24	19	18

SOURCE. McKinsey "Digital Poles" survey, 2016

The fact that digitization has not yet completely replaced traditional TV is indicated by the relatively low use of Internet TV and VOD, especially on mobile devices. However, there are grounds for believing that this situation will change soon. We present five reasons below.

1. Individualization of prime time

Smart TV and OTT platforms (on-demand access to selected programs on different devices) allow consumers to watch their favorite programs and television content whenever they like. This redefines and individualizes the concept of "prime time".

We already observe this trend for digital Poles, whose online viewing is not limited to typical Internet content, UGC and movies. To a large extent they watch programs from the current TV schedule and repeats (Exhibit 28), in other words "catch-up TV". In addition, we see a fragmentation of consumption between different platforms and devices. This gives Internet TV on demand the edge, as it is available on many devices, in any situation, wherever viewers want it.

2. Price sensitivity

The general level of satisfaction with pay TV is fairly high in Poland, with just one in ten users expressing dissatisfaction. Price is the main factor that drags down the overall level of satisfaction (Exhibit 29).

Exhibit 29

Are digital Poles happy with their pay TV?
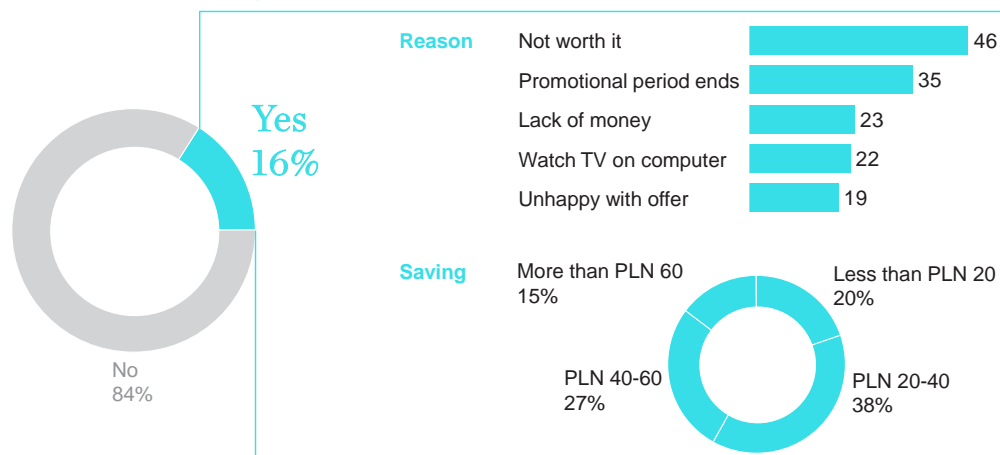Percent of respondents giving a 7 or more on a scale of 1-10

Quality	66
Offer (product bundles)	47
Customer service	47
Price	39
Total	51
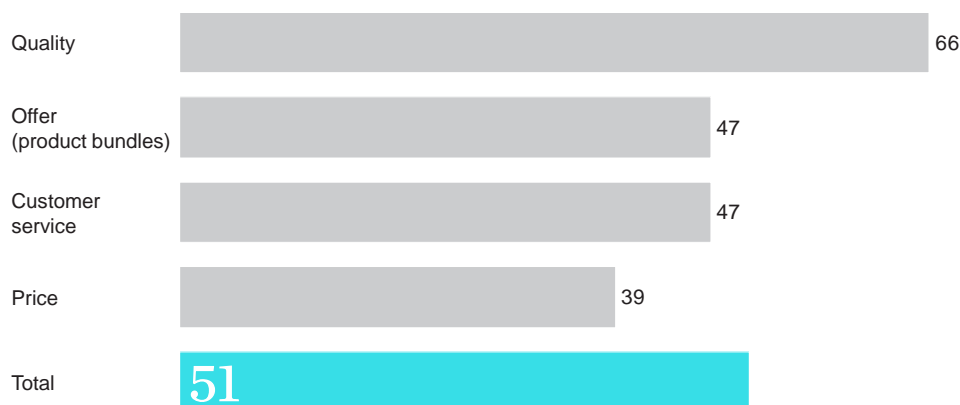
SOURCE. McKinsey "Digital Poles" survey, 2016

Our research shows that the trend toward "cord cutting" seen in the West (that is to say, abandoning pay TV in favor of OTT services) is also spreading in Poland. What is more, when digital Poles cancel their pay TV subscription – and the figures show that one in six did so in the three months prior to the survey – they do so in order to save money (Exhibit 30). Most of these individuals did not save more than PLN 40 a month by doing so. Nevertheless, it is the people who earn the most, namely Digital Omnivores and Wealthy Convenients, who are most likely to express the desire to change provider or cancel their subscription.

Exhibit 30

Why do some digital Poles cancel their pay TV subscription?
In the last three months, %

Reason

Not worth it	46
Promotional period ends	35
Lack of money	23
Watch TV on computer	22
Unhappy with offer	19

Yes
16%

No
84%

Saving

More than PLN 60
15%

Less than PLN 20
20%

PLN 40-60
27%

PLN 20-40
38%

SOURCE. McKinsey "Digital Poles" survey, 2016

3. Growing requirements regarding quality and content

Increasing Internet speeds mean that the image quality on Internet TV is continuously getting better and the range of programs offered wider. Content is emerging that can only be viewed online, such as programs produced by VOD services themselves and the Internet TV channels with the most interesting content. At the same time, smart TVs using 4K technology represent a challenge for broadcasters and TV platforms, as they require a huge amount of data per unit of time to be transferred by the CDNs (content delivery networks). The technology that makes this easier, such as video compression and predictive streaming, is only just developing.

