SECTION I

# Overall Executive Summary and Table of Contents

**Overall Executive Summary**

The Nintendo Switch is a family-friendly portable console that has the unique capabilities of being able to connect to a larger TV console and use the console as a standalone gaming system. Its bright colorful design makes it stand out from other consoles and can be purchased with a variety of Nintendo franchise games. For a console of this size and power, there is nothing else on the market.

We have found an opportunity in the video game market in Poland due to the limited selection for the Polish videogame consumer yet also a booming growth of sales. Furthermore, the market for family friendly games that is suitable for younger children is virtually untapped. As the Nintendo Switch, we can fill that void in the videogame market as well.

The Polish people are family oriented and use gifts as a way to show love, especially from a parent to child during celebrations or to celebrate achievements. Polish working adults are, for the first time, seeing a significant rise in their disposable income as well as dual-income households. This creates a unique market that is seeking to spend money on leisure activities yet are still price sensitive due to the newness of disposable income levels. The average Pole spends roughly 1997.8 USD on recreation and leisure each year (per household), an 11.6% increase from 2017 to 2018, and a 12.3% increase from 2016-2017. Keep in mind the average household net-adjusted disposable income per capita is USD 19,814. The Polish people are also more comfortable spending more money for durable solid brand names that they know will last them a long time.

In cohesion with Poles having an affinity for leisure time, the Polish video game market is expected to grow rapidly over the next five years. This makes this period of time the most advantageous to introduce the switch. Over the next five years, retail growth is expected to remain in the double digits, being 13.9% in year 2, 12.2% in year 3, 10.8% in year 4, and 11.0% in year 5.

Our target market in Poland is young families aged 10-35. This large age bracket is necessary to encompass both the young children that influence family purchases and the parents that will be making the final decision. Our age bracket also includes more serious teenage gamers that we hope will build brand loyalty to the Nintendo franchise as a child and continue to be loyal purchasers as they grow older. Nintendo is traditionally very successful in creating repurchases as their character franchises are available only for nintendo consoles.

In Poland this target age demographic spans 74% of the 16 million Polish gamers. Based on our likelihood of purchasing we predict that with .5% of the market share we will sell 32,560 units in the first year in the market.

To market the switch, we are creating an intentional marketing plan that includes a pre-launch, launch and sustain phase. The four mediums we plan to use are physical ads, community forums, in-store

promotion and tv/internet advertisements. Our advertising budget will be just under $250,000 for the first year, focusing mainly on in-store promotion and physical ads. Once the Nintendo Switch enters the sustain phase (approximately 3 years after initial penetration) our budget will switch from physical ads (used to build brand awareness) to more use of community forums and tv/internet advertisements.

Based on our assumptions, with our cost-of-goods sold at 996.12 PLN, and MSRP 1349 PLN, there is 352.88 PLN profit from hardware sales. Our retailers take a 35% margin on average. Nintendo will make profits of 229.37 PLN on each console sold through in-store retail. Nintendo will also need to adjust for a value-added tax, which for the Nintendo category comes out to 23% VAT. Gross profit estimates for year one would be multiplied by our volume estimate of 32,560, generating 9,881,204 PLN. After variable costs such as shipping, loading, unloading, wharfage, and fixed costs such as marketing expenses (see marketing budget), Nintendo will generate 4,744,585 PLN, or 1,233,592 USD in year 1 profits.

Nintendo will break even in the first year of retailing and accrue 54M PLN by the end of year 5 due to low overhead and high margins of sale. Further, the Polish video game market is incredibly large at 16 million and Nintendo is able to turn a profit by capitalizing on even a very small portion.

To conclude, we expect the Nintendo Switch to excel in the growing Polish video game market. By bringing an interactive, portable console that targets a new younger group of consumers and their families we will be able to beat and steal market share from more expensive consoles that are already in the market. The Polish market is the market for the Nintendo Switch.

## SECTION II

# CULTURAL ANALYSIS

## Executive Summary

Poland has been marked with a tumultuous history where Poland has fluctuated between widely opposing forms of government to largely ranging in size since the creation of the Kingdom of Poland in 1025. Poland is currently a member of NATO and the European Union and is considered a highly peaceful and developed country. Poland shares a border with seven countries and has an expansive coastline on the baltic sea.

Unlike the United States, Poland faces several months of the year with very little sunlight. Poland also faces incredibly cold temperatures reaching as low as -4 degrees fahrenheit as well as summer reaching as high to mid 80 degrees.

The Polish family is an incredibly important part of their culture. The typical polish household also includes a set of grandparents that play a vital role in raising the children. While the family typically portrays traditional gender roles, more and more women are entering the workforce and creating dual-income households. With the grandparents living at home, very little money if any is needed to be spent on childcare.

In Polish families the child is highly loved and cared for and families seek to provide their children with interactive games. It is a sign of love to provide your child with lavish (yet affordable) gifts during the holidays or rewarding them for achievements in school.

School in Poland is mandatory from ages 6 to 15 and it is highly encouraged to attend secondary school, technical or university following this. Literacy rate is near 100%.

The conservative law and justice party is the ruling party in Poland, closely followed behind the conservative Civic Platform party. The government as a whole is a multi-party parliamentary government. The legislature is divided into two separate houses and the duties of the Head of State and Head of Government are divided between the President and Prime Minister Respectively.

Poland has a stable government that is well regarded in the European Union. In turn the EU provides trade policies and additional stability that is attractive to business. The only current risk is several radical policies of the Law and Justice Party but this risk is still considered minimal.

Poland has a much larger and complicated system of courts than the United States. The highest authority is the Polish Supreme Court which holds 120 justices and a president of the supreme court. However the court is split up into military, civil, criminal, labor and family matters. The legal code in Poland is predominantly based off of the Napoleonic Code with some holdover communist legal theories from the

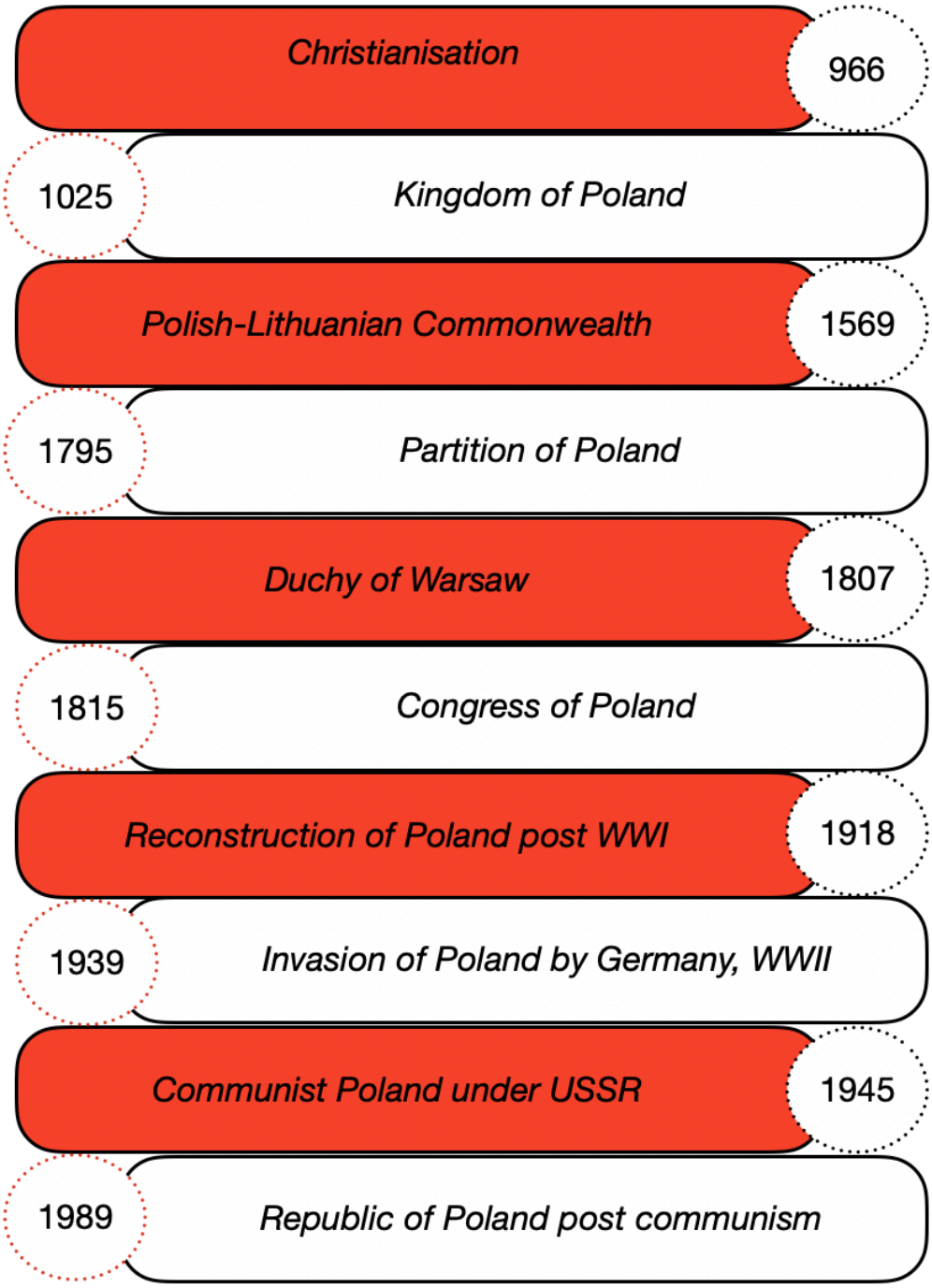
time of communist rule. The discretion of judges' interpretations and the power of judicial precedent are greatly limited in this system.

