

UKRAINIAN CROSS-BORDER SHOPPERS INFLUENCE AT THE POLISH AND ROMANIAN BORDERS. A COMPARATIVE STUDY FROM SUCEAVA AND LUBLIN

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Abstract: Shopping became nowadays a leisure-connected activity, transforming from a primary necessity into a self-identity statement and a social barometer. Cross-border shopping is a unique type of shopping that consists in people travelling beyond the boundaries of their country, with the precise purpose of acquiring goods for personal use on the other side of the border. The following paper brings into debate the cross-border shopping tourism activities developing at eastern external borders of European Union. Ukrainians cross-borders shoppers, once regular customers in Lublin and Suceava, mainly dues to borders trade, now focus their visit on more personal trips. Their presence is minimal in both Lublin and Suceava, however the Polish city benefits from a higher number of Ukrainian cross border shopping tourists than the Romanian one.

Key words: shopping, Ukrainians, Suceava, Lublin, travel, trade, tourism

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INTRODUCTION

The purchasing patterns changed fundamentally during 40-50 year, with customers demands extending beyond the need of a wider selection of goods and entering in a sphere of experience, where emotions and sensations are deifying factors in purchase decision, people focusing more on desire that on real practical needs (Danziger, 2006, xvi). Shopping in the vision of Williams et al. (2001) is the 'new retail geography', consisting from 'an elaborate sociological game played out in sites loaded with meaning' (Crewe, 2000 cited in Williams et al., 2001, 204). At this moment in time, we can visualise the transition of shopping, in the preference for the retail locations of people living in developed, developing or underdeveloped countries. In developed countries the new retail challenge has as a central point the mega-mall, a large retail space, which in the

same time fulfils also the role of a an important family entertainment location (Shaw and Williams, 2004), while in underdeveloped countries the bazaars and open markets are the most common retail locations.

The transition retail locations are most visible in developing countries, where the new retail locations, develop neat the old retail locations, in a mix of preferences and generation, that makes the transition slowly, but profoundly from and old dying retail model based on pragmatic choices, to a new, vivid retail lifestyle bounded with leisure (Woodruffe-Burton et al., 2002).

Berger (1966), connects the changes in consumption and purchases patters to consumers' self-identity and the vision others have about them and their place in society. He concludes that it is common for people to behave and to consume thinks and objects, in order to impress others, so that others perception about them will gain social esteem, and as a result, their personal esteem and satisfaction will increase. A similar opinion shared Hogg and Michell (1996, 641), stating that 'consumption choices' do not limit at being 'single, simple and independent decisions', but a complex mechanism of 'interdependent decisions'.

In the context of retail transitions, in terms of meaning, space and location, doubled by the mobility of people (Timothy, 2005), shopping across the border, comes as a natural act, which joins practical needs with the desire for leisure. Economically viewing, cross-border shopping in borderland can have an important impact over the local commerce. Its flow of purchase power, although frequently goes unobserved by the local retailers, sometimes shapes the market demand. A business focus strictly on cross border shopping tourists it is a risky one, and will probably prove unprofitable in time, as the movement can always change direction or the customers can face unexpected difficulties in crossing the border. However, a business focus on both local demand and on shopping tourists' requests and expectations can be the wining card for a good development in cross-border region.

CROSS-BORDER SHOPPING

Consumption across borders (Tömöri, M., 2010), a term that also describes cross-border shopping, refers to the activity of people travelling outside the boundaries of there own country with the target of shopping in the neighbouring one (Timothy, 2005). For these people shopping is the major dragging factor to take the trip. A shopping tourism activity can extend from a few hours to a few days, depending on the place of travel and the wish of the traveller. In the case of cross-border shopping tourism, the trips extend from a few minutes to a few hours (Figure 1.1), for tourists living near the borders, or to a few days, for tourist living farther from the border (Timothy, 2005).

