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DIVERSIFICATION OF REVENUE IN FMCG SECTOR ENTERPRISES

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Purpose: The aim of this study is to analyse and evaluate FMCG sector enterprises from the perspective of revenue analysis in the context of their diversification. The research period covers the years 2019-2023. During the analysed period, there were two key moments when enterprise revenues could have been destabilised (the year 2020 and the year 2023).
Design/methodology/approach: A literature review was carried out. In addition the study applied the Hirschman-Herfindahl measurement concept, which developed the HHI Index for revenue diversification. During the analysis, the share of sales revenue, other operating revenue, and financial revenue in the total revenue was determined. Particular attention was given to the structural composition of revenue generated from sales.
Findings: The revenue diversification index for FMCG sector companies, as determined by the HHI index, shows values close to 1, indicating a strategy of revenue concentration. The analysis of the structural composition of revenue confirms that FMCG sector enterprises generate income mainly from the sale of goods, materials, and products. When examining the structural composition of revenues using the HHI index, values close to 1 were again obtained, indicating the absence of a diversification strategy.
Research limitations/implications: The empirical study used the convenience sampling method, therefore the obtained results cannot be generalized to the entire FMCG sector.
Practical implications: The article reveals that companies of sector FMCG apply a strategy of revenue concentration.
Originality/value: The article partially fills the research gap in empirical studies on revenues and their diversification. It also provides a basis for a later, in-depth stage of empirical research on the impact of revenues (and incurred costs) on the financial result.
Keywords: revenue, diversification, FMCG sector.
Category of the paper: Research paper.

1. Introduction

Revenues constitute one of the most important categories in the operation of an enterprise (Czubakowska, Gabrusiewicz, Nowak, 2009). Alongside costs, they are the fundamental volume shaping the financial result. The financial result of an enterprise reflects the effect of the unit's operations over a given period. It is the difference between the revenues achieved and the costs incurred. The actions of an enterprise aim to achieve a surplus of revenues over costs. Therefore, the most favorable solution is the maximisation of revenues (and their diversification) and the optimisation of costs.

The aim of this study is to analyse and evaluate FMCG sector enterprises from the perspective of revenue analysis in the context of their diversification. The analysis of diversification strategies was dealt with by classics of management, such as Chandler A.D. (Chandler, 1997), Ansoff H.I. (Ansoff, 1957) or Porter M.E. (Porter, 1987). In Poland, there is a research gap in this subject. Despite a relatively good recognition of the motives and premises for implementing diversification, there are still no clear research results assessing its effectiveness (Benito-Osorio, Guerras-Martín, Zuñiga-Vicente, 2012). The study uses the Hirschman-Herfindahl Index (HHI) concept for revenue diversification measurement. The research period covers the years 2019-2023. During the analysed period, there were two moments when enterprise revenues could have been destabilised. The year 2020 was a time of uncertain epidemic and economic situation, while the year 2023 saw deep changes in the credit market and an increase in inflation. The aforementioned situations hampered consumption plans, which could be reflected in the enterprise's revenues. The FMCG sector is characterised by the introduction of a high volume of products into circulation, which is why enterprises from this sector were analysed. The FMCG market is one where products with fast rotation and relatively low production costs are produced and sold (Bilińska-Reformat, 2010). This sector provides essential goods necessary for standard functioning. The FMCG industry is studied on many levels, for example: Karczewska M. and Śmigielska G. analysed the FMCG sector in terms of its development in the light of the transaction costs theory (Karczewska, Śmigielska, 2012); Rumniak P. assessed the premises for shaping profitability and financial liquidity (Rumniak, 2009); Liczmańska K. focused her research on product brand strategies on the FMCG market (Liczmańska, 2016); Makar M. and Karkula M. presented the SCCT concept and the possibilities of its application on the example of a retail enterprise (Makar, Karkula, 2018). However, in the literature there are no studies referring to and reporting on the subject of revenue diversification by companies in this industry.