4. Possibility of personalized program offerings

Traditional TV offers all viewers the same programs, interwoven with blocks of advertising. VOD services, by contrast, could potentially offer users programs based on their viewing history. Indeed, some foreign services already offer this option.
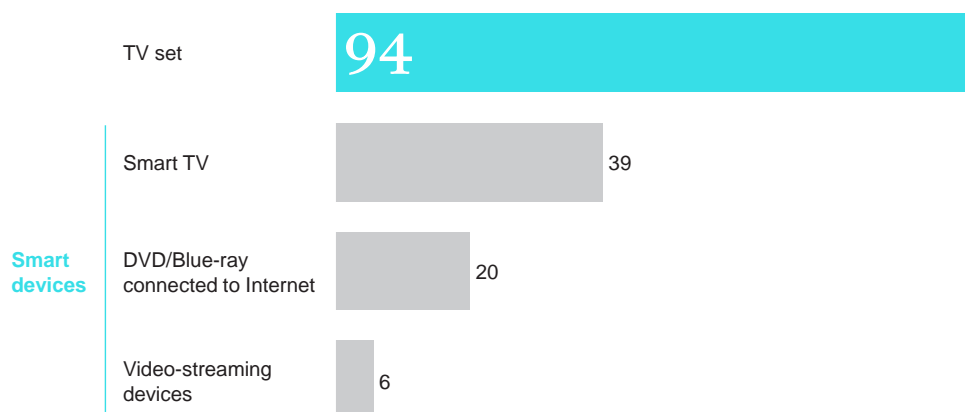
5. Additional solutions and services

Two out of five digital Poles already have smart TV, and one in five are able to connect their DVD or Blu-ray to the Internet (Exhibit 31). But viewers do not exploit the full potential of these devices at present: The average digital Pole spends more than three times as much time using his or her TV offline than online.

Digital Poles are also interested in other services offered by pay TV. One in three say that they would be willing to pay a surcharge (or change provider) to be able to scroll through the commercials in recorded programs. This may be due to the growing popularity of advertising blockers that allow users to surf the Internet and watch videos without seeing advertisements.

The vast majority of services in Poland offer an AVOD (ad-based) model; in other words, viewers do not pay for content but they have to watch commercials. The average amount of advertising on VOD services in Poland is still less than the statutory 12 minutes an hour for linear TV.[26] This may encourage viewers who dislike commercials to use OTT services.

Exhibit 31   **How many digital Poles own a TV set or devices for watching TV online?**

TV set	**94**
Smart TV	39
Smart devices — DVD/Blue-ray connected to Internet	20
Video-streaming devices	6

SOURCE. McKinsey "Digital Poles" survey, 2016

Digital Omnivores are the group most willing to pay for additional services: Almost half of them say they would pay to be able to watch TV on another device at home. That makes this segment a potential market for solutions such as hybrid television and pay VOD subscription on several devices, or other technologies that answer digital consumers' expectations.

Our research shows that digitization changes the way people use media. This has a number of important consequences.

1. Companies in the TV industry will feel the direct effects of this trend. For them, the popularity of OTT means lower viewing figures for programs delivered linearly.

2. The necessity of building reach using both traditional and new media creates a challenge for advertisers Although digital Poles claim that TV commercials increase their brand awareness far less than the Internet (Exhibit 20), 90% of them still watch traditional television. It is therefore vital for advertising agencies to develop competencies connecting TV and online channels, and to use technologies that enable them to reach clients through personalized advertising in real time.

3. The popularization of non-linear TV will make it possible for producers of video content to expand their activities on a global scale and attract funds for producing their own content. Over the long term, this will enable them to increase their profitability. At the same time, there is a real risk that companies that simply deliver television rather than offering unique content will see their role reduced to simply transmitting other people's programs.

Indirectly, these trends will have an impact on all areas of business. They show that the Internet, already an important communication and purchase channel, could also capture the time that Poles currently spend on entertainment.

Chapter 3

Building trust in the Internet

In Poland, popularity does not go hand-in-hand with trust in the Internet – at least not yet. As many as three out of five Poles are worried that the details they enter online will be used by the wrong people. Trust in the operators of websites is significantly lower than in banks or the providers of telecommunications services, which are trusted by six times as many people, even though the latter groups often have access to more confidential data (Exhibit 32).

Exhibit 32

How many digital Poles trust Internet services to protect their personal details?
%