Intellectual property law follows the system of the European Union and is incredibly similar to the United States. This high protection and clear laws makes doing in business in regards to IP laws incredibly attractive. The learning curve in regards to these laws is regarded as "little to none".

96.9% of the Polish population are polish natives, with Silesian and German being small minorities. Nazi occupation and communist rule eliminated much of the prior ethnic diversity. The social classes in Poland are very distinct which are the peasants, workers, intelligentsia, szlachta (nobles) the nomenclatura (the ruling group during Communist control), and a nascent middle class. Mobility between social groups is increasing as household income and GDP rises across the country.

The standard of living has greatly increased in Poland over the last 20 years. The Polish people are highly active social people that enjoy leisure activities with their friends and family. Clothing and food is still highly traditional but more modern technology has found a true market in Poland with 80% of Polish families having access to the internet.

**Brief History of Poland**



Poland has an incredibly rich history as it has fluctuated from the largest country in Europe, to essentially off the map, to the Republic of Poland that we know today. Poland was established in the 10th century by bands of Slavic tribes that laid their roots in the northern region of Poland. Because of its location in central europe, Poland was constantly under siege and at odds for land control until 1918 when Poland was officially established on the map. From the time of 1795 till the establishment of Poland in 1918, three powers were constantly at odds for control, and the country was wiped off the map.




In September 1939 Poland was invaded by Nazi Germany and World War II began. After World War II ended, Poland fell under soviet control and operated under the name People's Republic of Poland. This was a difficult period for Poland but they were finally liberated from communist control in 1980 and the first elections in Poland were held in 1989. Poland has been a member of NATO since 1997 and the European Union since 2004. [1]

[1]"Brief History of Poland." *Go to* ., http://www.intopoland.com/poland-info/history-of-poland.html.

## Geographical Setting

### ***Location***



Poland is located on the North European plain in central Europe, with 491 km of coastline on the Baltic Sea and seven bordering countries that includes Belarus, Czech Republic, Germany, Lithuania, Russia, Slovakia and Ukraine. [2] Poland also shares maritime borders with Denmark and Sweden.[3]

### ***Climate***

Poland is described as having a temperate climate. The summers in Poland are mild, with July having an average monthly temperature of 65 degrees Fahrenheit but can reach as high as 86 degrees Fahrenheit. Summer is described as the best time to visit Poland. The warm season spans from about mid may to mid september. Summer is also the rainy season in Poland. On the contrary, winters in poland can be as cold as -4 degrees Fahrenheit with the average being under freezing (32 degrees Fahrenheit).[4] It is important to note that in the winter months (November to February) sunshine is rarely seen. See figure below to note the average number of sunshine hours per day each month. Temperature is generally the same across the country, however the farther south and the farther from the sea you travel, the weather stays a handful of degrees warmer.

| | AVERAGE TEMPERATURE | AVERAGE PRECIPITATION |
|---|---|---|
| January | -3.3 °C / 26.1 °F | 21 mm |
| February | -2.1 °C / 28.2 °F | 20 mm |
| March | 1.9 °C / 35.4 °F | 23 mm |
| April | 7.7 °C / 45.9 °F | 15 mm |
| May | 13.5 °C / 56.3 °F | 58 mm |
| June | 16.7 °C / 62.1 °F | 70 mm |
| July | 18.0 °C / 64.4 °F | 68 mm |
| August | 17.3 °C / 63.1 °F | 61 mm |
| September | 13.1 °C / 55.6 °F | 42 mm |
| October | 8.2 °C / 46.8 °F | 35 mm |
| November | 3.2 °C / 37.8 °F | 41 mm |
| December | -0.9 °C / 30.4 °F | 32 mm |

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[2] Roos, Hans, et al. "Poland." *Encyclopædia Britannica*, Encyclopædia Britannica, Inc., 31 Aug. 2019, https://www.britannica.com/place/Poland.
Accessed 02 September 2019.

[3] Nationsonline.org, Klaus Kästle -. "Poland - Country Profile - Nations Online Project." *Poland - Country Profile - Nations Online Project*, https://www.nationsonline.org/oneworld/poland.htm.
Accessed 02 September 2019.

[4] "Climate and Average Weather in Poland." *World Weather & Climate Information*, https://weather-and-climate.com/average-monthly-Rainfall-Temperature-Sunshine-in-Poland.

Figure 1

| Month | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Hours | 1 | 2 | 4 | 5 | 7 | 8 | 8 | 7 | 5 | 3 | 2 | 1 |

***Topography***

Generally speaking Poland is mostly composed of lowland plains. This reaches from the coast of the Baltic sea to the highest elevation in the south, the Carpathian mountains. The northeast region, known as the Masurian Lake District, is heavily wooded and has more than 2,000 lakes. In Europe, Poland has the second highest density of lakes. The average elevation is 173 meters with only 3% being higher than 500 meters. Mount Rysy is the highest point of Poland. [5]

**Poland is located in the central part of the European continent, providing it with a temperate climate of mild summers and bitter winters. It features a wet season in the summer months with the winter periods featuring very little sunlight. Due to its topography of mostly lowland plains, as well as over 2000 lakes, its temperature is generally the same throughout the nation, with a few exceptions to the mountains and coastal regions. The low temperatures especially in the winter provide excellent opportunity for children and young adults to stay inside to avoid the weather. Any product must be versatile to adapt to the low temperatures of Poland as well as the somewhat warmer summers.**

## Social Institutions

***Family***

Familial ties are an important component of Polish culture. This importance was once extended throughout one's family but manifests itself today primarily in a family unit consisting of a couple, their children, and set of grandparents, commonly the husband's parents.[6]



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Within the Polish family, traditional gender roles can be seen. The husband is still viewed as a breadwinner whereas the wife is viewed primarily as a homemaker. These gender

[5] "Climate and Average Weather in Poland." *World Weather & Climate Information*, https://weather-and-climate.com/average-monthly-Rainfall-Temperature-Sunshine-in-Poland.

[6] Skreija, Andris. "Poland." *Countries and Their Cultures*, https://www.everyculture.com/No-Sa/Poland.html. Accessed 02 September 2019.

differences become more pronounced in lower social classes, and women are often expected to do housework on top of their outside occupations. Women in Poland do still have to worry about the prospects of sexual harassment and violence.[7] However, these aspects of Polish society are beginning to change as women become more economically and politically active. Currently, the number of Polish women taking more active economic roles through means of obtaining higher education, opening businesses, or becoming politically active by running for elected office is growing. Progress is also seen within the family itself as many couples make joint decisions about their family rather than the husband serving as the decision-maker.[8]

**The Polish family is a very important social unit. It exhibits traditional gender roles, but that is changing as women take a more active political and economic roles. This is also leading to dual income households and children being left unattended. These children could benefit from toys and games that do not require others to be enjoyed.**

The role of women outside of the home has also had an impact on the way children are raised in Poland. In general, Polish children are raised to be obedient to their parents but also be independent. Many perform chores around the house and prepare meals for themselves from a young age. Older siblings often will help care for their younger brothers and sisters. This independence is in part derived from the fact that both parents work in many Polish families and a parent is not always available to tend to a child.[9]



*What, then, will children do for entertainment?*

In addition to the children of Polish families acting in a semi-independent manner, grandparents also help in raising children. This, however, represents only part of the reason why grandparents are brought into the main Polish family unit. The other reason can be found in the responsibility of children to take care of their elderly parents. Nursing homes are not common in

[7] Skreija, Andris. "Poland." *Countries and Their Cultures*, https://www.everyculture.com/No-Sa/Poland.html. Accessed 02 September 2019.
[8] "Poland: Family." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?contid=&wmn=&cid=127&cn=Poland&sname=Family&snid=11. Accessed 02 September 2019.
[9] "Poland: Family." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?contid=&wmn=&cid=127&cn=Poland&sname=Family&snid=11. Accessed 02 September 2019.