2. Literature review

Defining revenues is a complex process. In business practice, revenue definitions are inherently linked to accounting procedures. As a result, this leads to the determination of revenue being intertwined with the determination of the moment of its occurrence and the obligation to measure revenue since, in accounting, the measurement of phenomena is a condition for their reflection in financial statements (Cieciura, 2010). According to the definition in the Accounting Act, revenues and gains refer to the probable inflow of economic benefits within a reporting period, with a reliably measurable value, in the form of an increase in assets or a decrease in liabilities, which leads to an increase in equity or a reduction in its deficit, in a manner other than contributions made by shareholders or owners (Accounting Act, 1994). This definition implies that revenue and profit are synonymous concepts, yet in practice, they are not identical. Profits are positions in the profit and loss account that meet the definitional requirements of revenues but, in reality, represent the surplus of revenues over the costs incurred to generate them (Dreliszak, Kania, 2009). Revenues, on the other hand, are presented separately without deducting the costs associated with their generation. The literature emphasises the need for a more precise distinction between these categories while acknowledging the challenges involved. In accounting theory, revenues are defined as the stream of goods and services created by a given enterprise within a specific period, which can be described as the enterprise's output (Hendriksen, Van Breda, 2002). Revenue is the monetary expression of aggregated products or services delivered by enterprises to consumers within a given timeframe (American Accounting Association, Committee on Accounting Concepts and Standards, 1957). Revenues in the reporting period may result from various activities undertaken by the entity and should be determined based on the overriding accrual principle. The basis for revenue calculation is fair value, typically expressed as the net selling price (e.g., in the case of a traditional sales transaction) (Walińska, 2010). The most common criterion for classifying revenues is the type of business activity conducted by the enterprise (Kowalska, 2014).

A business entity may engage in various types of activities, each associated with generating revenues and incurring costs. For the purposes of the profit and loss account, business activities are divided into two main types: operational activities (core and other) and financial activities (Nowak, 2016). The primary goal of an entity's core operational activities is to fulfill its fundamental objectives, for which it was established. Operational revenues are generated through the sale of products, construction works, services, and merchandise (Gabrusiewicz, 2009). Within operational activities, these revenues are classified as product sales revenue, merchandise sales revenue, and material sales revenue. Other operational activities refer to the economic activities of an entity that are indirectly related to its core operations. Other operating revenues may originate from various sources. From the perspective of their origin, the following categories of other operating income can be distinguished: group 1 - revenues from current period events, group 2 - revenues from provision reversals (unrelated to financial activities), group 3 - revenues from revaluation of the value of non-financial assets and liabilities, and group 4 - revenues from previous years' settlements (Walińska, 2010). Revenues related to a company's financial activities are referred to as financial revenue. Financial revenue necessitates the management of cash and securities.

The achievement of a company's primary objective—profit maximisation—results from the interaction between revenue and costs. Cost optimisation is one of the key decision-making areas in business management. To enhance efficiency, revenue optimisation is equally important. Therefore, a crucial aspect of business strategy is the appropriate planning of revenue levels. One method for revenue planning is forecasting based on historical revenue data recorded in past financial accounts (Kozicki et al., 2018). To improve financial stability and reduce dependence on a single source of income, companies implement diversification. Diversification involves spreading business activities across multiple areas and allocating resources across different sectors (Urbanowska-Sojkin, Banaszyk, Witczak, 2007). This strategy entails reallocating the company's available resources toward activities that are fundamentally different from those previously conducted. It requires engagement in new industries, technologies, and markets, often involving new products for the company (Ansoff, 1971). Revenue diversification is a strategy that entails varying the methods and sources of revenue generation within a company. In practice, this means expanding operations to include new products, services, markets, or customer segments, allowing the company to balance potential business risks and increase growth opportunities.

3. Empirical research methodology

The study examines FMCG sector enterprises. The FMCG market produces and sells fast-moving consumer goods with high turnover rates and relatively low production costs. The FMCG abbreviation stands for Fast Moving Consumer Goods (Bilińska-Reformat, 2010). The FMCG sector includes both food and non-food frequently purchased goods (Kowalska, 2012). The companies analyzed are Dino, Eurocash Group, Jeronimo Martins, Hortex and Żabka. They were selected due to their high popularity on the Polish market among retail customers, but also due to their share in the FMCG market in Poland. According to GfK Consumer Panel Services data, in 2023 Jeronimo Martins recorded the highest sales revenue in this sector. The Eurocash Group came in third, followed by Dino and Żabka. In contrast, due to a significant decrease in the volume of retail sales in the juice and non-carbonated beverage category in 2023 (by 7.6%), Hortex was selected for analysis. However, the empirical study used the convenience sampling method, therefore the obtained results cannot be generalized to the entire FMCG sector. The revenue of the analysed companies in this sector has shown consistent growth during the examined period (2019-2023). The analysis of selected financial statement elements aims to determine the extent to which these companies diversify their revenue sources. This study utilises the Hirschman-Herfindahl Index (HHI) for revenue diversification measurement. The HHI values range from 0 to 1. A value closer to 0 indicates greater diversification, whereas a value approaching 1 signifies a revenue concentration strategy, which is the opposite of revenue diversification. A higher diversification score is advantageous as it leads to lower revenue volatility, whereas greater revenue concentration is beneficial for building financial potential (Chikoto, Ling, Neely, 2016). In this analysis, the HHI index was used to measure revenue concentration and diversification. The index was calculated using the following formula:

$$\mathrm{DI} = \left(\frac{r1}{R}\right)^2 + \left(\frac{r2}{R}\right)^2 + \ldots + \left(\frac{rn}{R}\right)^2 = \sum_{i=1}^{N} \left(\frac{ri}{R}\right)^2, i = 1, \ldots, n,$$

where:
DI = Revenue Diversification.
N = Number of Revenue Sources.
r = Revenue from i-th Source.
R = Total Revenue from All Sources.

The panel analysis based on the results obtained through this methodology provides valuable insights into the current state of revenue diversification among the analysed entities during the period 2019-2023. The study assesses revenue composition, including sales revenue, other operational revenue, and financial revenue. Additionally, it examines the structure of sales revenue and recalculates the HHI index. The revenue figures under investigation are derived from accounting records (in compliance with the Accounting Act regulations) and are reported in financial statements.

The selected time frame was determined based on several factors, including significant external economic events. In 2020, the COVID-19 pandemic led to economic uncertainty, mandatory isolation measures, and restrictions, which could have influenced consumer spending patterns. Additionally, in 2022, the outbreak of war in Ukraine had a substantial impact on business operations. Furthermore, in 2023, credit market changes and rising inflation affected economic conditions. Factors such as inflation rates, interest rates, exchange rate fluctuations, energy prices, and disrupted supply chains were influenced not only by ongoing military actions and sanctions imposed on Russia but also by the monetary policies of central banks and the fiscal policies of various governments. All these factors may have been reflected in the revenue patterns of the analysed companies during the period 2019-2023.

4. Results of the empirical research

The analysed entities exhibited consistent revenue growth during the period 2019-2023. Among them, Dino recorded the highest total revenue increase of +237%, followed by Żabka with +128%. The lowest revenue growth was observed in Wawel (+19%) and Grupa Żywiec (+20%).

The analysis of the proportion of different revenue types within the total revenue of these companies revealed that in all examined entities, the primary source of revenue was sales-related revenue. Sales revenue accounted for over 98% of total revenue across all businesses.

Table 1.
Share of Different Types of Revenue in the Total Revenue of FMCG companies (2019-2023) (in thousand PLN)

Company	Type of Revenue	Years					Change 2023-2019
		2019	2020	2021	2022	2023	
Dino	Sales Revenue	7 624 411	10 115 839	13 339 312	19 764 769	25 658 552	18 034 141
	Other Operating Revenue	6 283	6 374	12 755	14 262	11 347	5 064
	Financial Revenue	7 218	8 777	5 757	9 979	36 409	29 191
	Total	7 637 912	10 130 990	13 357 824	19 789 010	25 706 308	18 068 396
Eurocash	Sales Revenue	24 852 240	25 411 041	26 281 430	30 857 665	32 451 963	7 599 723
	Other Operating Revenue	87 034	147 446	110 728	77 960	64 877	-22 157
	Financial Revenue	36 307	31 345	28 639	58 727	67 121	30 814
	Total	24 977 600	25 591 852	26 422 818	30 996 374	32 585 984	7 608 384
Jeronimo Martins	Sales Revenue	55 573 747	61 216 804	68 246 695	85 034 775	98 022 928	42 449 181
	Other Operating Revenue	46 726	71 082	37 544	105 762	66 217	19 491
	Financial Revenue	24 256	22 811	134 992	230 162	281 977	257 721
	Total	55 644 729	61 310 697	68 419 231	85 370 699	98 371 122	42 726 393
Hortex	Sales Revenue	343 919	582 217	372 935	409 636	442 802	98 883
	Other Operating Revenue	1 133	925	19 836	5 713	5 911	4 778
	Financial Revenue	1 448	1 747	596	1 405	1 788	340
	Total	346 500	584 889	393 367	416 754	450 501	104 001
Żabka	Sales Revenue	8 515 311	10 189 949	12 363 188	15 750 953	19 408 711	10 893 400
	Other Operating Revenue	16 137	17 023	23 098	23 294	25 903	9 766
	Financial Revenue	44 032	157 368	77 591	91 569	205 945	161 913
	Total	8 575 480	10 364 340	12 463 877	15 865 816	19 640 559	11 065 079

Cont. table 1.