	Trust	Neutral	Do not trust
Websites[1]	4	37	59
Service providers[2]	24	37	38
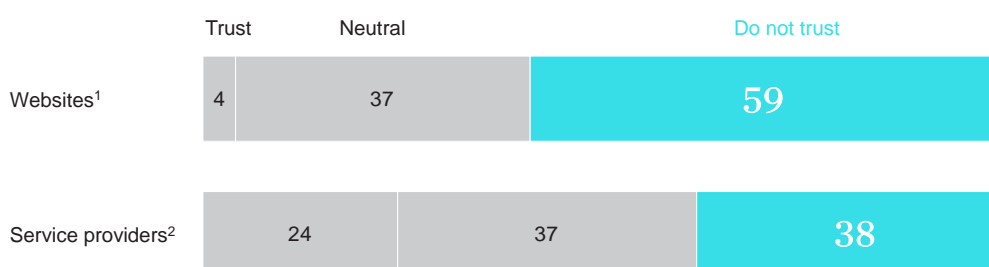
1 Average for several popular Internet services and social networking sites
2 Average for banks, credit card issuers, home Internet providers, cable or satellite TV companies and mobile network operators
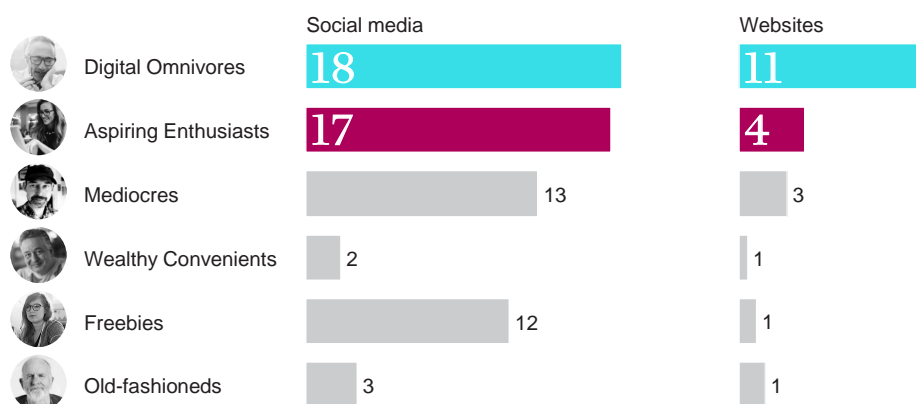SOURCE. McKinsey "Digital Poles" survey, 2016

Even the biggest Internet enthusiasts have limited trust in websites: just 11% of Digital Omnivores and 4% of Aspiring Enthusiasts say they trust them (Exhibit 33). Nor is the situation much better for social media, despite their universal popularity, with more than 80% of people in these two segments saying they lack trust in them.

Exhibit 33

How many digital Poles in each segment trust Internet services to protect their personal details?
Percent of respondents saying they trust Internet services

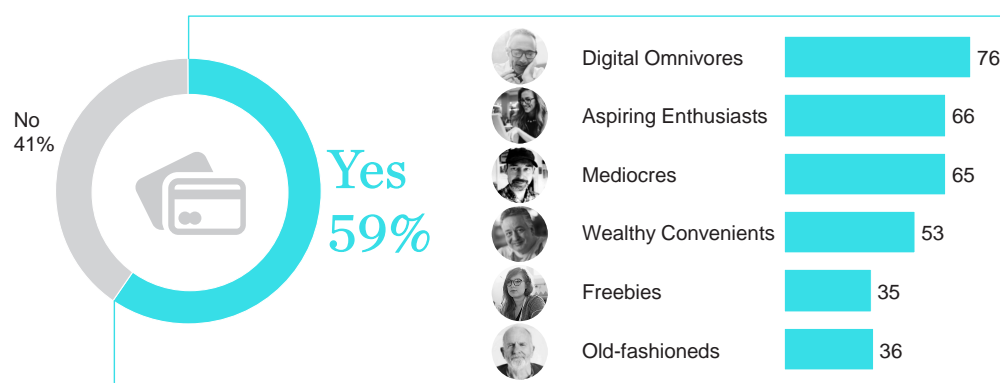|	Social media	Websites
Digital Omnivores	18	11
Aspiring Enthusiasts	17	4
Mediocres	13	3
Wealthy Convenients	2	1
Freebies	12	1
Old-fashioneds	3	1

SOURCE. McKinsey "Digital Poles" survey, 2016

Digital Poles may not trust the Internet, but they value the convenience that it offers. Indeed, they are prepared to supply even the most confidential data if they see that it will make their life easier. Thus, as many as 60% of Internet users in Poland save their payment card details on websites and apps (Exhibit 34).

Exhibit 34

How many digital Poles save their payment details on apps and websites?

Digital Omnivores	76
Aspiring Enthusiasts	66
Mediocres	65
Wealthy Convenients	53
Freebies	35
Old-fashioneds	36

No 41%

Yes 59%

SOURCE. McKinsey "Digital Poles" survey, 2016

The fact that one in two Wealthy Convenients – a group that is less enthusiastic about digitization – enter their payment card details online proves that a well-designed offering can convince even skeptics.

The same applies for social media. Just 15% of users believe that these services handle their data properly. But seven out of ten respondents visit these sites every day, and one in three prefer to sign in to other sites using their social networking accounts (Exhibit 35). One in two users think that doing it this way is faster and more convenient than setting up a new account, but just one in four think it's safer.

Exhibit 35

Why do some digital Poles prefer to sign in to new services and apps using their social media accounts rather than creating new accounts?

Percent of users of social networking sites

It's better	It's faster	It's easier	It's safer
34	50	50	28
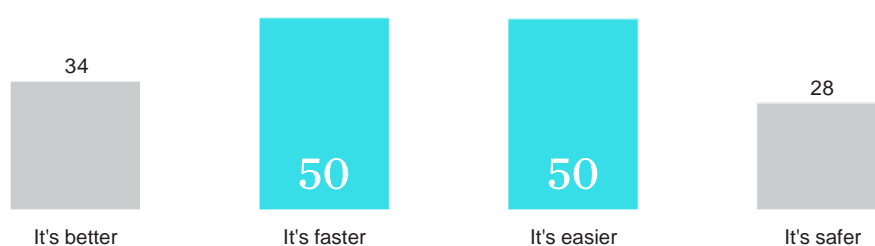
SOURCE. McKinsey "Digital Poles" survey, 2016

In our survey, 60% of Poles said that they lacked trust in websites and were worried about the safety of their information online. However, the same percentage of people choose to make online payments easier by saving their card details on websites and apps, and an even larger proportion share personal details on social networking sites. Although limited trust in websites is a challenge for businesses, it clearly doesn't rule out collecting even confidential data from users. Digital consumers are willing to share this data if they can save time and enjoy greater convenience in return. To build trust in the longer term, however, companies should invest in making customer data more secure and communicating to customers how they protect their personal data.