Poland.[10] Instead, the aging grandparents are brought into the home which provides both childcare and the opportunity for children to take care of their parents.

**The typical Polish household includes a set of grandparents. Due to the increasing dual income nature of households, these grandparents play a vital role in the upbringing of children. As time progresses, these grandparents transition from caretakers to those taken care of with the majority of Polish families opting to take care of aging relatives as opposed to sending them to nursing homes.**

As children grow up, they will eventually begin looking for their own spouses. In Poland, young people meet at places such as schools, clubs, through mutual friends, and sports. It is common for young people to date multiple people before deciding on one. Many couples take a year or more to become serious.[11] Poles typically become engaged in their 20s. If someone is directly entering the workforce, they may seek out a spouse around the ages of 20 or 21, but many Poles are pushing marriage back to at least 25 years old so that they can pursue higher education and become more financially independent prior to getting married.[12]

*Weddings*

Weddings is Poland are typically held on Saturdays. Both civil and religious weddings are popular in themselves but the konkordatowy wedding in which the legal elements of a civil ceremony and the religious aspects of a wedding are combined. In any case, there are several Polish customs that are still widely practiced such as the bride's friends "blocking" the bride and groom's car on the way to the wedding and refuse to leave unless they are given bottles of vodka. After a wedding, people will throw rice and coins over the groom.[13]



Weddings are followed by festive receptions that go long into the night. The oczepiny part of the reception is of particular importance. This event, that occurs at midnight, involves all of the young unmarried men and women dancing together. The bride throws her veil/garter to the women and the groom

[10] "Poland: Family." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?contid=&wmn=&cid=127&cn=Poland&sname=Family&snid=11. Accessed 02 September 2019.
[11] "Poland: Dating and Marriage." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?cid=127&cn=Poland&sname=Dating_and_Marriage&snid=12. Accessed 02 September 2019.
[12] "Poland: Dating and Marriage." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?cid=127&cn=Poland&sname=Dating_and_Marriage&snid=12. Accessed 02 September 2019.
[13] "Poland: Dating and Marriage." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?cid=127&cn=Poland&sname=Dating_and_Marriage&snid=12. Accessed 02 September 2019.

throws his tie to the men. The individuals who catch these items are said to be getting married soon. The oczepiny symbolizes the bride becoming a married woman and is considered the highlight of a wedding for many people. Wedding costs are split between both the bride's and the groom's family. If the newlyweds are not fully financially secure, it is acceptable practice for them to move in with one of their sets of parents.[14]



Within Poland, there is still social stigma against single parent households, divorce, pre-marital cohabitation, and same-sex marriages (which remain illegal). The reasoning for this negative association is tied to the strength of the Catholic faith within Poland. Despite this, these practices, with the exception of same-sex marriage, are becoming more acceptable within the country.[15]

**Dating in Poland is similar to what one would see in the United States in terms of where people meet and date activities. However, many Polish couples get married at younger ages**

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[14] "Poland: Dating and Marriage." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?cid=127&cn=Poland&sname=Dating_and_Marriage&snid=12. Accessed 02 September 2019.

[15] "Poland: Dating and Marriage." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?cid=127&cn=Poland&sname=Dating_and_Marriage&snid=12. Accessed 02 September 2019.

**than can be seen in the United States, typically very early 20s. There is a trend away from this practice as many couples put off marriage until they are more financially secure.Polish weddings are very festive affairs and incorporate many traditional practices. The festivities will typically last beyond midnight, and it is not uncommon for couples to move in with a set of parents following their wedding as a result of financial insecurity of some Polish couples. Poland also has stigmatized lifestyles in the past that do not conform with the country's Catholic traditions. The country is becoming more accepting of these alternatives, but there is still a lot of ground to cover before they're treated equally.**

***Education***

Education is highly valued within Poland as is evidenced by their 99.8% literacy rate which is defined as people ages 15 or older being able to read and write.[16] Children begin attending primary school between the ages of 6 and 7. Although private schools do exist, most Polish children attend public schools. There is no fee to attend these public schools, but students must provide their own school supplies and textbooks.

Children move from primary school to secondary school around the age of 13. From the ages of 13 to 15, secondary school is mandatory. Beyond that, the upper secondary curriculum is optional.



Based on how students do on exams in the mandatory portion of secondary school, they will gain admission to different types of upper secondary schools. The types available include vocational, general, specialized, and technical upper secondary schools. Following completion of upper secondary school, students take a test called the matura which determines the universities that they may attend. Bachelor's degrees typically take 3 years to achieve, and many Poles go on to earn post-graduate degrees. University education is paid for in large part by the government excluding extra-curricular and retake courses.[17] This has allowed for a highly educated population to develop.

**Poland highly values education as evidenced by their compulsory schooling from ages 6 to 15 with many continuing education opportunities after that such as additional secondary**

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[16] "The World Factbook: Poland." *Central Intelligence Agency*, Central Intelligence Agency, 1 Feb. 2018, https://www.cia.gov/library/publications/the-world-factbook/geos/pl.html.

[17] "Poland: Education." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?cid=127&cn=Poland&sname=Education&snid=21. Accessed 02 September 2019.

**school and technical and university education. The country also has a near 100% literacy rate which illustrates the value they place on knowledge.**

***Political System***

| | |
|---|---|
| Official Country Name | Republic of Poland |
| Capital | Warsaw |
| Provinces (voivodships) | 16 |
| Type of Government | Parliamentary Republic |
| President (Head of State) | Andrzej Duda |
| Prime Minister (Head of Government) | Mateusz Morawiecki |

"The World Factbook: Poland." *Central Intelligence Agency*, Central Intelligence Agency, 1 Feb. 2018, https://www.cia.gov/library/publications/the-world-factbook/geos/pl.html. Accessed 09 September 2019.

The president is elected to a five-year term with the maximum number of terms being two. The president appoints the prime minister who is usually the head of the leading party or party coalition in the legislature. The president's role is largely representative in nature with the exception of international affairs.[18]

The legislature is divided into two houses. The upper house, called the Senat, consists of 100 members elected by a majority vote in the provinces. The lower house, called the Sejm, consists of 460 members who are elected through a proportional representation system with four seats being reserved for ethnically German parties. The Sejm is in charge of confirming the appointments for prime minister and deputy ministers.[19]




Currently, the conservative Law and Justice party (PiS) is currently the ruling party in Poland. They support issues such as raising wages and fighting corruption. The second most powerful party is the Civic Platform party (PO) which is a center-right party that has a stronger relationship to religiously related policies such as opposing abortion and same-sex marriage while promoting religious teaching in schools. The Civic Platform party also supports involvement with the EU, of which Poland is a member, but the Law and Justice party is more skeptical. The issue of relationships with other organizations and countries is a political focus in

[18] "Poland: Government." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?cid=127&cn=Poland&sname=Government&snid=18. Accessed 02 September 2019.

[19] Skreija, Andris. "Poland." *Countries and Their Cultures*, https://www.everyculture.com/No-Sa/Poland.html. Accessed 02 September 2019.

Poland.[20] In addition to these two leading parties, Poland also has several other parties within its government. These remaining parties are listed below.

| |
|---|
| Democratic Left Alliance (SLD) |
| German Minority (MN) |
| Kukiz 15 (K15) |
| KORWIN |
| TERAZ! (NOW!) |
| Nowoczesna (N) |
| Polish People's Party |
| Razem (Together) |
| Wiosna (Spring) |

"The World Factbook: Poland." *Central Intelligence Agency*, Central Intelligence Agency, 1 Feb. 2018, https://www.cia.gov/library/publications/the-world-factbook/geos/pl.html. Accessed 09 September 2019.