Grupa Żywiec	Sales Revenue	3 199 242	3 603 704	3 482 126	3 870 151	3 953 755	754 513
	Other Operating Revenue	8 556	16 062	127	6 040	1 330	-7 226
	Financial Revenue	104 500	0	75 664	29 205	23 171	-81 329
	Total	3 312 298	3 619 766	3 557 917	3 905 396	3 978 256	665 958
Wawel	Sales Revenue	564 440	488 621	517 949	585 142	663 444	99 004
	Other Operating Revenue	760	6 239	735	1 092	1 417	657
	Financial Revenue	3 657	2 095	1 141	8 932	12 013	8 356
	Total	568 857	496 955	519 825	595 166	676 874	108 017

Source: Own study based on financial statements.

The primary revenue stream for the analysed entities comes from sales revenue. Other operational and financial revenues constitute only a marginal share of the total revenue of these companies. Other operating revenue mainly derives from the disposal of non-financial fixed assets, while financial revenue primarily comes from interest. The most significant changes in terms of revenue derived from other operating revenue were observed in companies such as Hortex, Wawel, Grupa Żywiec, and Eurocash. Hortex, in particular, experienced a substantial increase, with growth reaching 422% from 2019 to 2023.

Table 2.
Percentage share of different types of revenue in the total revenue of FMCG companies in 2019-2023 (in thousand PLN)

Company	Type of Revenue	Years					Change 2023-2019 (%)
		2019	2020	2021	2022	2023	
Dino	Sales Revenue	99,82%	99,85%	99,86%	99,88%	99,81%	237%
	Other Operating Revenue	0,08%	0,06%	0,10%	0,07%	0,04%	81%
	Financial Revenue	0,09%	0,09%	0,04%	0,05%	0,14%	404%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%	237%
Eurocash	Sales Revenue	99,50%	99,29%	99,46%	99,55%	99,59%	31%
	Other Operating Revenue	0,35%	0,58%	0,42%	0,25%	0,20%	-25%
	Financial Revenue	0,15%	0,12%	0,11%	0,19%	0,21%	85%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%	30%
Jeronimo Martins	Sales Revenue	99,87%	99,85%	99,75%	99,61%	99,65%	76%
	Other Operating Revenue	0,08%	0,12%	0,05%	0,12%	0,07%	42%
	Financial Revenue	0,04%	0,04%	0,20%	0,27%	0,29%	1063%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%	77%
Hortex	Sales Revenue	99,26%	99,54%	94,81%	98,29%	98,29%	29%
	Other Operating Revenue	0,33%	0,16%	5,04%	1,37%	1,31%	422%
	Financial Revenue	0,42%	0,30%	0,15%	0,34%	0,40%	23%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%	30%
Żabka	Sales Revenue	99,30%	98,32%	99,19%	99,28%	98,82%	128%
	Other Operating Revenue	0,19%	0,16%	0,19%	0,15%	0,13%	61%
	Financial Revenue	0,51%	1,52%	0,62%	0,58%	1,05%	368%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%	129%

Cont. table 2.

Grupa Żywiec	Sales Revenue	96,59%	99,56%	97,87%	99,10%	99,38%	24%
	Other Operating Revenue	0,26%	0,44%	0,00%	0,15%	0,03%	-84%
	Financial Revenue	3,15%	0,00%	2,13%	0,75%	0,58%	-78%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%	20%
Wawel	Sales Revenue	99,22%	98,32%	99,64%	98,32%	98,02%	18%
	Other Operating Revenue	0,13%	1,26%	0,14%	0,18%	0,21%	86%
	Financial Revenue	0,64%	0,42%	0,22%	1,50%	1,77%	228%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%	19%

Source: Own study based on financial statements.

The company Hortex recorded its highest increase in other operating revenue in 2021. This was due to income included in other operating revenue from sources such as licenses, IT services, marketing support, packaging sales, and re-invoicing. As a result, other operating income accounted for 5.04% of the company's total revenue that year. In the following years, this share decreased to 1.37% in 2022 and 1.31% in 2023.