Chapter 4

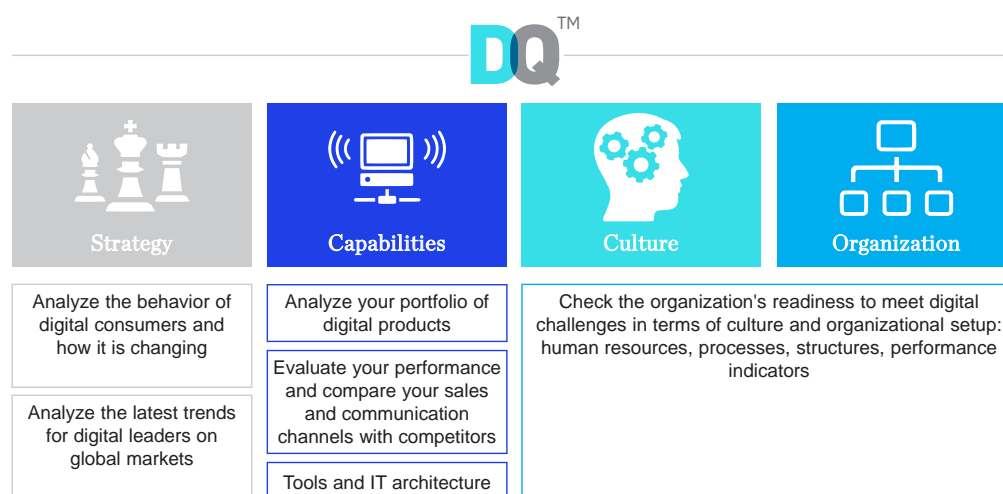# Leveraging the e-revolution for business success

The e-revolution in Poland brings both opportunities and challenges. For some companies, it can supply the necessary impetus for profound transformation, encompassing not only the commercial functions but also internal processes – maybe even the production or supply chain. For many other companies, radical change may not be necessary: digital initiatives can support their established business or a new business line, enabling diversification, expanding the customer base, or generating competitive advantage.

We described the McKinsey approach to creating a digital strategy for companies in detail in our report *Digital Poland*, written in cooperation with Forbes Poland and published in August 2016.[27] In the present report we concentrate on the question of how to build a digital commercial strategy.

To master the e-revolution, companies must carry out a detailed analysis of their competitive position and the potential of their business in four areas: strategy, capabilities, culture and organization. These four areas form the basis of a company's DQ™ or "digital quotient" (Exhibit 36). This is equally important for both online players and traditional businesses that need to adapt to a multichannel world.

Exhibit 36   **DQ™ measures a company's digital maturity across four key areas**

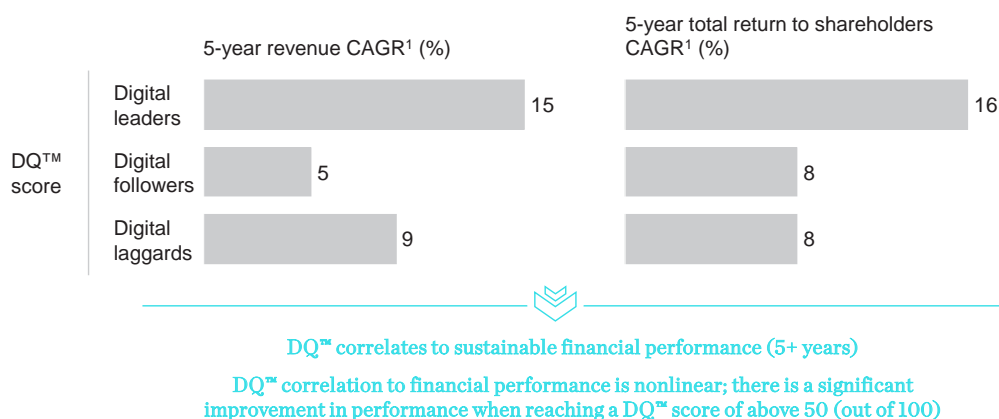| Strategy	Capabilities	Culture	Organization
Analyze the behavior of digital consumers and how it is changing	Analyze your portfolio of digital products	Check the organization's readiness to meet digital challenges in terms of culture and organizational setup: human resources, processes, structures, performance indicators	
Analyze the latest trends for digital leaders on global markets	Evaluate your performance and compare your sales and communication channels with competitors		
	Tools and IT architecture		

SOURCE: McKinsey Digital Quotient dataset

These four areas are important because there is a positive correlation between a company's DQ score and its financial performance. In an analysis of more than 100 organizations, companies that have the highest DQ scores achieve stronger growth in both revenues and return to shareholders (Exhibit 37).

Exhibit 37   **Financial performance of firms by DQ™ score**

5-year total return to shareholders
CAGR¹ (%)

5-year revenue CAGR¹ (%)

DQ™ score	5-year revenue CAGR¹ (%)	5-year total return to shareholders CAGR¹ (%)
Digital leaders	15	16
Digital followers	5	8
Digital laggards	9	8

DQ™ correlates to sustainable financial performance (5+ years)

DQ™ correlation to financial performance is nonlinear; there is a significant improvement in performance when reaching a DQ™ score of above 50 (out of 100)

1 Analysis from June 2016, n=112
SOURCE: McKinsey Digital Quotient dataset; S&P Capital IQ

STRATEGY

Analyze the behavior of digital consumers and how it is changing

The first step in creating a digital commercial strategy is to understand the digital market. This process starts by looking at consumers in terms of their demographics, behaviors and beliefs. To gauge how much they use digital products – and how much they will do so in the future – you need to find out how they spend their time online, what they spend their money on, how much they use technology, and what they think about digitization. This is what we did in Chapter 1, for example, using extensive consumer research and the databases of GUS, Euromonitor, Pew Research and others. Companies may want to supplement this information with data from other sources such as focus groups and personal interviews.