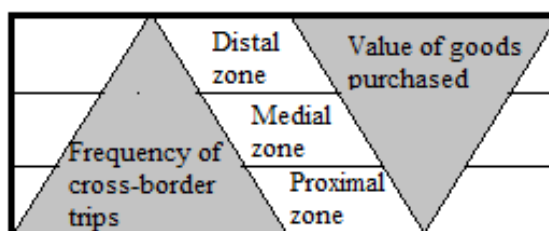


Figure 1. Spatial characteristics of cross-border shopping.
(Source: Timothy and Butler, 1995)

The most common cross border shopping trips are same-day round trips, allowing tourists to successfully utilise their leisure time, for shopping and other recreational activities.

There are four primordial conditions for cross-border shopping to appear and develop, mostly generated by the ‘economical, legal, and social differences on opposite sides of an international border’ (Timothy, 2005). The conditions, initially describes by Leimgruber (1988), later developed by Timothy (2001), are:

1. *Contrast* – there needs to be sufficient contrast between the local offer and the offer from the other side of the border. The difference has to be noticeable at least regarding one of the following things: selection of goods, quality of goods and price of acquisition.
2. *Awareness* - people have to be aware of what exists on the other side of the border, in order to get motivation for crossing the border. The awareness can be raised through information they receive from other cross-border shoppers, through media or internet.
3. *Willingness to travel* - emerge from curiosity, interests, wishes and personal mobility. Many people consider shopping abroad as an entertainment activity, which they can practice together with their families. Their motivation for crossing the border can be stimulated or not, by the transport infrastructure and safety they would benefit on the other side.
4. *Border cross procedures* - have to be rather unproblematic and not very time consuming. Nowadays, there are more and more borders that can be crossed with little formalities and even without visas, however their situation is not always stable, depending arbitrarily on the political changes. A big number of formalities can be very discouraging for people to make the trip to the other side, regardless of the market contrast and their willingness to travel.

The reasons that contribute to the creation and maintenance of the cross-border shopping tourism are miscellaneous and changeable; however, they often give us the direction of the movement, from one country towards another. Sometimes the movement can go strictly in one direction and other times in both directions. The reasons for cross-border shopping obviously include the price benefits that are expected, but this is not the only criterion (Optem, 2004).

Timothy (2011) mentions a set of factors contributing to the appearance of cross-border shopping, which also influence its direction and intensity:

- Price level
- Tax rates
- Opening hours
- Exchange rate between currencies
- Availability of a wider range of products and services
- Fame and marketing
- Proximity to the border
- Language

The economical importance of cross-border shopping tourism was already underlined in scientific literature (DiMatteo, 1993, Timothy and Butler, 1995). However, a business focus strictly on cross border shopping is risky, and will probably prove unprofitable in time, as the movement can always change direction or the customers can face unexpected difficulties in crossing the border (Bar-Koelalis and Wiskulski, 2012). The solution is the integration of cross-border shoppers’ needs with local demand, which can offer stability at home and additional surplus of profits from visiting shoppers.

In East and Central Europe, cross-border shopping appeared as a natural result of border cross restriction removal. The core locations were the meeting points between the developed and developing economies (Powęska, 2008). With a daily character, more entrepreneurial motivated, than personal (Minghi, 1999), cross-border shopping trips quickly became a common activity mainly for people living in the borderlands (Hall, 2000). Price played a key role during the transition period as a key motivational factor for people to travel in order to complete their purchase. The other motivational factor was the availability of a wide range of goods, especially for the Romanian shoppers, accustomed to a limited choice during the communist period.

Described as 'bazaar capitalism' (Smith, 1997), the cross-border shopping activities conducted in Central and East Europe, were strongly focused on resale items rather than for personal-use items (Timothy, 2005). The practice demonstrated that there is a very thin line between cross-border shopping with the purpose of easing the family budget through shopping and resell and helping friends and relatives to purchase as well. From here to smuggling is just a small step, as sometimes it is difficult to make a clear-cut distinction between cross-border shopping and smuggling, and many researchers hold that cross-border shopping also consists of part of illegal foreign turnover carried out by the individual travellers at the border in connection with an unrecorded conveyance of goods (Powęska, 2008). However, as the political situation from East and Central Europe started to stabilize and the border cross procedures began to change, in some cases due to European Union regulations, in other by mutual agreements signed between countries, new trends in cross-border shopping were brought in by globalization. The trend implies a switch in travellers' motivations for crossing the borders, which focuses less on economical and trade factors and emphasizes more on leisure and tourism.