Another company that experienced a significant increase in other operating revenue is Wawel, with an 86% growth between 2019 and 2023. The most substantial increase occurred in 2020, mainly due to subsidies received from the Voivodeship Labour Office. These funds came from the Guaranteed Employee Benefits Fund to support job protection by co-financing the wages of employees affected by economic downtime or reduced working hours due to the COVID-19 pandemic. The total subsidy amounted to 5,263 thousand PLN. In 2021, the level of other operating revenue was similar to that of 2019. However, in 2022 and 2023, a significant portion of this category came from gains on the disposal of non-financial fixed assets and subsidies.

Among the analysed companies, there are also those showing a declining trend in other operating revenue. These include Eurocash and Grupa Żywiec.

The Eurocash company is an example of a business where other operating revenue decreased by 25% during the analysed period of 2019–2023. However, in 2020, this revenue increased by 69% compared to the previous year. This growth was significantly influenced by the valuation of Frisco S.A. shares for sale purposes and the settlement of VAT - related deposits. In the following years, the value of other operating revenue declined, reaching its lowest level in 2023. Despite the low share (0.58% in 2020, 0.20% in 2023) of other operating revenue in total revenue, its structure is diversified. This income is derived primarily from: contractual charges, other sales, subleasing of premises, disposal of tangible fixed assets, compensations, and donations. In Grupa Żywiec, a decrease of 84% in other operating revenue was observed. The primary source of this revenue was dividends, which reached its highest level in 2021 but dropped to its lowest level in 2023.

Another category of revenue is financial revenue, which represents the smallest percentage share, generally below 1% of total company revenue. However, despite its low overall contribution, some businesses recorded significant growth in financial revenue during 2019-

2023. The largest increase was observed in Jeronimo Martins and Dino. In contrast, Grupa Żywiec experienced a decline in financial revenue.

Jeronimo Martins achieved a financial revenue increase of +1063% over the analysed period. The most significant growth was recorded in 2021 (+492% compared to the previous year), primarily due to dividend payments. In the following years (2022 and 2023), interest income played a major role in shaping financial revenue.

Dino is another company that experienced a significant rise in financial revenue, with an increase of +404% from 2019 to 2023. In 2020, Dino reported the lowest financial revenue within the examined period, but in 2021, it recorded its highest growth (+105%), maintaining an upward trend through 2023. The company's main sources of financial revenue include cash discounts, which saw the largest increase in 2023 (+75% year-over-year), and interest income, which was at its lowest level in 2021 and peaked in 2022.

In contrast, Grupa Żywiec recorded a decline of -78% in financial revenue over the period. The highest value was reported in 2019, primarily due to gains from the redemption of shares in subsidiaries. Between 2021 and 2023, the company's financial revenue mainly originated from the refund of overpaid excise tax. Based on a submitted claim for reimbursement of excise tax overpaid between 2007 and 2018 on flavoured beers, Grupa Żywiec also received interest refunds on the overpaid tax, which were reported as additional financial revenue.

Table 3 presents the diversification levels of revenue sources in FMCG companies, measured using the HHI index. Assessing these levels allows company executives to better understand revenue composition and identify potential strategic adjustments.

Table 3.
Revenue diversification in the FMCG sector (2019-2023)

Company	Years					Change 2023-2019
	2019	2020	2021	2022	2023	
Grupa Żywiec	0,93	0,99	0,96	0,98	0,99	+0,05
Dino	1,00	1,00	1,00	1,00	1,00	0,00
Eurocash	0,99	0,99	0,99	0,99	0,99	0,00
Jeronimo Martins	1,00	1,00	0,99	0,99	0,99	0,00
Żabka	0,99	0,97	0,98	0,99	0,98	-0,01
Wawel	0,98	0,97	0,99	0,97	0,96	-0,02
Hortex	0,99	0,99	0,90	0,97	0,97	-0,02

Source: Own elaboration.

The calculated HHI index indicates that none of the analysed FMCG companies implement a revenue diversification strategy. The analysed entities show an index close to 1, which signifies revenue concentration. Over the examined years, Grupa Żywiec increased its index value by 0.05, in contrast to Żabka and Wawel, whose indexes decreased (Żabka by -0.01, Wawel by -0.02). The remaining companies consistently maintained the same index value throughout the entire period. The changes recorded between 2019 and 2023 are minor and do not affect the assessment of these entities' revenue diversification levels. Based on these findings, a deeper analysis of the revenue generated through sales was conducted. The product structure of sales revenue was assessed, followed by a recalculation of the HHI index for these values. Table 4 presents the structure of revenues by types of products and services, while Table 5 displays the percentage share of the components of sales revenue.