**Poland has a multi-party parliamentary government. The legislature is divided into two separate houses and the duties of the Head of State and Head of Government are divided between the President and Prime Minister Respectively. Currently, the conservative Law and Justice party is the ruling group in Poland, and their platform consists of raising wages and fighting corruption. The conservative Civic Platform party, whose platform is rooted in Catholic values, is the second most powerful party.**



The Polish government affords many rights to its citizens: freedom of speech, assembly, and religion. Additionally, the rights of minorities are carefully protected. Bilingual education is available to minority children, and actions such as the reservation of seats in the Sejm ensure that minority voices are heard. The Roma, however, still face social stigmatization within the country and have not been as fortunate as other minority groups. Women also have the ability to be involved both economically and politically. In fact, political parties are required by law to have at least 35% of their candidates running for office be female.[21]

[20] "Poland: Government." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?cid=127&cn=Poland&sname=Government&snid=18. Accessed 02 September 2019.

[21] "Poland: Government." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?cid=127&cn=Poland&sname=Government&snid=18. Accessed 02 September 2019.

Overall, the government of Poland is relatively stable, but it does have some issues. When the Law and Justice party secured power in 2015, they began a series of reforms which have harmed the democratic institutions of Poland and have also worsened Poland's relations with the European Union.[22] These circumstances indicate only minor levels of instability in the government and have more economic than political consequences.

Regarding trade policy, Poland is a member of the European Union and is required to follow the European Union's Common External Tariff. The Integrated Tariff of the European Community (TARIC) database can be utilized to find specific tariff measures.[23]

**Poland has a relatively stable government and has taken steps to ensure minority protection and representation in the government. The country benefits from EU member status and the trade policies that accompany membership. A prominent example of this is Poland's participation in the European Union's Common External Tariff. However, the Law and Justice Party has undertaken several actions that have placed a strain on Poland's relationship with the rest of the EU. Their membership status is not currently in jeopardy, but the situation should be monitored.**

***Legal System***



The legal code in Poland is predominantly based off of the Napoleonic Code with some holdover communist legal theories from the time of communist rule. The discretion of judges' interpretations and the power of judicial precedent are greatly limited in this system.[24]
The judiciary of Poland has several components.

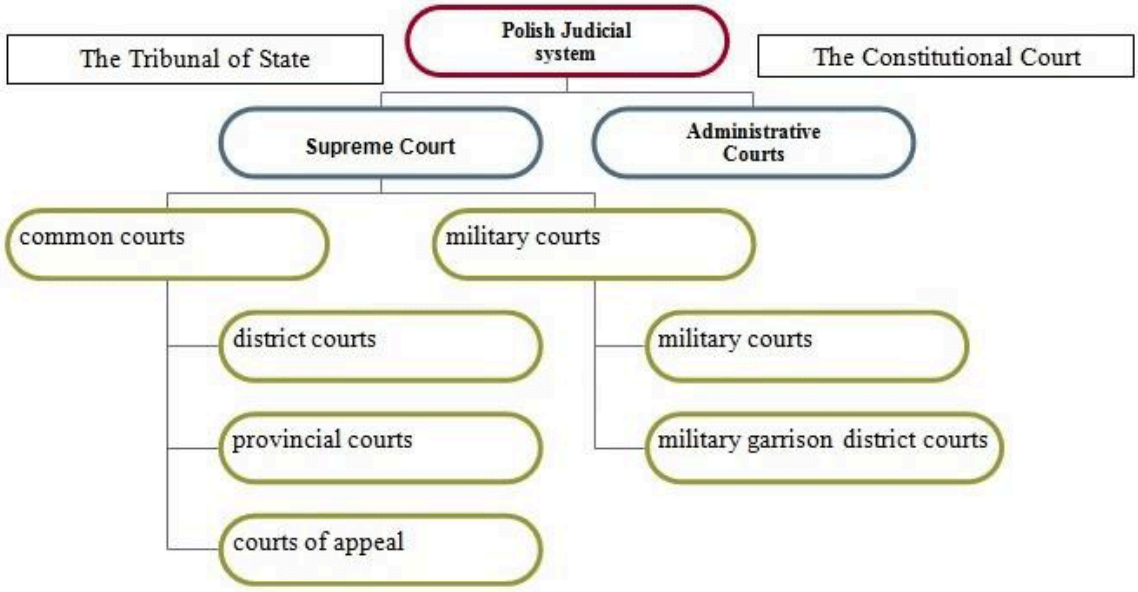
The Supreme Court, called the Sad Najwyzszy, consists of the president of the Supreme Court and 120 justices.
The judges are organized into criminal, civil, labor and social insurance, and extraordinary appeals and public affairs and disciplinary chambers.

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[22] "Poland." *Coface*, Coface, Feb. 2019, https://www.coface.com/Economic-Studies-and-Country-Risks/Poland. Accessed 12 September 2019.
[23] "Poland - Import Tariff." *Export.gov*, International Trade Administration, https://www.export.gov/article?id=Poland-Import-Tariff. Accessed 12 September 2019.
[24] Skreija, Andris. "Poland." *Countries and Their Cultures*, https://www.everyculture.com/No-Sa/Poland.html. Accessed 02 September 2019.

The president of the Supreme Court is nominated by the General Assembly of the Supreme Court and is selected by the president of Poland. The rest of the justice are nominated by a 25-member National Judiciary Council and appointed by the president. Judges appointed to the Supreme Court serve in that role until retirement which is generally at 65 years of age but can be longer. In addition to the Supreme Court, there is also the 15-member Constitutional Tribunal whose justices are appointed for nine-year terms by the Sejm. The constitutional rulings by this tribunal are final and cannot be appealed.[25]

In addition to the judiciary on the national level, Poland has local and regional courts which are subdivided into military, civil, criminal, labor, and family chambers.[26] Also, Poland accepts the jurisdiction of the international legal body known as the International Court of Justice (ICJ) with certain reservations. [27]




**Poland has an extensive system of courts to hear a variety of legal matters. Judicial precedent is limited as the legal system is primarily based on the Napoleonic Code with some remnants of communist legal theory. The highest judicial authority is the Polish Supreme Court or the Sad Najwyzszy.**

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[25] "The World Factbook: Poland." *Central Intelligence Agency*, Central Intelligence Agency, 1 Feb. 2018, https://www.cia.gov/library/publications/the-world-factbook/geos/pl.html. Accessed 09 September 2019.
[26] Jee, Irene. "Country Report: Poland." *Mergent,* 2017.
[27] "The World Factbook: Poland." *Central Intelligence Agency*, Central Intelligence Agency, 1 Feb. 2018, https://www.cia.gov/library/publications/the-world-factbook/geos/pl.html. Accessed 09 September 2019.

*Intellectual Property Rights*

| Type of Intellectual Property | Protection Period |
|---|---|
| Copyright | 70 years after the death of the creator |
| Invention Patent | 20 years |
| Utility Model Patent | 10 years |
| Trademarks (Can be extended) | 10 years (20 years for international trademarks) |
| Industrial Design Patent | 25 years |
| Databases | 15 years after production date |

Piechocki, Artur, and Daniel Sicinski. "An Overview of Intellectual Property System in Poland." *Polish Investment and Trade Agency,* 2017.

Poland has intellectual property laws that are similar to what one might see in the United States. By applying for registration through the Polish Patent Office, individuals and companies can secure protection for their intellectual property. There are similar requirements in place to the United States regarding the uniqueness of ideas and limitations as to how long one can have exclusive rights to their intellectual property (see above chart). Infringement on the rights of a patent, trademark, copyright, etc. holder can lead to both civil and criminal outcomes for the offending party in Polish courts.[28]

In addition to Polish law, there are also the laws of the European Union that one can use to protect their intellectual property. As Poland is a member of the EU, it acknowledges those protections afforded by the European Union Intellectual Property Office. Going through this office affords individuals and companies protections that extend beyond the country itself and into all member countries of the EU.[29]

**Polish intellectual property protections follow a system very similar to that seen in the United States. In addition, they also follow the intellectual property system of the European Union. This combination creates an environment in which intellectual property can be protected. High protection for IP is vital to protect business interests.**

## ***Social Organizations***

[28] Piechocki, Artur, and Daniel Sicinski. "An Overview of Intellectual Property System in Poland." *Polish Investment and Trade Agency,* 2017.

[29] Piechocki, Artur, and Daniel Sicinski. "An Overview of Intellectual Property System in Poland." *Polish Investment and Trade Agency,* 2017.

| Ethnic Group | Percentage of Total Population |
|---|---|
| Polish | 96.9% |
| Silesian | 1.1% |
| German | 0.2% |
| Ukrainian | 0.1% |
| Other/Unspecified | 1.7% |

Jee, Irene. "Country Report: Poland." *Mergent,* 2017.