THE POLISH-UKRAINIAN AND POLISH-ROMANIAN BORDER SECTORS

The Polish-Ukrainian border sector stretches on 528 km, being administratively represented on the Polish side by two voivodeship, Lubelskie and Podkarpackie. Lublin, with a population of 360,000 inhabitants, is the capital city of Lubelskie voivodeship, and Rzeszow with a population of 160,000 inhabitants, is the capital city of Podkarpackie voivodeship. On the Ukrainian side, the border adjoins with three oblasts Volyn, L'viv and Zakarpattia. Lutsk, with a population 255,095 inhabitants is the capital city of the Volyn Oblast, Lviv with 729,842 is the capital city of the Lviv oblast and Uzhgorod, located near the Ukrainian Slovakian border is is the capital city of Zakarpattia oblast, with 116,500 inhabitants.

The Polish-Ukrainian border region, do not present any geographical barriers that could have an impact on border interaction and despite the unsatisfactory road infrastructure, especially on the Ukrainian side of the border, the border cross facilities are sufficiently developed to facilitate the actual flows of people and goods. The Polish-Ukrainian border is mainly perceived primarily as socio-economical barrier, mainly due to the technical aspect of border cross procedures, characterise by long queues and custom officers inefficiency, rather than the demand of visa for Ukrainian citizens (Gramma, 2011).

The border crossing point at the Polish-Ukrainian border are:

- *By road*: Budomierz – Hruszów; Dorohusk – Jahodyn; Hrebenne – Rawa Ruska; Korczowa – Krakowiec; Krościenko – Smolnica; Medyka – Szginie and Zosin – Uściług.

- *By railway*: Dorohusk – Jahodyn; Hrebenne – Rawa Ruska; Hrubieszów – Włodzimierz Wołyński; Krościenko – Chyrów; Przemyśl – Mościska and Werchrata – Rawa Ruska.

The total Romanian-Ukrainian border sector stretches on 649.4 km and consist of two pieces, one located on the north of Romania and dominated by Carpathian mountains, stretching on 440.1 km (Grama, 2011) and the other located in south-east of Romania, including as well a river and sea border. The following paper refers strictly to the north part of the Romanian – Ukrainian border, administratively represented on the Romanian side by four counties Satu-Mare, Maramures, Suceava and Botosani. Satu Mare, with a population of 102,441 inhabitants, is the capital city of Satu Mare county. Baia Mare, with a population of 123,738 inhabitants is the capital city of Maramures county. Suceava, with a population of 92,121 inhabitants is the capital city of Suceava county and Botosani, with a population of 106,847 inhabitants is the capital city of Botosani county. On the Ukrainian side, the border adjoins with three oblasts Zakarpattia, Ivano-Frankivsk and Cernivtsi. Uzhgorod, with 116,500 inhabitants, is the capital city of Zakarpattia oblast, Ivano-Frankivsk, with a population of 226,124 inhabitants, is the capital city of Ivano-Frankivsk oblast and Chernivtsi, with a population of 259,419 inhabitants is the capital city of Chernivtsi oblast.

The Romanian-Ukrainian border region is dominated by the Carpathian Mountains, with strong direct influence on the border traffic volume and purpose. With Romania joining the European Union, which determined a higher taxation on cigarette and alcohol, the border became strong smuggling point, the illegal traders taking advantages of this geographical aspect of the border.

The border crossing point at the Polish-Ukrainian border are:

- *By road*: Halmeu – Diakove; Sighetul Marmatiei – Slatina; Siret – Tereblecea, Tarna Mare – Heja; Ulma – Rusca; Vicovu de Sus – Crasna; Racovat – Probotesti.

- *By railway*: Halmeu – Diakove; Campulung la Tisa – Teresova; Valea Viseului – Dilove and Vicsani – Vadul Siret.

- *By foot*: Sighetul Marmatiei – Biserica Alba; Izvoarele Sucevei – Sipotele Sucevei; Climauti – Fantana Alba and Vascauti – Volcinetul Nou.