Table 4.
Structure of revenues by types of products and services of FMCG sector Companies in 2019–2023 (in monetary terms)

Company	Type of Activity	Years				
		2019	2020	2021	2022	2023
Dino	Service Sales	15 973	21 615	31 173	75 320	132 998
	Goods Sales	7 608 438	10 094 224	13 308 139	19 689 449	25 525 554
	Total	7 624 411	10 115 839	13 339 312	19 764 769	25 658 552
Eurocasch	Goods Sales	24 719 807	25 284 125	26 166 936	30 723 669	32 331 090
	Service Sales	127 140	118 050	108 376	127 934	117 176
	Materials Sales	5 293	8 866	6 118	6 062	3 697
	Total	24 852 240	25 411 041	26 281 430	30 857 665	32 451 963
Jeronimo Martins	Product Sales	1 234 004	1 319 404	1 500 782	2 085 236	245 420
	Goods and Materials Sales	54 339 743	59 897 401	66 745 914	82 949 539	97 777 508
	Total	55 573 747	61 216 804	68 246 695	85 034 775	98 022 928
Hortex	Own Product Sales	323 164	504 062	365 905	398 067	421 577
	Industrial Product Sales	5 578	55 228	6 989	11 562	21 223
	Service Sales	12 573	21 757	0	0	0
	Other	2 604	1 170	41	7	3
	Total	343 919	582 217	372 935	409 636	442 803
Żabka	Sales Revenues under Franchise Agreement	8 515 311	10 135 684	12 304 173	15 662 828	19 258 160
	Wholesale and Retail Sales in Own Stores	35 039	19 309	16 339	35 035	60 440
	Commission from Sales Intermediation	26 998	34 956	37 739	40 322	57 494
	Other			4 937	12 768	32 617
	Total	8 577 348	10 189 949	12 363 188	15 750 953	19 408 711
Grupa Żywiec	Sales Revenues from Products, Goods, Materials	3 153 947	3 566 755	3 459 279	3 841 052	3 922 178
	Service Sales	45 295	36 949	22 847	29 099	31 577
	Total	3 199 242	3 603 704	3 482 126	3 870 151	3 953 755
Wawel	Product Sales	543 811	476 258	499 372	561 587	631 688
	Goods and Materials Sales	12 953	6 791	11 140	13 313	18 968
	Retail Sales	7 676	5 572	7 437	10 242	12 788
	Total	564 440	488 621	517 949	585 142	663 444

Source: Own study based on financial statements.

Table 5.
Structure of Revenues by Types of Products and Services of FMCG Companies in 2019–2023 (Percentage Breakdown)

Company	Type of Activity	Years				
		2019	2020	2021	2022	2023
Dino	Service Sales	0,21%	0,21%	0,23%	0,38%	0,52%
	Goods Sales	99,79%	99,79%	99,77%	99,62%	99,48%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%

Cont. table 5.

Eurocasch	Goods Sales	99,47%	99,50%	99,56%	99,57%	99,63%
	Service Sales	0,51%	0,46%	0,41%	0,41%	0,36%
	Materials Sales	0,02%	0,03%	0,02%	0,02%	0,01%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%
Jeronimo Martins	Product Sales	2,22%	2,16%	2,20%	2,45%	0,25%
	Goods and Materials Sales	97,78%	97,84%	97,80%	97,55%	99,75%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%
Hortex	Own Product Sales	93,97%	86,58%	98,11%	97,18%	95,21%
	Industrial Product Sales	1,62%	9,49%	1,87%	2,82%	4,79%
	Service Sales	3,66%	3,74%	0,00%	0,00%	0,00%
	Other	0,76%	0,20%	0,01%	0,00%	0,00%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%
Żabka	Sales Revenues under Franchise Agreement	99,28%	99,47%	99,52%	99,44%	99,22%
	Wholesale and Retail Sales in Own Stores	0,41%	0,19%	0,13%	0,22%	0,31%
	Commission from Sales Intermediation	0,31%	0,34%	0,31%	0,26%	0,30%
	Other	0,00%	0,00%	0,04%	0,08%	0,17%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%
Grupa Żywiec	Sales Revenues from Products, Goods, Materials	98,58%	98,97%	99,34%	99,25%	99,20%
	Service Sales	1,42%	1,03%	0,66%	0,75%	0,80%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%
Wawel	Product Sales	96,35%	97,47%	96,41%	95,97%	95,21%
	Goods and Materials Sales	2,29%	1,39%	2,15%	2,28%	2,86%
	Retail Sales	1,36%	1,14%	1,44%	1,75%	1,93%
	Total	100,00%	100,00%	100,00%	100,00%	100,00%

Source: Own study based on financial statements.

