

Poland and the New Europe

- Emerging Markets for the Security Industry

Wojtek Ratajek

When traveling across Poland, The Czech Republic or The Baltic countries, one can easily spot the difference between typical eastern and western surroundings. The wild and underdeveloped East is undergoing a rapid investment boom, while the western cities remain calm and stabilized with their well-organized infrastructure. Of course the Eastern markets still suffer from a lack of local funds. The bumpy roads, abandoned production plants and economically weak rural regions are the neighbours of modern office buildings and fast developing city areas.

Before opening the market in 1989, security systems were banned for use by the general public, reserved instead for government and communist party purposes, serving rather as a tool for controlling the nation and protecting military sites or state owned properties. As everything was the “property of the nation”, no real need for security existed at that time. Surveillance technology was from fictional James Bond movies rather than part of real life.

Poland - the beginnings

As the security business virtually did not exist prior to 1989, all companies that started to fill this niche had to learn the basics. After the very intensive growth of private businesses, the need to protect them arose. A growing discrepancy between those that had started to earn their first fortunes and those who suffered decreasing salaries and unemployment, created a new fear of crime, strengthening an urgent need to protect newly built properties. Expensive cars, modern equipment in houses, goods in shops – all could have been stolen and lost.

As the economy was still very weak and the budget low, the market was soon filled with cheap Taiwanese products, that were locally sold without proper service back up but at very low prices. However, the result was that end-users started to learn the advantages of implementing security systems and realized that they may be affordable and effective at the same time. This generated a demand that most of the security industry in Europe

can envy. Even though the systems installed were usually low quality, the lesson was taken on board and security cameras along with PIR sensors became part of the technological culture in Poland.

The present day

Still having one of the highest theft and crime rates in Europe, Poland is now one of the biggest markets for security systems in Europe. The Polish frontier in the East is the EU frontier and must be protected with the help of European funds. Polish cities build their CCTV surveillance systems based on the most advanced digital solutions. Private businesses, newly built factories, and retail shopping centers, all pay a lot of attention to protection and control issues. This creates huge opportunities for security companies. The market is not easy, but those who dare to enter and understand the ways of Polish business, may be soon rewarded with very attractive contracts and significant sales volumes.

However, one has to realize that the market is still underdeveloped. In recent years many small companies have started to distribute low cost Chinese equipment, setting the profit margins at very low levels. Branded products offered by Pan European companies and system integrators are battling hard to sell in such a competitive environment.

The good thing is that the low cost solutions will soon need replacement, and this creates an additional market potential. Those who learnt the advantages of security

surveillance will gladly go forward and choose more costly but at the same time better quality and more reliable solutions. This can be triggered by the digital technology switch that is still very slow to enter the eastern markets.

Some areas are worth special care and involvement. Poland seems to be the fastest and most advanced market for town CCTV and public venue video monitoring systems. The first cities started to invest in the most modern surveillance technology in the late 90's, and soon dozens of followers turned up. Nowadays, even small towns have ambitions to protect their streets and parks with the most modern high speed cameras, and build advanced control centers. Also, local communities gather funds to finance district monitoring systems that are connected to the main control stations.

Local manufacturers

Poland is famous for its very well educated engineers and professional IT specialists. Though security technology is not of prime interest, one can find some really high quality manufacturers for both hardware and software products. Some of them may easily compete even with the best known international brands, all at half or even less of the normal European market price. Although this may be very tough for those who trade with their products here, this may be of great interest for those who look to Poland for good solutions that may be sold in the West.



International Poznan Airport Ławica



Control Centre in Łódź



Wrocław

Most cities, railway stations and public facilities are protected with advanced security systems

The trading culture

It is highly important to understand the cultural differences in ways of trading. When selling products in Poland, one has to be prepared to face very tough price pressures and demands of high quality. For Poles these two do not contradict. They will take time and effort to seek the highest quality at the lowest price. Firstly, a typical Polish decision maker will try to get as many quotations as possible. Then, he will spend time learning the technical and functional aspects of the security solutions offered as if he was supposed to become a security expert. He will always try to find out if the same goods can be found somewhere else unbranded and cheaper. In extreme cases you may find that your customer can enquire about the prices directly in China or in the headquarters of the manufacturing company you represent.

On the other hand, as is typical of Eastern culture, the customers expect personal contacts, and once you have managed to personalize your relations, things work much better and quicker. In Poland, pure professionalism is not the top selling tool. Even if you are offering a top solution at the best price, you may easily lose if your competitor manages to get into personal contact with the customer.

Those who will look into possibilities to find distribution channels in Poland have to be aware of the following:

- the market is highly competitive and requires minimizing the profit margins, at least at the beginning of sales.
- it is worth finding and supporting one or a maximum of two sales partners – Polish companies, as they are working on very small profit margins, appreciate loyalty and usually cannot afford to work as one of multichannel distribution sales points. Your distributor will then seek a supplier who ensures exclusivity and more support.
- the market is very fast developing and it is the last call to enter it.

- Poland is naturally the perfect place to expand further East – its geographical closeness to Germany, a fast developing communications infrastructure, well educated staff, and experience of over 15 years of free market economy; all stand alongside cultural similarities and trading channels with The Baltic states, Ukraine or even Russia.

Therefore, any serious player in the security market should watch and be ready to face the new in the East. This is a huge part of Europe with a need to make up a technological gap that is still very big. On the other hand, the new Europeans are making their way in selling products and services, and they are aware that business is not only in the West but it is also very close to them – in

the East. Through skillfully handled cooperation, Western companies may find in Poland the perfect partners who know the eastern ways of doing business, and at the same time belong to the same trading organization named The European Community.