CONSUMPTION ACROSS THE UKRAINIAN BORDERS

Consumption across the Ukrainian borders blends elements of trans-border trade with cross-borders shopping and petty trading. According to William and Balaz (2002), the trade across the border constituted an important component of the Ukrainian shadow economy in 80s and 90s. Okolski (1998) estimated that in 1993, from the half of million of Ukrainians travelling to Poland, the majority were traders.

The economical difficulties that Ukraine faced after 1989, lead to the erase of 'qualification-related differences in income and employment for large segments of the more educated population' (William and Balaz, 2002, 332), visible through the traders profiles. The Ukrainian traders travelling to Poland, Slovakia, Hungary or Romania for the acquisition of goods, were mostly young, usually well educated, many of them having professional jobs as engineers or teachers.

For these people, trading represented an additional source of income, beside their main profession. According to Iglicka (1999), some of the traders quickly became accustomed with the life conditions from Poland, expressing the wish to move to Poland permanently. In the vision of (William and Balaz, 2002), the petty traders represented an important lost of human capital for Ukraine formal economy, to the advantage of the informal economy.

With time, the character of trading changed, for some traders this additional source of income, becoming the primary one, which developed in acquisition trips that extended feather to countries like Turkey or Western Europe (William and Balaz, 2002). In Romania, at the border of Botosani and Suceava, the Ukrainian cross-border shoppers were part of daily customers, from the beginning of 90s, almost until Romania joined the European Union, and the border regulations, as well as the prices of goods significantly reduced the cross border shopping traffic. It developed in return, regular trips of Romanians in Ukraine, for fast moving consumer goods, which were cheaper on the Ukrainian side of the border.

The intensity of cross-border trading diminish when the imbalances between Ukraine and Poland reduced, the border cross shopping activities moving from the trade characteristic to a more personal one, involving more acquisitions for personal use than resell.

LUBLIN AND SUCEAVA COMPARATIVE STUDY ON UKRAINIAN CROSS-BORDER SHOPPERS

In the period June-December 2013, the authors conducted a research at the Ukrainian borders with Romania and Poland, analysing the cross border shopping activities undertaken by Ukrainian cross border shoppers and their impact on local retail markets. The research was conducted in the Polish city Lublin and in the Romanian city Suceava. The research aimed to analyse the Ukrainian cross-border shoppers through the perspective of local retailers or shop assistants of international retail companies. The purpose of the research was to establish the presence and impact of Ukrainian cross-border shoppers in a parallel study.

The research comprises all types of retailers located in shopping centre, including pharmacies, libraries and flower shops, services usually focus on local customers. The research excluded the coffee places and food locations, where the contact with customers is minimal and the respondents were not able to distinguish between foreign and local customers. The research was conducted through questioners with closed answers.

The results of the study concluded that the presence of Ukrainian shoppers proved to be more intense in Lublin than in Suceava (Figure 2), where 21% of the respondents declared to encounter a minimum presence of one shopper from Ukraine daily. The majority of respondents (32%) declare to have at least one time per week a customer from Ukraine. In Suceava, the majority of respondents (30%) declared to have one customer from Ukraine at least one time per two weeks, while the second biggest percentage (25%) declare to have at least one shopper from Ukraine one time per month.

In the next step, the respondents were asked to categorize the impact of Ukrainian shoppers on the retail market from Lublin, respectively Suceava (Figure 3). The majority of retailer from Suceava (53%) classifies the Ukrainian shoppers' impact as very small. On the Polish side, only 8% from responders had

a similar opinion with the Romanian majority. In the opinion of the majority of Polish retailers (37%), the impact of Ukrainian shopper on the retail market from Lublin was very big.