In Dino, revenue from operating activities is divided into two categories: service sales and goods sales. Based on the data, it is clear that revenue from goods sales is dominant. The share of service sales revenue in total sales revenue increased from 0.21% in 2019 to 0.52% in 2023. However, it is worth noting that the company has been increasing its service sales revenue year by year. The most significant increases were recorded in 2022 (+142% compared to the previous year) and 2023 (+77% compared to the previous year).

In Grupa Żywiec, we also observe two revenue categories: revenue from the sale of products, goods, and materials, and revenue from service sales. Revenue from the sale of products, goods, and materials is the most significant category, accounting for 99% of total revenue.

In companies such as Eurocash and Jeronimo Martins, sales revenue is divided into three categories: revenue from the sale of goods, revenue from the sale of materials, and revenue from the sale of services.

The revenue structure of Jeronimo Martins shows that the primary revenue source is the sale of goods and materials. The highest revenue was recorded in 2023, while the lowest was in 2019. Between 2019 and 2023, revenue from goods and materials sales increased by 76%. However, revenue from product sales peaked in 2022, followed by a drastic 88% decline in 2023.

For Eurocash, goods sales represent the primary revenue source. Between 2019 and 2023, revenue from goods sales increased by 31%. The highest service sales revenue was recorded in 2022, while the highest revenue from materials sales was in 2020. However, over the analysed period, both categories declined: service sales revenue dropped by 8%, while material sales revenue decreased by 30%.

The analysis of the product structure of sales revenue shows that Hortex generates the highest revenue from its own products and industrial products. The share of revenue from own products in total sales revenue fluctuated between 86% (lowest in 2020) and 98% (highest in 2021).

Wawel generates revenue from the sale of products, goods, materials, and retail sales. Revenue from product sales is the largest component of total sales revenue, increasing by 16% over the analysed years. Other revenue categories also showed growth: revenue from the sale of goods and materials increased by 46%, while retail sales revenue grew by 67%. If this growth rate continues, these two categories could significantly change Wawel's revenue structure in the long run.

Żabka's primary sales revenue comes from franchise agreements. This includes all fees from franchisees, revenue from the sale of goods, and revenue from subleasing store space and equipment to franchisees. Revenue growth is driven by an increase in the number of stores and a rise in average sales per store and per franchisee. The highest revenue was recorded in 2023, partly due to an 11% increase in store count (compared to a 13% increase in 2022). The "commission from sales intermediation" category includes electronic services, lottery games, and postal services.

Table 6 presents the levels of revenue diversification indicators for FMCG companies, determined using the HHI index.

Table 6.
Revenue Diversification Structure of FMCG Companies in 2019-2023 (HHI Index)

Company	**Lata**				
	2019	**2020**	**2021**	**2022**	**2023**
Dino	1	1	1	0,99	0,99
Eurocash	0,99	0,99	0,99	0,99	0,99
Jeronimo Martins	0,96	0,96	0,96	0,95	1
Hortex	0,88	0,76	0,96	0,95	0,91
Żabka	0,99	0,99	0,99	0,99	0,98
Grupa Żywiec	0,97	0,98	0,99	0,99	0,98
Wawel	0,93	0,95	0,93	0,92	0,91

Source: Own elaboration.

After analysing the revenue structure of sales in the FMCG sector from 2019 to 2023 in the context of diversification, it is evident that sales revenues are not diversified. The HHI index shows values close to 1, indicating a lack of diversification. Implementing a diversification strategy can, on one hand, contribute to a company's development and growth, while on the other, it may lead to negative economic effects by engaging in too many areas, preventing greater efficiency in operational activities (Sutherland, Canwell, 2007). Therefore, it is important to remember that the decision to diversify a company should be a well-thought-out one, taking into account the firm's current situation, including its market position and the attractiveness of its existing business operations. It can be concluded that the analysed companies do not opt for revenue diversification. After reviewing the financial statements of the examined enterprises, it can be observed that their core revenues are generated from sales; however, these sales are carried out through various distribution channels. The primary revenue generated by the examined companies comes from operational activities, accounting for over 98% of total revenue. The analysis of the structural composition of revenue confirms that FMCG sector enterprises generate income mainly from the sale of goods, materials, and products. Other operating and financial revenues contribute only marginally to overall revenue. Other operating revenue primarily originates from the disposal of non-financial fixed assets, while financial revenue mainly stems from interest earnings. Between 2019 and 2023 revenues grew, indicating resilience to economic and market changes.