The second step is to carry out a detailed analysis of the needs and behaviors of existing customers. Companies should not just use standard consumer research but also – and even more importantly – all the data from their sales systems and loyalty programs. This information tells them who their consumers are, where they live, and what their purchasing behavior is like. Many companies already use location data (e.g., from shoppers' smartphones) in real time to offer consumers personalized offers. Firms providing telecommunications services have access to detailed information about their users, including their online activity, daily routine, and the friends they communicate with, although not all of this data can be used for marketing purposes.

Social media and other digital platforms for communicating with customers can also be an extremely valuable source of information. "Buzz analytics" enables companies to use text data (e.g., comments on their website or social media sites) to get an idea of how customers perceive them, what shapes customers views, and what marks out dissatisfied customers. Analyzing text data even makes it possible to classify social media users according to their needs. As

the technology continues to develop, it may become feasible to gather even more information about users from social media, such as location data or even images and sounds from customers' web cameras – depending on what the lawmakers decide, of course.

We live in a time of self-learning machines and Big Data. Using the latest methods of data analysis, advanced algorithms, and knowledge from research in other industries, companies can now accurately trace the "customer journey" – the path taken by the client from the creation of brand awareness through evaluation, selection and purchase of the product, to the use of other services.

Understanding what purchase and communication channels consumers use and how they differ depending on the chosen method is particularly important for e-commerce players (Exhibit 38). For example, when a certain drugstore traced the purchase path for Millennials – people born between 1980 and 1995 (or 2000) – they discovered that these consumers watched clips online about how to use the product before buying it. The path analysis revealed the consumers' need to know about the product before purchasing it. The firm then used this knowledge to create its own series of videos and so improve the effectiveness of the online purchase channel.[28]

Exhibit 38

Sample demographic characteristics of Internet shop customers
%
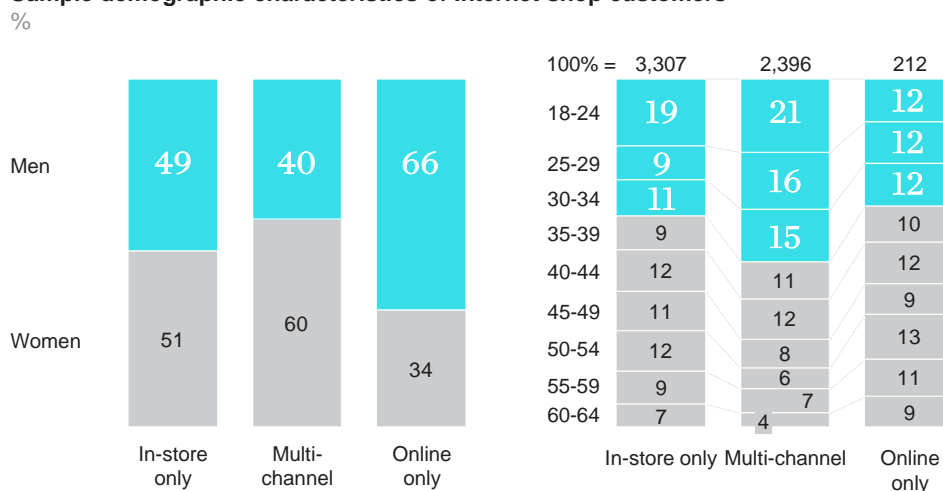
SOURCE: Data for one popular Polish Internet shop

The third step for firms is to identify trends in the current and future behavior and needs of customers – trends such as polarization, or people brought up in the era of digitization having more of the total disposable income. Research into the different consumer segments will also allow companies to identify trends such as the growing popularity of social networking sites as a source of information and communication channel, the use of digital devices and Internet TV (currently low compared to Western countries), ROPO, and multichannel.

Companies can study social media and other digital channels used for communication by customers to identify any "weak signals" – signs that may herald new trends in the sector. For example, one company in the childcare segment

wanted to examine the potential for a new service not currently available on the market. Because the service did not yet exist, it was impossible for them to analyze keyword searches. Instead, they carried out a semantic analysis of signals from certain social media sites where parents shared their experiences and concerns with each other. In this way they were able to identify potential competitors and decide exactly what the new service should look like.[29]

Analyze the latest trends for digital leaders on global markets

To obtain a complete picture of the market, companies need to look at what the digital leaders are doing. In many ways these companies are very similar: they are not afraid to shift funds away from areas that the e-revolution will make less profitable, and their activities in the field of digitization are consistent with their overall business strategy. That makes it particularly important to find out who the digital pioneers are, whether they may become your competitors, and how they are organized – how they use their resources and how they build or attract talented individuals to manage their digital initiatives.

Companies should look particularly closely at how these digital pioneers organize their sales channels and customer communication channels, irrespective of the industry. Having a website or mobile app that works properly is essential whether you are a bank, a retailer or a mobile network operator. Companies should seek out best practices with regard to Internet search engine usability, consistency of online channels, and product recommendation systems, for example. What today's digital pioneers do to underpin their success should act as an inspiration for companies that want to build value in an era of increasing digitization.