Poland is a largely monoethnic society with minority populations accounting for only between 2% and 5.5% of the population. The reason for this monoethnic nature can be traced back to World War II where many ethnic minorities in Poland were killed off by the Russians and Germans. Communist rule in Poland further worked to suppress minorities until the Communist government fell.[30]

Poland currently has six social classes which are:

- the peasants
- Worker
- Intelligentsia
- szlachta (nobles)
- the nomenclatura (the ruling group during Communist control)
- a nascent middle class.[31]

The social classes of Poland used to be very distinct, but World War II and the subsequent Communist rule of Poland has greatly diminished their importance. During the war, educated Poles, members of the intelligentsia, were killed by the Germans. After the war ended, the Communists took over that role. Additionally, many people began adapting the customs of the szlachta during Communist rule such as their politeness. In Poland, the status of a person is to factors other than wealth. The szlachta and intelligentsia (what remained of them) used politeness to differentiate themselves, but average citizens began incorporating this politeness into their behavior and helped to erase the division between the classes.[32]

Today, the szlachta exist only is name. Their influence has all but disappeared. Workers and the intelligentsia are growing both in total number and in proportion of the population. The nomenclatura are trying to regain the political and economic power they had during Communist

[30] Skreija, Andris. "Poland." *Countries and Their Cultures*, https://www.everyculture.com/No-Sa/Poland.html. Accessed 02 September 2019.

[31] Skreija, Andris. "Poland." *Countries and Their Cultures*, https://www.everyculture.com/No-Sa/Poland.html. Accessed 02 September 2019.

[32] Skreija, Andris. "Poland." *Countries and Their Cultures*, https://www.everyculture.com/No-Sa/Poland.html. Accessed 02 September 2019.

rule,[33] but there has been no information to indicate that they are making progress towards that goal.

**Poland is primarily a monoethnic society due to the events of the Second World War and the Communist rule of Poland. Nazi occupation robbed Poland of much ethnic diversity and the Communist party reduced the significance of social classes to the point that they are no longer prevalent.**

***Business Customs and Practices***

*Greetings and Introductions*



It should be noted that as a general theme Poland has a more formal culture that relaxes as the business relationship deepens. It is important to err on the side of caution and be more formal than one may believe is necessary and let the Polish counterpart determine what they are and are not comfortable with.

When meeting a Polish person, the correct procedure is to extend your hand for a firm handshake, smile, and make eye contact. Individuals should be addressed as Pan (male) or Pani (female) and their surname. Let the Polish person decide when it is acceptable to be on a first name basis. If meeting someone at a party, there is additional etiquette to attend to. The host will most often introduce you, and one should expect women to be introduced before men.[34]

**Polish people prefer business greetings similar to those seen in the United States such as firm handshakes with eye contact. When in doubt about what to do, it is advisable to be more formal and allow your Polish counterpart to decide what informalities are permissible.**

[33] Skreija, Andris. "Poland." *Countries and Their Cultures*, https://www.everyculture.com/No-Sa/Poland.html. Accessed 02 September 2019.

[34] "Guide to Poland: Polish Etiquette, Customs & Culture." *Kwintessential*, Kwintessential, https://www.kwintessential.co.uk/resources/guide-to-poland-etiquette-customs-culture-business. Accessed 02 September 2019.

*Business Meetings*

Business meetings will be more formal in the beginning and become more relaxed as the relationship deepens. Additionally, the type of person with whom you are meeting can affect the level of formality within the meeting. As an example, government officials are known to be incredibly formal in their dealings. The most senior person present will preside over a business meeting.



One should not expect to do only business during meetings. Small talk is used to assess what kind of person you are. The Poles place high value on personal virtues such as honesty and use small talk as a way of understanding who you are.

During the business proceedings, you will find that Poles appreciate both diplomatic speech and directness. They will say no but will do it in a polite manner. As the relationship deepens, directness will outweigh diplomacy in terms of importance, but it is still important to maintain that polite level of speech. Always come prepared with the facts and figures to support whatever it is that you are discussing. Know that the higher levels of management will make the final decisions and will draw up a plan that will be followed exactly.[35]Titles and degrees are important




[35] "Guide to Poland: Polish Etiquette, Customs & Culture." *Kwintessential*, Kwintessential, https://www.kwintessential.co.uk/resources/guide-to-poland-etiquette-customs-culture-business. Accessed 02 September 2019.

in Poland. It is important to have such qualifications listed on your business cards and that at least one side of your card is written in Polish.[36]

**Polish people toe the line between directness and politeness. They value the ability of someone to say no in a diplomatic way. Do not be too blunt when discussing issues. During meetings, one can also expect to talk about more than just business as Poles value the relationships they have with those they do business with.**

*Being Invited into a Home*



If you are invited into a Polish home, there are several things to take into account. The first is that you should make sure to arrive on time as a sign of respect and dress nicely and conservatively. You should expect to remove your shoes upon entry into the home, and slippers may be provided to remind guests of this fact. You should bring a gift, the specifics of which will be discussed in the gifts section. Always offer to help with dinner preparation or clean up but know that you may be turned down. Meals are served in a family style with common sources of food to put on individual plates. Always take less food than you can eat so that you can agree to have seconds when offered. If toasts are made, it is polite to make one yourself so have one prepared. Lastly, alcohol is served in small containers and meant to be consumed in one action.[37]



**When invited to someone's home, bring a gift and offer to help the host. Meals are served family style with common sources of food. Always take less than you intend to eat so that you can accept seconds when offered.**

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[36] "Guide to Poland: Polish Etiquette, Customs & Culture." *Kwintessential*, Kwintessential, https://www.kwintessential.co.uk/resources/guide-to-poland-etiquette-customs-culture-business. Accessed 02 September 2019.

[37] "Guide to Poland: Polish Etiquette, Customs & Culture." *Kwintessential*, Kwintessential, https://www.kwintessential.co.uk/resources/guide-to-poland-etiquette-customs-culture-business. Accessed 02 September 2019.

*Gift Giving*

Giving gifts in Poland entails several things worthy of consideration. First, the appropriate gifts when being invited to someone's home are as follows: flowers, wine, sweets, and pastries. These should be given to the hostess. When gifting flowers for any occasion, there are additional rules. Flowers should never be given an equal number. Yellow Chrysanthemums, red flowers, and white flowers should be avoided altogether. When presenting the flowers, it is imperative to remove the paper wrapping them before presenting them.[38]

One may also expect to see gifts at times in the workplace. This is most apparent on a person's name day, associated with the saint for whom they are named. Employees are likely to bring champagne and cake to work on their name day to celebrate with their peers. Additionally, it is common to give small gifts to service workers (i.e. postal workers, garbage men) around Christmas time. Regardless of the time or relationship, one should avoid expensive gifts as they may embarrass the person receiving them.[39]





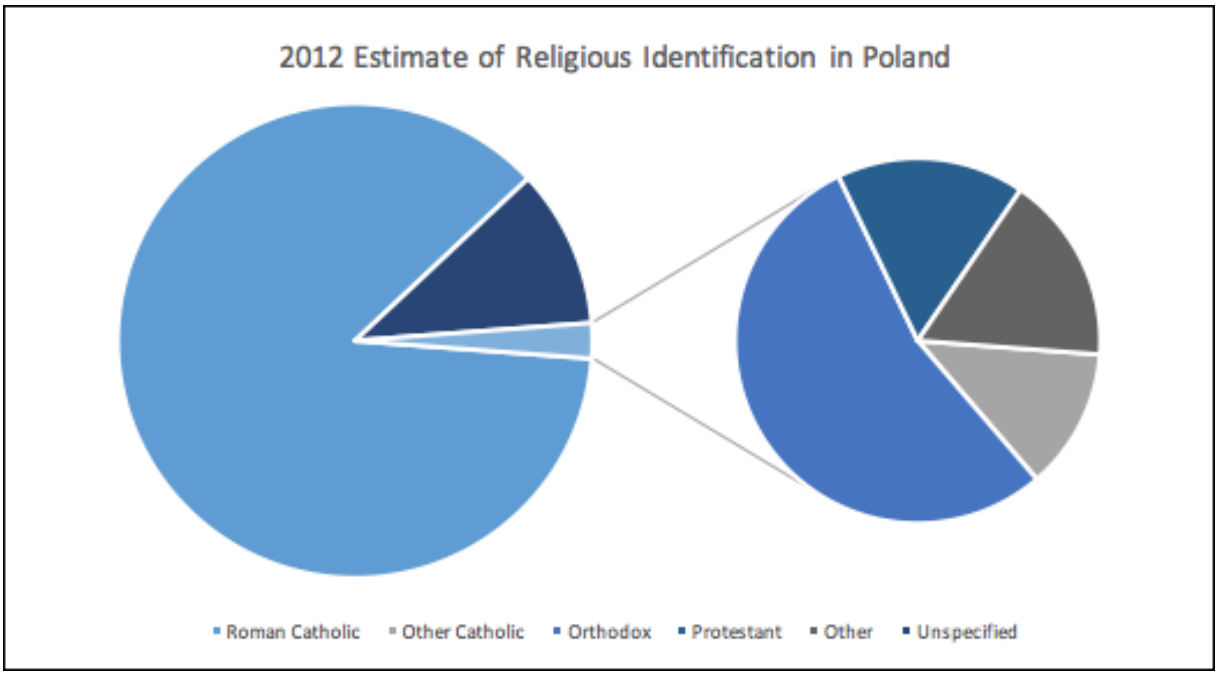

**Flowers and food make excellent gifts when being invited to someone's home, though there are specific considerations to be taken into account as to the type and number of flowers to be given. Additionally, small gifts in the workplace can be expected during special holidays such as Christmas or on someone's name day.**