5. Conclusions

In business operations, a significant focus is placed on cost analysis, which is one of the most critical aspects of enterprise management. However, another key factor in the management process is revenue. Proper planning of revenue levels from business activities (as well as their diversification) significantly impacts financial stability and risk mitigation.

The objective of this study was to examine the level of revenue diversification among FMCG sector enterprises between 2019 and 2023. The study applied the Hirschman-Herfindahl measurement concept, which developed the HHI Index for revenue diversification. During the analysis, the share of sales revenue, other operating revenue, and financial revenue in the total revenue was determined. Particular attention was given to the structural composition of revenue generated from sales. The highest total revenue growth in the analysed period was recorded by Dino (+237%), followed by Żabka (+128%). In contrast, the lowest increases were noted for Wawel (+19%) and Grupa Żywiec (+20%). The analysis of FMCG enterprises from 2019 to 2023 indicates that these entities do not implement a revenue diversification strategy. The primary revenue generated by the examined companies comes from operational activities, accounting for over 98% of total revenue. Other operating and financial revenues contribute only marginally to overall revenue. Other operating revenue primarily originates from the disposal of non-financial fixed assets, while financial revenue mainly stems from interest earnings. The revenue diversification index for FMCG sector companies, as determined by the HHI index, shows values close to 1, indicating a strategy of revenue concentration. The analysis of the structural composition of revenue confirms that FMCG sector enterprises generate income mainly from the sale of goods, materials, and products. When examining the structural composition of revenues using the HHI index, values close to 1 were again obtained, indicating the absence of a diversification strategy. Despite the uncertain epidemiological and economic conditions in 2020, as well as significant changes in the credit market and rising inflation in 2023, the revenues of the analysed entities remained stable. This suggests that, as FMCG market enterprises provide essential consumer goods, they are resilient to economic and market fluctuations. It can be assumed that this resilience is one of the reasons why these entities do not implement revenue diversification strategies. The analysed enterprises have a core specialisation that defines their identity and reputation. As a result, management does not opt for revenue deconcentration. The study indicates that the examined companies, due to their strong market position, do not decide to diversify their revenue streams. A review of the financial statements of the analysed enterprises reveals that their core revenue is derived from sales; however, this sales revenue is generated through a variety of distribution channels. It is also worth noting that, although other operating and financial revenues constituted a small portion of total revenue during the study period, they showed a growth trend. This suggests that company management is increasingly recognising the importance of these revenue streams and their role in the overall financial structure of the enterprise. However, the empirical study used the convenience sampling method, therefore the obtained results cannot be generalized to the entire FMCG sector. Changing the structure of a company's revenues can help increase its financial stability and adapt to changing market conditions. The current trend on the market is sustainable development, so introducing ecological or vegan products and recyclable packaging to the range could contribute to increased revenues and expanding the customer group. In addition, using energy-efficient solutions to reduce the carbon footprint can contribute to reducing costs. Online shopping is very popular among retail customers, so this distribution channel is key. E-commerce can increase the company's reach and introduce new revenue streams. In addition, the company can earn through affiliate marketing - recommending products from other companies, which can be a new source of revenue. It is also important to increase income from investments such as investing in technology or commercial real estate. Investing in technology will allow for the automation of processes and reduction of operating costs, which can increase profits in the long term. On the other hand, commercial real estate can generate additional revenue through rent or sale.

Research on FMCG revenue diversification has a significant impact on broader areas such as management, marketing, corporate strategy, and competitiveness. Revenue diversification is one way to reduce the risk associated with a company's operations. In the FMCG market, changing consumer preferences, fluctuations in raw material prices, and changes in regulations can significantly affect a company's financial performance. Research in this area helps companies better understand how to manage risk by dispersing revenue sources, which reduces reliance on one market segment. Diversification can include expanding product offerings and entering new geographic markets or segments. Revenue diversification can also affect a company's ability to compete in the market. Research in this area can help develop strategies that not only increase profitability but also align with growing consumer expectations regarding corporate social and environmental responsibility. Better management of different revenue sources can help with better budget planning and controlling operating costs.

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