CAPABILITIES

Analyze your portfolio of digital products

To check how ready they are to deal with the competition in a digital world, companies, regardless of industry, need to ask themselves two key questions: (1) Do they currently offer any digital products? And (2) which of their products could be made digital, or more digital than they are at present? Digitization creates many opportunities to enhance existing products or introduce new ones, in almost every industry. For example, one manufacturer of agricultural machinery revolutionized its business by expanding the digital services it offered, such as advice on crops and weather warnings.[30]

"Design thinking" can help companies take a creative approach to analyzing the digital potential of their products. The first stage of this way of thinking about business development is to thoroughly understand customers' unconscious needs. Focus groups are not enough here: it may take proper, almost anthropological research, observing the behavior of customers in stores or even in their homes. One manufacturer of consumer goods went as far as to have their employees actually move in with selected customers for a period of time to help them better empathize with their situation and understand how they used the company's products.

Companies need to track each and every customer interaction with the product (or with other, similar products), asking themselves all the time how digitization could help solve any problems that arise. Another way to find out about customer requirements is to study "lead users" – users who themselves invent innovative solutions, adapting products to their own needs. Studying lead users not only provides information about what customers really need, it also can serve as an inspiration for coming up with new prototypes.

Another aspect of "design thinking" that can help exploit the potential of the e-revolution is generating creative ideas. For example, excluding the usual or best-known uses for a product can allow companies to focus on potential unconventional uses. It is worth noting that almost any product or service can be given a digital dimension – for example, there are bottles that measure your daily intake of water and calculate your level of hydration.

Another useful approach is to carry out a "creative remix", which entails structuring unrelated ideas with the help of a matrix and using this as a basis for developing innovative solutions. For example, bedside tables and lamps already available on the market can wirelessly charge a smartphone – a combination of traditional uses with the latest technology. Another example is the popular game Pokémon Go,[31] an example of a hybrid product that combines location services, virtual reality and 1990s animated characters.

The above techniques are just two of the many methods available. There are companies that specialize in developing creative solutions[32] whose tried-and-tested approach can be used to tailor product offerings more closely to the needs of digital consumers.

Evaluate your performance and compare your sales and communication channels with competitors

Companies should look critically at their sales and customer service channels – both traditional channels such as hotlines and digital channels such as websites, mobile apps, pages on social network sites, and chat applications. They need to examine the level of efficiency and customer satisfaction at every stage of the customer journey, from considering the product to evaluating it and finally purchasing it (Exhibit 39).[33]

Players need to be present in the digital channels used by their potential customers in order to build awareness for their brand. They can measure the effectiveness of their efforts by looking at the amount of traffic they attract – the number of page views and mobile applications downloaded, and the number of "likes" or followers on social networking sites.

The sources of this traffic and the cost of generating it are also important. Comparing the breakdown of total traffic by source with figures for competitors will show which channels require greater investment.

As customers move from one stage of their journey to the next, it is essential that their experience be positive and consistent regardless of the device or channel used. Companies can verify it by talking directly to client groups or interviewing them by telephone, online or on social media. It is possible, using analysis, to assign

Exhibit 39

Performance metrics and sources of digital capabilities across the four main phases of the customer journey

1 **Consider**
- Performance metrics
  - Traffic on digital platforms
  - Social reach
  - Other metrics from paid and earned media
- Drivers of performance
  - Search (SEO, SEM)
  - Other non-direct sources of traffic: referrals, video ads, social
  - Direct traffic (including omni-channel marketing)

2 **Evaluate**
- Performance metrics
  - Engagement
- Drivers of performance
  - User interface/experience
  - Content marketing

3 **Convert**
- Performance metrics
  - Conversion rates
  - Basket size
- Drivers of performance
  - UI/UX
  - Merchandizing and assortment
  - Pricing and promos
  - Personalization and cross-sell algorithms

4 **Post-conversion engagement**
- Performance metrics
  - Social reach and engagement
  - Perception, sentiment and advocacy
  - Repeat customers (volume and frequency, engagement, basket size cross purchase)
- Drivers of performance
  - Social strategy and execution (e.g., response)
  - Online and cross-channel service and support
  - Logged in UI/UX
  - Omni-channel
  - E-mail marketing

SOURCE: McKinsey Digital Opportunity Scan

different conversations on social media to different stages of the customer journey, identifying strengths and weaknesses in each stage.[34] Another way to evaluate the effectiveness of channels in engaging customers is to compare opinions about the mobile app on the app distribution platform, or to look at the average time spent on the site.

Companies can assess the effectiveness of different channels at the point where customers actually come to buy the product by looking at the conversion funnel. A detailed analysis will reveal at which stage the conversion funnel breaks down and where there is room for improvement. For example, if the conversion funnel breaks down when the product is already in the cart but the client does not follow through to transaction, the problem may lie either with the interface or with the price of the product (Exhibit 40).

It is also possible for companies to compare digital sales channels in terms of how effectively they build customer loyalty. Loyalty may be indicated by how often a client visits the website, the number of repeat purchases within a certain period of time (Exhibit 41), or clients' use of competitors' websites (and, of course, the use of the company's website by clients belonging to competitors). It is also worth analyzing what clients write on social networking sites at this stage. There are special tools for analyzing data from these channels that allow companies to see what the general opinion about their brand is on these sites and what aspects of the brand attract positive or negative comments.