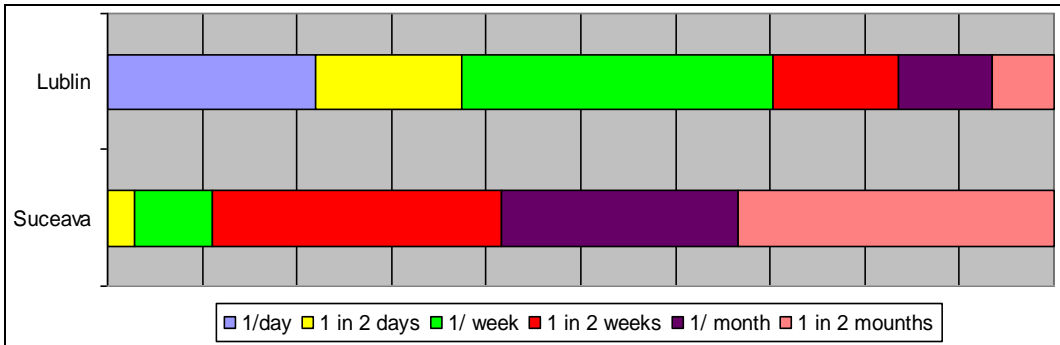


Figure 2. The minimum presence of Ukrainian shopper in the shops from Lublin and Suceava
(Source: Authors own research)

In the next step, the respondents were asked to categorize the impact of Ukrainian shoppers on the retail market from Lublin, respectively Suceava (Figure 3). The majority of retailer from Suceava (53%) classifies the Ukrainian shoppers' impact as very small, compared with only 8% from the Polish retailers, which had the same opinion on Ukrainian shopping tourists. In the opinion of the majority of Polish retailers (37%), the impact of Ukrainian shopper on the retail market from Lublin was very big.

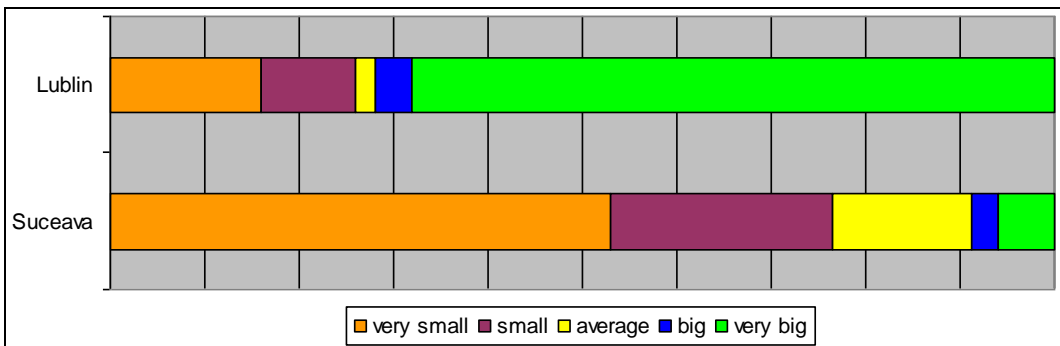


Figure 3. The impact of Ukrainian cross border shopper on the retail market from Lublin and Suceava
(Source: Authors own research)

A determinant factor for these responses it is probably cause by the smaller presence of the Ukrainian shopper in Suceava than in Lublin and by the lower level of spending of Ukrainian shopper in Suceava, than in Lublin (Figure 4).

Asked about the Ukrainian shoppers' level of spending in comparison with local customers, the majority of retailers both in Lublin and in Suceava declared that it is the same. However, the next option they choose was different. While in Poland, 39% of retailers declared that Ukrainian shoppers spend more money than local customers in Romania only 21% of retailers customers declared that Ukrainians spend less.

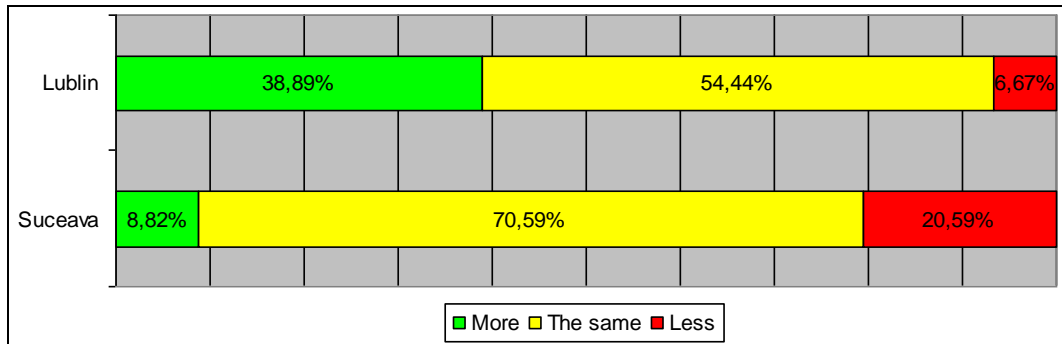


Figure 4. The spending of Ukrainian cross-border shopper in comparison with local customers
(Source: Authors own research)