[38] "Guide to Poland: Polish Etiquette, Customs & Culture." *Kwintessential*, Kwintessential, https://www.kwintessential.co.uk/resources/guide-to-poland-etiquette-customs-culture-business. Accessed 02 September 2019.
[39]"Guide to Poland: Polish Etiquette, Customs & Culture." *Kwintessential*, Kwintessential, https://www.kwintessential.co.uk/resources/guide-to-poland-etiquette-customs-culture-business. Accessed 02 September 2019.

## Religion and Aesthetics

***Religion***

The most prominent religion in Poland, by far, is Roman Catholicism. A 2012 estimate found that 86.9% of Polish people identify as Roman Catholic, with another 0.3% being other types of Catholics. 1.3% of the population is Orthodox, 0.4% is Protestant, another 0.4% is other, while 10.8% are unspecified.[40]




The Catholic Church has played a nationalistic role in the past due to its large membership and unity as one organization, acting to champion various causes. There has been debate surrounding the role of the church in Poland as some people want the laws and social customs to be secular while others want them to be reflective of Catholic values. Furthermore, Catholic religious ceremonies tend to be big family gatherings in Poland.[41]

Weddings and funerals in the country are very influenced by religion and it is common for businesses to close on religious holidays.[42] This is due in part to six out of ten official government holidays being related to Christianity, although a variety of other Catholic holidays are also generally celebrated. The influence of Catholicism is further shown by the prevalence of

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[40] "Poland." *Mergent Online,* published by Jonathan Worrall, Mergent Inc., 2017, pp. 12.

[41] Poland: Religion." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?cid=127&cn=Poland&sname=Religion&snid=5. Accessed 01 September 2019.

[42] "A guide to Poland - etiquette, customs, clothing and more..." *Kwintessential.* https://www.kwintessential.co.uk/resources/guide-to-poland-etiquette-customs-culture-business. Accessed 01 September 2019.

'name days.' Poles are often named after or share a name with a Catholic Saint and celebrate their name day/the saint's day as well as their own actual day of birth.[43]

***Aesthetics***

Throughout its history, Polish people have participated in many different fine arts. Their best-known musician and composer is Frédéric Chopin, who based some of his compositions from folk music. An important folk art is carved linden-wood made sculptures that depict mythical, biblical, and everyday subjects, while ceramics, embroidery, and painting are also well-known in Poland. Parables and fables are still popular today, and stem from when Polish writers would use parables and other symbolism to avoid government censure. Government funding for the arts declined significantly with the fall of socialism in the 1990s and the arts are being transformed today due to urbanization and mass media.[44]

## Living Conditions

***Diet and Nutrition***

Meat consumption is overall higher than what is the average for all European Union member states. Data from the Polish Central Statistical Office (CSO) in 2016, meat consumption amounted to 69.5kg, roughly 4kg more than the average EU member. For the Polish Population as a whole the distribution of preferred meats is as follows:

- Pork at 39.1kg/person
- Poultry meat at 28.2kg/person
- Beef at 1.6kg/person
- Mutton at .6kg/person



The CSO notes, however, that poultry consumption is on the rise in Poland, which is conditioned by the low price of raw material purchase, ease in its preparation and dietary values .[45]

Whereas meat consumption may be on the Rise in Poland, fruit has seen a steady decrease in monthly consumption between 2002 and 2012, falling from 4kg/person a month to 3.4kg/person

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[43] "Poland: Holidays." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?cid=127&cn=Poland&sname=Holidays&snid=16. Accessed 01 September 2019.

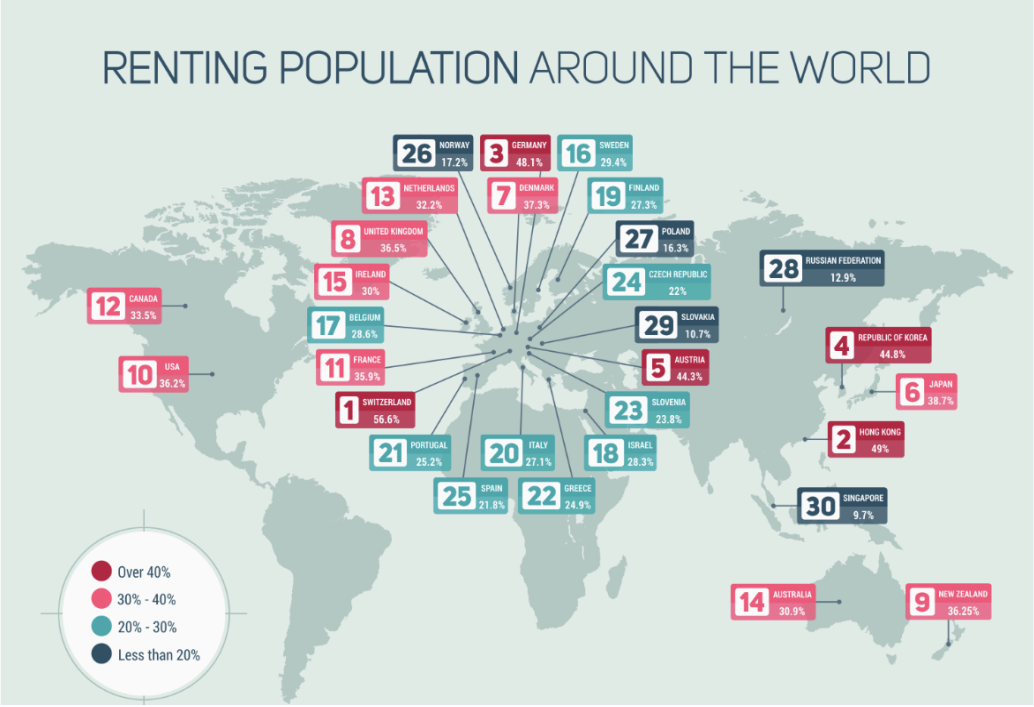
[44] "Poland: The Arts." *CultureGrams Online Edition*, ProQuest, 2019, online.culturegrams.com/world/world_country_sections.php?cid=127&cn=Poland&sname=The_Arts&snid=15. Accessed 01 September 2019.

[45] Ostaszewski, Maciej. "Trends and Forecasts of Red Meat Consumption in the World and in Poland in the Years 2015 – 2025." World Scientific Journal, 20 June 2018, https://pdfs.semanticscholar.org/7444/22359b6a869f335907941d3b0074c9f0dd2f.pdf.

a month. The CSO also notes that the consumption of vegetables has also become increasingly unpopular, with consumption falling from 13kg to 9kg a year (with potatoes included) and consumption of vegetables not including potatoes fell from 5.5 to 5 kg.[46] For their large amount of meat intake, Poland experiences a very protein-rich diet, however, due to its developing economy, not all children can get enough nutrients with 13% of children experiencing protein-energy malnutrition, compared to 1% of grown men and 3% of women.[47]

***Housing***

There are mainly 3 types of housing: Private owned housing, renting, and then recently, in 2016 from the PM, government owned/state sponsored housing.[48] Whereas in some countries, renting is a more popular option, the large majority of the people in Poland do in fact live in owned homes with only 16.3% (one of the smallest in EU) actually renting properties.[49] In regards to what type of housing Polish people prefer, most people live in detached homes (roughly 50.6%) whereas apartments account for roughly 44.1%. In accordance with strong familial values, most Polish people live with family members, whether in the previous generation or with the current generation. This is due to the general




[46]"Experts: Fruit and Vegetable Consumption in Poland Drops Alarmingly." *Science in Poland*, http://scienceinpoland.pap.pl/en/news/news,404220,experts-fruit-and-vegetable-consumption-in-poland-drops-alarmingly.html.