These steps allow companies to evaluate the effectiveness of their digital marketing and communication channels compared to their competitors and identify key areas where change is required. At the same time, comparing expenditure on research

Exhibit 40

Sample analysis of the conversion funnel for an Internet shop

Conversion teardown	Visit		Non-bounce	Engaged		Add to cart		Start checkout		Purchase		
Firm A	100	x	85%	x	22%	x	24%	x	32%	x	56%	= 0.8
Player 1	100	x	67%	x	18%	x	58%	x	41%	x	62%	= 1.8
Player 2	100	x	81%	x	35%	x	39%	x	87%	x	34%	= 3.3
Player 3	100	x	94%	x	37%	x	91%	x	15%	x	44%	= 2.1
Player 4	100	x	91%	x	53%	x	76%	x	17%	x	29%	= 1.8

Tearing down the conversion into individual stages helps us understand where the funnel breaks down

SOURCE: McKinsey Clickstream

Exhibit 41

Sample analysis of customer loyalty to Internet Firm A

	Consideration	Loyalty			
	Penetration Percent of the population visiting site	Clients returning within 6 months Percent of visitors	Time elapsed between visits Days	No. of visits by returning clients Per 6 months	Repeat purchases within 6 months Percent of visitors
Firm A	5.5	42.0	8.4	5.6	0
Player 1	2.3	31.4	6.3	3.4	0
Player 2	0.5	13.9	3.5	3.2	0
Player 3	9.1	42.7	11.1	4.6	4.2
Player 4	10.4	44.1	11.8	4.6	0.7

SOURCE: McKinsey Clickstream database (Comscore)

and development (R&D), innovation, technology and digital marketing, taking into account the level of outsourcing versus employment and the state of IT tools, will help firms assess the scale of investment needed to implement these changes.

IT tools and architecture

When evaluating their digital capabilities, organizations must also look at whether their tools, information systems and technology allow them to build relationships with their customers and collect and use their data as a basis for making business decisions. Companies need to assess whether their information systems are, on the one hand, able to deploy new solutions within a matter of days or offer customers personalized web pages in a matter of seconds, and, on the other, stable enough to support transaction systems.

ORGANIZATION AND CULTURE

Creating a digital commercial strategy requires in-depth analysis of both the market and the effectiveness of a company's digital channels. But it is equally important to adapt the company's culture, its way of managing the organization, and its capabilities to the new reality.

Having the right culture can make up for not having all the right advanced tools. The culture of digital leaders is characterized by speed, flexibility, a "test-and-learn" approach, the ability to establish cooperation within the organization, and a high tolerance for risk.

When companies examine their organizational readiness, one of the things they should look at is the way in which their employees acquire and develop the skills required by digitization. It is worth checking to what extent employees can create and perfect digital products, and whether they are able to carry out online marketing.

Firms should also take a critical look at their key performance indicators. Research by McKinsey shows that just 40% of managers set goals for their digital products or for the people responsible for the success of those products. Instead, they rely on traditional performance indicators such as the number of cases dealt with by telephone by the customer service department or the time taken to respond to e-mails. Of course, these indicators will continue to be important, as many customers still prefer traditional methods of communication. But they are not enough to properly assess the level of service in a digital era.[35]

It is also important how often the company measures its progress in achieving its objectives, whether it communicates this progress clearly to the organization, and what its organizational structures are like. There is no universal rule for whether it is better to create a special "digital division" within the company, with its own leader, or if every department in the company should rather include a digital element. But it is worthwhile thinking about what must be changed in the structure in order to provide more support for digitization within the organization.

Evaluating your company in the four areas that make up its DQ™ can be both a source of inspiration and a starting point for building a commercial strategy tailored to the specific nature of your business and the market. However, one must remember that only a few companies can function as typical digital players, disrupting markets on a global scale – firms such as Spotify, Square and Uber. Even fewer companies can shape ecosystems, setting standards and controlling a large-scale business via their digital platform. The other 95%-99% of firms need to take a different approach. For them, the key is not to view digitization as an add-on to their existing business, but to fully engage themselves in implementing their chosen strategy.

Conclusion

Polish firms would be ill-advised to ignore the e-revolution taking place among consumers. The findings we present in the first three chapters of this report show that digital consumers are shifting more and more areas of their life online. The Internet has already become the dominant channel for communication and information; in the future it may grow in importance as a channel for shopping and entertainment.

The digital economy is becoming more and more firmly established. Whether or not it will represent a source of growth or a threat for a particular company depends on whether that company prepares itself properly by developing a clear action plan. Such a strategy must take into account the changing behaviors and needs of e-consumers, trends such as the popularity of social media, the increasing value of the e-commerce market, ROPO, and the actions of digital pioneers. It must also take into account the potential of digital products, access channels, and the organization's entire resources.

Polish companies have a real opportunity to ride the wave of e-revolution. Many already have the tools and qualified employees needed to implement a digital strategy. It is our belief that Poland is in a position to exploit the e-revolution at least as well as many countries in Western Europe.

Endnotes

1 The McKinsey "Digital Poles" survey was carried out in March 2016 using CAWI (computer-assisted web interviewing) with a representative group of 1,500 people aged 15-64, living in Poland, with access to the Internet at home or work. Questions concerned ownership of digital devices, time spent using these devices, money spent on digital services, opinions about technology, the media and society, financial services, personal data and its safety on the Internet, sources of information used and demographic data. In addition, respondents were randomly divided into three groups and each group assigned a set of questions from one of three categories: product search and purchase; devices used for communication; and use of various types of video services. We based the analyses presented in this report, including the segmentation using k-means clustering, on responses to the survey.

