



Bratislava is a stroller-friendly city.

PHOTO: LARS EPSTEIN/PRESSENS BILD

# A new state with a long history

In 1993 two new states were formed after the division of Czechoslovakia - the Czech Republic and Slovakia. Although Slovakia is a new state, it has a long and exciting history. Due to its thousands of palaces, wonderful spa facilities and many ski resorts in the Tatra Mountains, tourists have found their way to the country in droves.

After the division, Slovakia carried out a number of reforms to kick-start the economy. Growth was rapid and GDP growth during the mid 1990s was at between five and seven percent a year. Unfortunately, a backlash set in towards the end of the 1990s. Public expenses had increased too quickly and there was a negative balance in the current account. Rapid interest rate increases wreaked havoc with enterprising and high unemployment and rising inflation followed. Today, the economy has been stabilized but the government has a lot more work to do. Inflation is above eight percent and unemployment among the highest in Europe at about 18 percent. In 2000 Slovakia initiated negotiations to join the EU. Negotiations were concluded during the European Council's meeting in Copenhagen in December 2002, during which the inclusion of nine other future member states was also negotiated. Depending on how well Slovakia fulfils the criteria for

membership, the country should become a member of the EU as early as next year. In the case of Slovakia, it is of course the economy that is its Achilles heel. On a brighter note, as any Swede will tell you Slovakian ice-hockey certainly has no problems. The nation's team secured bronze at the ice-hockey world championship in Helsinki this year. Only Sweden and Canada were able to beat them. Last year the team came away with the gold after beating Russia in the final.

## **New opportunities**

Following the fall of the old Communist regime, new opportunities have been created for companies to establish themselves long-term in Slovakia. Manufacturers have been quick to expand in the country thanks to cost advantages such as low wages, low taxes and favorable establishment expenses. Several large retailers have also established themselves here, such as the French retailer Carrefour, the Dutch equivalent Ahold. German Metro and the

Austrian Billa chain. The German low-price chain Lidl is preparing to open its first outlets. Where major retailers expand and establish themselves in new markets, HL Display is quick to follow. To become a natural partner of the chains, HL Display needs to establish itself locally. We work to ensure that HL Display's concept is adapted to local markets with consideration to cultural differences, but also to provide excellent service as regards custom regulations and other local stipulations. The work in Slovakia was previously carried out by a subsidiary of the Czech sales company, but on 1 January 2003, HL Display established a Slovakian sales company in central Bratislava. "With an office situated in central Bratislava, we are able to reach most of our major customers. Bratislava is the motor of the Slovakian economy and is responsible for a large part of the country's growth. And we want to be where the action is, i.e. where business is Thriving", says Ladislav Takac, MD of HL Display Slovensko.



PHOTO: LARS EPSTEIN/PRESSENS BILD

Celebrating the formation of Slovakia

### High ambitions

Ladislav and several of his colleagues joined HL Display before the office in Slovakia had been formed, and they took an active part in building and establishing the new sales company. The first fiscal year is 2003 and the ambition is to achieve the same sale figures as they managed in the Czech company's subsidiary. This means sales of around SEK 4 million within a couple of years. "We have a pretty ambitious budget which serves as an incentive for all us employees in the Slovakian company. To begin with we have focused on strengthening our market position. We want to grow in order to be an important partner to our customers. Our strategy is to be a small but profitable company that concentrates on key customers." Most of the major brand suppliers are already represented in Slovakia, including companies such as Pepsi, Henkel, Nestlé, Danone, Kraft,

Heineken and Miller, and large tobacco companies such as Imperial Tobacco and Philip Morris.

"Brand suppliers are an increasingly important customer group for us and we will be focusing more and more on them.

"The most important customers in Slovakia today are brand suppliers such as Nestlé, Heineken and Imperial Tobacco and the retail chains Jednota, Carrefour and Metro. A great opportunity for Slovakia is also the Tesco chain, which is the biggest customer at the moment.

### Plenty of international brands

Retailing in Slovakia is still relatively undeveloped but Ladislav says that this is already changing and that more and more international chains are establishing themselves in the country. Plenty of international brands have made headway and local chains, such as Jednota Coop, today only have approximately 50 percent of the market. "We also know that a number of other chains are preparing to

get into the game, such as the German low-price chain Lidl. And several major retailers are on the verge of establishing themselves. The Swiss DIY chain Bauhaus is just one example. Bauhaus' Austrian competitor Baumax is already represented in Slovakia." For HL Display, competition in Slovakia is mainly in the form of the Czech firm Jansen Display, the German equivalent Oechsle Display and a number of local suppliers who can offer cheap products of low quality. "The Slovakian market continues to be price-sensitive and people would rather pay less for low quality than more for high quality. It's difficult to persuade national actors to invest in new solutions. They see investments primarily as expenses and not as opportunities. It is also common to import products for merchandising." The largest business deals to be negotiated so far in the company's short history are the order by the Austrian company Billa for Slimline™ products in its 51 stores, and the order by the national petroleum company Slovnaft for Pictoria to be installed in its stations. "We are negotiating deals with all the major chains and with several of the leading brand suppliers. Our customer base is solid and expanding and I am convinced that we will be able to achieve our goals, not least with the help of good recruitments."

### Ladislav is positive about the future.

"The fact that we are seeking EU membership with all it entails is very positive for our business and I am confident that we are heading for a bright future."

TEXT: PATRIK ANSHELM

### FACTS ON SLOVAKIA

Population: 5.4 million  
 Area: 49 036 square kilometres  
 Capital: Bratislava, population of 450 000  
 Religion: 67 percent Catholics  
 Constitution: Republic  
 President: Rudolf Schuster  
 Prime Minister: Mikuláš Dzurinda  
 GDP/inhabitant: USD 3 652  
 Currency: Koruna - 1 koruna is about SEK 0.20