[47]Project, Borgen. "Malnutrition and Hunger in Poland." *The Borgen Project*, Borgen Project Https://Borgenproject.org/Wp-Content/Uploads/The_Borgen_Project_Logo_small.Jpg, 19 Dec. 2017, https://borgenproject.org/hunger-in-poland/.

[48] "Poland Announces Housing Program for Low-Income People." 3 June 2016, https://www.dw.com/en/poland-announces-housing-program-for-low-income-people/a-19305557.

[49] "Rent Café." *Rent Café*, 12 Feb. 2018, https://www.rentcafe.com/blog/rental-market/renting-landscape-30-countries-around-world/.

populous not being able to afford rents or mortgages, so people look to living with their families instead.[50]



***Clothing***

There are many different types of national dress in poland, however they are no longer often worn out into daily life. They are more reserved for national days of celebrations or for different festivals celebrating the polish culture. [51] Most older people tend to care more about how they appear in public - with men wearing more traditional and conservative suits and attire into the workplace. Denim jeans are more popular with people of a younger generation. Often clothing is expensive in Poland due to lack of manufacturing so some Poles make their own clothes with second hand stores also being popular. Children are expected to be clean and well-groomed in school.[52]

***Recreation, Sports, and other Leisure Activities***




Soccer is the most popular sport with most towns and cities having local teams for competition. Poles also participate in track-and-field events, cycling, table tennis, skiing, ski jumping, basketball, volleyball, and various individual sports. Being outside is a major part of the polish culture, with many people using bikes for leisure and for transportation. In accordance with recreation being an integral part of Polish culture, the average Pole spends roughly 1997.8 USD on recreation and leisure each year (per household), an 11.6% increase from 2017 to 2018, and a

[50]Schmid, Dennis. "Housing Conditions by Dwelling Type in Poland 2015." *Statista*, 5 Dec. 2018, https://www.statista.com/statistics/536489/distribution-of-the-population-in-poland-by-dwelling-type/.
[51] Revolvy, LLC. "'National Costumes of Poland' on Revolvy.com." Revolvy, https://www.revolvy.com/page/National-costumes-of-Poland.
[52]*Proxy Login - University Libraries - USC*, http://online.culturegrams.com.pallas2.tcl.sc.edu/world/world_country_sections.php?cid=127&cn=Poland&sname=Personal_Appearance&snid=7.

12.3% increase from 2016-2017. Keep in mind the average household net-adjusted disposable income per capita is USD 19 814[53]

***Social Security***




In Poland, there is the Fundusz Ubezpieczeń Społecznych, or FUS for short (The Social Insurance Fund), which is the Social Security system (which falls under the ZUS, the organization managing it). The welfare that is under the FUS is situated in case that a citizen cannot find a job, the state would support that citizen with income. The social security system also helps to cover old age, health, maternity leave, sickness, accident, disability, pension, rehabilitation benefits, and some others as well.[54] Additionally, with the recent Law and Justice party in 2015, there is also a fund of 500 złoty ($125) for each child a family has, per month to spend as disposable income.

***Healthcare***

Polish citizens, permanent residents in Poland as well as employees of Polish companies need to be insured with a Polish health insurance. As for other social contributions, health contributions are paid by the employer. In case you receive social security benefits in Poland, you don't need to pay social contributions.[55]

**The living conditions in Poland offer a relatively stable position. The population is living on a healthy diet that consists of mainly meat, however, the Polish population is also a highly active society, performing many leisure activities and have access to healthcare provided by the Polish government. Polish people are also very traditional when it comes to clothing and family - Polish families stick together in housing due to housing being generally too expensive to afford alone. Polish people valuing leisure time and activities is important as**

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[53] *Poland*. OECD, 2019, *Poland*, http://www.oecdbetterlifeindex.org/countries/poland/.
[54] Zus.pl. (2019). [online] Available at: https://www.zus.pl/documents/10182/167615/Social+Security+in+Poland/71ffe1b1-c142-48fa-a67b-0c7e1cec6eb6.
[55] *Poland Guide.* Justlanded.com, https://www.justlanded.com/english/Poland/Poland-Guide/Health/The-Polish-health-care-system
https://www-statista-com.pallas2.tcl.sc.edu/topics/4943/health-care-in-poland/.

**any business looking to capture a market would serve well in providing an activity they can do leisurely.**

## LANGUAGE

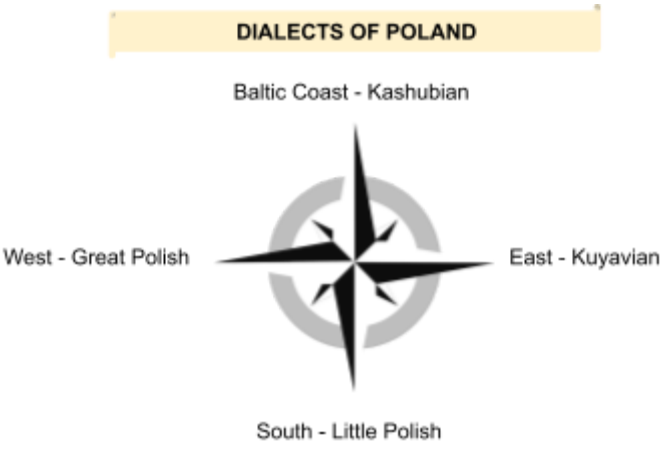
***Language History in Poland***

Being formed around 956 AD, Poland has a long history, and thus a historic language. Many phrases and words have been in use for a millennium. The Polish language has multiple influences from Slavic, German, and Latin beginnings. Though diminishing of importance, Poland has different dialects across different regions.[56] The "Great Poland" region in central/central-west Poland speaks a great Polish dialect. East of Great Poland, near Warsaw, citizens speak the Kuyavian dialect. Citizens in the south speak a dialect called "Little Polish," and citizens along the Baltic coast speak Kashubian.




***Changing Times in Poland***

With the introduction of new technology and mass media, language has begun to become more standardized across the nation. Further, education, the military, and mass migration has called for more understanding among people with different backgrounds. Interestingly, mass migration has influenced the language in that new words are being added into the Polish vocabulary, and these new words typically come from languages like German, English, and Russian. Depicted in Figure 1[57], a Passport statistic, "Other" languages are increasing in




[56] (n.d.). Poland. Retrieved from https://www.everyculture.com/No-Sa/Poland.html.
[57] (2019). Population By Language. Retrieved from http://www.portal.euromonitor.com.pallas2.tcl.sc.edu/portal/statisticsevolution/index.

use, and the Polish language, though a massive frontrunner, is slightly diminishing.

**POLISH LANGUAGE TOOLKIT** [58]

| | |
|---|---|
| *Pan/Pani* | Mr./Mrs. |
| *Cześć* | Hey (Greeting used for a friend) |
| *Hej* | Hello/Goodbye |
| *Na Razie* | See You Later |
| *Dzień dobry* | Good Morning |
| *Dobry wieczór* | Good Evening |
| *Do widzenia* | Goodbye |
| *Dziękuję* | Thank You |

**Figure 1**

Passport

**Population by Language | Historical | % breakdown**

| Geography | Category | Categorization Type | Data Type | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|
| Poland | Total Population | German | Socio-economic indicators | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Poland | Total Population | Other | Socio-economic indicators | 3.5 | 3.6 | 3.7 | 3.7 | 3.8 | 3.9 |
| Poland | Total Population | Polish | Socio-economic indicators | 96.0 | 95.9 | 95.8 | 95.7 | 95.7 | 95.6 |

**Research Sources:**
Total Population: Euromonitor International from national statistics/UN

Date Exported (GMT): 9/4/2019 5:48:15 PM
© Euromonitor International

[58] (2019). Republic of Poland. Retrieved from http://online.culturegrams.com.pallas2.tcl.sc.edu/world/world_country_sections.php?cid=127&cn=Poland&sname=Greetings&snid=8.

## Executive Summary

When examining a country for a possible product introduction, it is important to examine the factors of that country that would influence product success. Looking at Poland, its monoethnicity would be useful for any such introductions as companies could expect a similar consumer response throughout the country. Additionally, the population distribution is an important factor of consideration as only around 60% of Poles live in urban environments, and that percentage is slowly declining. Unemployment is low at around 5.2% and continues to decline.