2 McKinsey "Digital Poles" survey

3 *E-commerce w Polsce 2015. Gemius dla e-Commerce Polska*

4 Euromonitor International, *Forrester Data Online Retail Forecast, 2015 To 2020 (Russia And Poland)*, Mintel (2015), McKinsey analysis

5 Euromonitor International (2016)

6 Reading and writing e-mails, instant messaging, video calls, chats and social media on computer, telephone or tablet (source: McKinsey "Digital Poles" survey)

7 Average for several popular Internet services and social networking sites (source: "Digital Poles", McKinsey research)

8 Average for banks, credit card issuers, home Internet providers, cable and satellite TV companies, and mobile network operators (source: "Digital Poles", McKinsey research)

9 Based on spending on computer hardware and software, electronics, furniture, interior décor, large household goods and cell phones, and the percent of people buying online (source: McKinsey "Digital Poles" survey)

10 Instant messaging, video calls, chats (source: "Digital Poles", McKinsey research)

11 GUS [Polish Central Statistical office], S*połeczeństwo informacyjne w Polsce w 2015*

12 Euromonitor International, 2016

13 Results based on IHS Markit Technology TV Media Intelligence, 2016. Results are not an endorsement of McKinsey & Company. Any reliance on these results is at the third party's own risk. Visit www.technology.ihs.com for more information.

14 Narodowy Plan Szerokopasmowy Ministerstwa Administracji i Cyfryzacji [Polish National Broadband Plan], January 2014

15 GUS [Polish Central Statistical office] population forecast for 2014-2050 (produced in 2014)

16 *E-commerce w Polsce 2015*, Gemius (2016)

17 Euromonitor International, *Forrester Data Online Retail Forecast, 2015 to 2020 (Russia and Poland)*, Mintel (2015), McKinsey analysis

18 *McKinsey Global Media Report*

19 "Percent of products bought online" means "online purchases as a share of all purchases of products in this category (average)", i.e., the average answer to the question "Looking at your purchases of various products in the past six months, what percentage was online shopping rather than shopping in traditional stores or through other channels" for each product category.

20 Euromonitor International, *Forrester Data Online Retail Forecast, 2015 to 2020 (Russia and Poland)*, Mintel (2015), McKinsey analysis

21 Euromonitor International, *Forrester Data Online Retail Forecast, 2015 to 2020 (Russia and Poland)*, Mintel (2015); McKinsey analysis

22 *E-commerce w Polsce 2015. Gemius dla e-Commerce Polska*

23 *Shaping the Future of Online Grocery*, report by McKinsey and Coca-Cola Retailing Research Council (2015)

24 "Digital Poles", McKinsey research

25 Content produced and broadcast by end users

26 European Commission: Audiovisual Media Services Directive

27 "Digital Poland. Capturing the opportunity to join leading global economies", *Forbes*, No. 9/2016, www.mckinsey.pl

28 McKinsey Digital, *Raising your Digital Quotient*, December 2015

29 "The strength of weak signals", *McKinsey Quarterly*, February 2014

30 McKinsey Digital, *Raising your Digital Quotient*, December 2015

31 "Pokémon Go, explained", Vox.com, August 5, 2016, http://www.vox.com/2016/7/11/12129162/pokemongo-android-ios-game

32 E.g., Lunar, part of McKinsey & Company

33 Based on the McKinsey Digital Opportunity Scan

34 E.g., social CDJ ("customer decision journey"). More information on http://www.mckinsey.com/business-functions/marketing-and-sales/how-we-help-clients/social

35 Julian Kirchherr, Julia Klier, and Sebastian Stern, "Europe's e-government opportunity", March 2015, mckinsey.com

About the authors

Wojciech Bogdan, leader of the Consumer Goods and Retail Practice

Wojtek Bogdan is an expert in strategy, operations and corporate development. He advises global and regional firms in the retail, private equity and telecommunications industries. Wojtek was co-author of the report *Poland 2025: Europe's new growth engine* and the McKinsey Global Institute report *A new dawn: Reigniting growth in Central and Eastern Europe*. He graduated from the University of Gdansk.

Daniel Boniecki, Senior Partner

Daniel Boniecki is a leader of the Telecoms, Media and Technology Practice covering 104 countries in Central and Eastern Europe, the Middle East and Africa. He advises top Polish and foreign companies and institutions on strategy and business transformation, among other areas. From 1998 to 2001 he worked in McKinsey's London office. He is co-author of the reports *Poland 2025: Europe's new growth engine*, *Digital Poland* and *5 opportunities for Poland*. Daniel is a graduate of the Warsaw School of Economics (SGH) and the Wharton Executive Education program. He also holds an MBA from Harvard.

Wojciech Krok, Local Partner

Wojciech Krok is an expert in strategy development, operational transformation and enhancing sales performance. He mainly advises clients in the telecommunications, retail (including e-commerce) and private equity sectors in Poland, Europe and Asia. He is co-author of the reports *Digital Poland* and *5 opportunities for Poland*. Wojciech studied Finance and Banking at the Warsaw School of Economics (SGH) and holds a Master in International Management (CEMS) from the University of St. Gallen in Switzerland. He also has an MBA from INSEAD.

Wiktor Namysł, Managing Partner

Wiktor Namysł is a leader of the Operations Practice in Central and Eastern Europe. With 20 years of experience in strategic consulting in 23 countries and on 6 continents, he advises clients on operations, developing and implementing strategy, business transformation and mergers & acquisitions. He is co-author of the reports *Digital Poland* and *5 opportunities for Poland*. Wiktor graduated from the Poznan University of Economics and has an MBA from the Kellogg School of Management at Northwestern University in the United States. He also held a DAAD scholarship at FH Reutlingen, Germany.

Jakub Stefański, Senior Consultant

Jakub Stefański specializes in consumer goods and retail. Over the last five years he has supported clients in seven different countries in the areas of e-commerce, developing and implementing commercial strategy and enhancing operations. He is a graduate of the University of Warsaw and has an MBA from INSEAD.

Digital**/**McKinsey