A natural consequence of the small presence of Ukrainian cross-border shopper in Romania than in Poland, followed by the smaller expenditures of Ukrainian shoppers in Romania than in Poland, it is the Romanian retailers' smaller interest in Ukrainian shoppers than that of the Polish retailers (Figure 5). The survey reveals that the majority of retailers from Lublin (51%) have a big or very big interest in Ukrainian cross-border shoppers, understanding the benefits they can provide for their businesses. In Suceava, only 34% from the questioned retailers declared such an enthusiastic interest for Ukrainian cross-border shoppers, with the biggest number of retailers 26% declaring a small interest for Ukrainian shoppers.

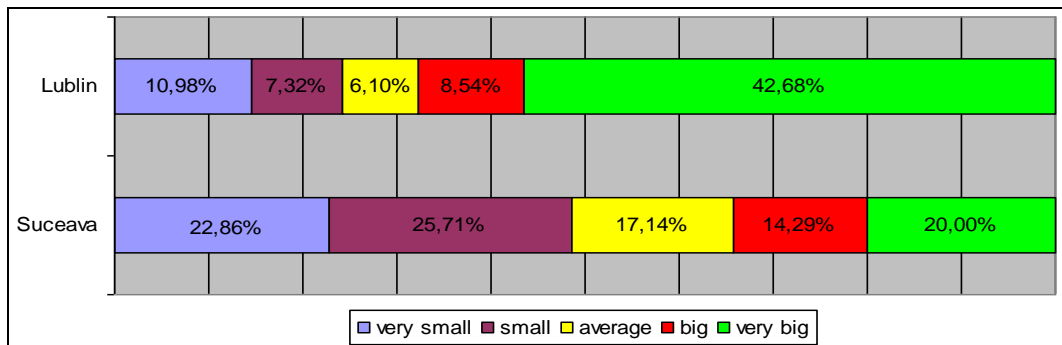


Figure 5. Polish and Romanian retailers' interest in Ukrainian cross-border shoppers
(Source: Authors own research)

CONCLUSIONS

The cross-border shopping activities at the Ukrainian borders with both Poland and Romania have a strong background of a trade and smuggling activities. The economical conditions from Ukraine determined many inhabitants living in the border regions to start a trade business across the border in order to provide an additional source of income. This business, very profitable in the 90s, later slowly started to lose from intensity as the price equality on both sides of the border installed. This trend was also helped by the new retail structures, which raised retail standards pushing market demands at a level that small trades could not offer. The border-cross shopping took a more personal character, rather than commercial one, with shopper orientating more for

products unavailable at home.

Both Poland and Romania were affected by these changes, however not in the same way. The presence of Ukrainian shopper in Poland diminished in accordance to the trend, but kept at a noticeable level. This presence, doubled by the higher amount of money Ukrainians were ready to spend in comparison to local customers maintained an active interest from the site of Polish retailer. On the Romanian side, the Ukrainian cross-border shoppers are more associated with a past memory, when merchandise and prices were for them attractive. Currently the situation turned around, with Ukrainian travels arriving in Romania to sell items, rather than buying. The majority of retailers notice the Ukrainians presence, but do not explore it, do I their opinion to sufficient resources, mainly price related. Few retailers are using the opportunity that not all the Ukrainian market has a better and cheaper alternative to Romanian market, some sectors like furniture fully benefiting from Ukrainian shoppers. An important factor here is also the VAT return service, which not all the shops offer, but the one that do, are definitely more visited by Ukrainian shoppers than the ones that do not.

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