Turning to the economy, Poland is in a growth stage. It is advantageous for businesses to enter the Polish market now and develop brand awareness as Polish consumers develop larger amounts of disposable income. As this disposable income grows, Polish consumers with existing brand knowledge and loyalties are likely to continue to purchase goods from those brands they know. Additionally, the continued development of Poland has led to an extensive transportation network to connect products to consumers. Poland's developed status also means that there are a variety of media options available to market products to consumers with television being the one which generates the most impressions.

In terms of industry, the primary one in Poland is agriculture. The economy has been largely privatized since the fall of the communist regime, but workers still have low power and wages compared to other developed nations. Despite this, Poland is an attractive investment opportunity due to its strategic location, EU membership. Inexpensive labor, and other factors. These factors have led to Poland being heavily involved in international trade, especially with other EU member states. Poland's current government is not the most EU friendly, but the relationship remains strong and benefits Poland greatly. As an EU member, Poland follows the shared regulations on things such as tariffs.

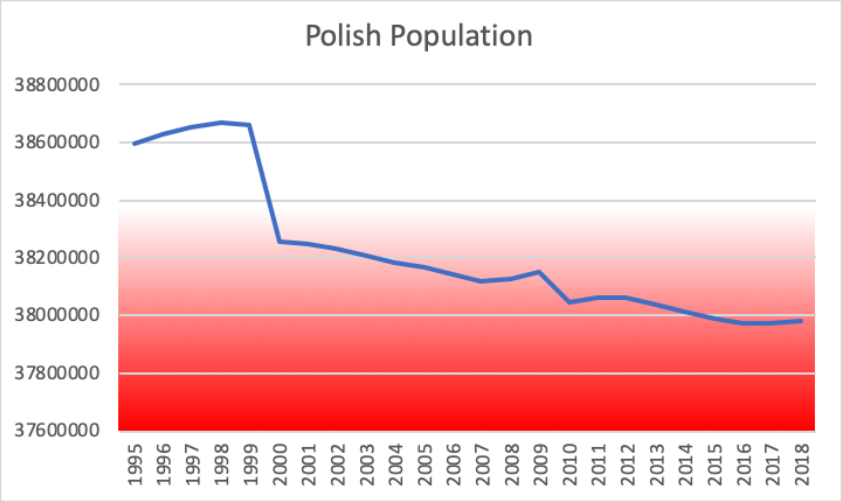
Poland uses the Zloty as their primary currency. The zloty was once very unstable but has grown more stable with the continued development of the country. Polish care very much about money and are incredibly price sensitive. Offering quality products at low costs is key to being successful in the Polish market.

Overall, Poland is an excellent place to do business. The country is developed to the point that the consumers have disposable income for aspirational and indulgent goods but is not so developed that the market is already saturated with products. In order to take advantage of this situation, a quick introduction of an already developed product is the most advisable course of action.

## Population

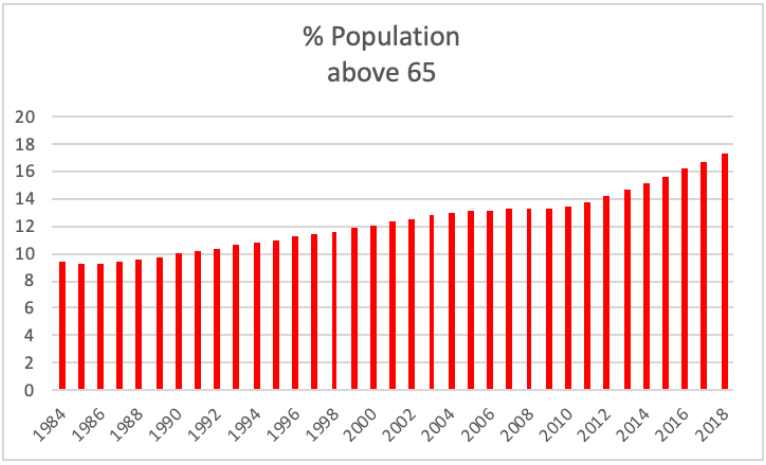
### ***Total***

Poland, which has a total population of roughly 37,978,548, is the 9th largest nation in terms of population in the European Union. However, Poland has been suffering a series of population setbacks since 1999 when it reached its population peak of 38,663,481. Despite seeing an increase in 2017 and 2018, this is more likely to be an anomaly based off of the recent data from pre 2017.[59] This can most likely be attributed to the overall trend of European Union nations, and in a broader sense developed nations, seeing a larger percent of their population becoming older. This is mentioned further in section B. Furthermore, the number of live births per 1000 people in Poland in roughly 9.3. This is an issue in the global scheme because this puts Poland at 202nd in the world ranking.[60] This presents a potential issue for any future growth of a product because this can severely hinder Poland's growth, which, should a product be introduced, means Poland is going to have to rely heavily on migration movements to supplement its population.




### ***Distribution of population***

Relating to the point mentioned above, the overall age of Poland is seen, in accordance with the overall trend of European nations, getting older and older. The share of the populous being 65 years of age or older has been steadily growing since 1984, starting with 9.36% of the population, to in 2018 representing 17.34%.[61] This can likely be attributed to the fact that people in Poland and Europe as a whole are living much




[59] The World Bank. "Poland." 2019.
[60] IMF. "Population, Persons, Number of: Poland." 2016.
[61] The World Bank. "Poland." 2019.

longer lives. The life expectancy in Poland has increased from 74.2 years to 78 years since 2001 which is line with developed nations having an increased life expectancy as GDP grows.[62] With this current trend, the population of Poland should continue to become exponentially older, which can present some problems relating to the future viability of the country. Similarly to other countries, the split of male female is relatively constant, staying at rouhgly 51.5% female and 48.5% male, with 2018's data being 51.71% female and 48.29% being male. [63]

**The Polish population is experiencing meager growth, and a steadily increasing population over 65. The business implication of this is that there will be a growing market for senior products, but interestingly, how will the younger generations be affected by this?**

The majority of Polish people are descendents of Polish ancestry, with roughly 98% of the population claiming descendants from Polish heritage. The largest minority group comes from ethnic Germans, with about 9% of the near 550,000 minority population (49,000).[64] The following two charts below gives a breakdown of the minority groups in poland. This is interesting because this means that the society in Poland is relatively homogenous so any product that would potentially be adapted into part of the society would have a larger chance to be accepted in the majority of the society due to close ethnicity. Poland has also accepted a large amount of Ukranian workers to supplement their workforce, accepting nearly 2 million Ukranians overall. This makes Poland one of the more homogenous nations in regards to its population. This overall makeup of the country should stay relatively as is due to low migration rates. Since 2011, net migration in Poland has either been negative, or stable at around 0 or .01%. [65]

**Largest Ethnic Minorities In Poland**

| Rank | Ethnic Minority Group | Estimated Population in Contemporary Poland |
|---|---|---|
| 1 | German | 49,000 |
| 2 | Belorussian | 37,000 |
| 3 | Ukrainian | 36,000 |
| 4 | Roma | 12,000 |
| 5 | Russian | 8,000 |
| 6 | Ethnic Jewish | 7,500 |
| 7 | Lemko | 7,000 |

Sawe, Benjamin Elisha. "Largest Ethnic Minorities In Poland." WorldAtlas, Jul. 18, 2019, worldatlas.com/articles/largest-ethnic-minorities-in-poland.html.

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[62] Nag, Oishimaya Sen. "The 10 Most Populated Countries In Europe." *WorldAtlas*, 11 Oct. 2017, https://www.worldatlas.com/articles/the-10-most-populated-countries-in-europe.html.

[63] The World Bank. "Poland." 2019.

[64] Sawe, Benjamin Elisha. "Largest Ethnic Minorities In Poland." WorldAtlas, Jul. 18, 2019, worldatlas.com/articles/largest-ethnic-minorities-in-poland.html.

[65] "Net Migration in Poland." *Passport Statistics*, 2019, https://www-portal-euromonitor-com.pallas2.tcl.sc.edu/portal/StatisticsEvolution/index.




**Poland's monoethnicity is beneficial for product introduction. Companies can expect a similar response to a product introduction across the vast majority of consumers as their close ehtnic ties can be inferred to lead to similar values. Product success in one region of the country would be a strong indicator of success throughout the country as a whole.**

In regards to percent of the population living in urban versus rural setting, Poland is somewhat of an anomaly. What most developed nations see as their overall prosperity increases (with regard to GDP, quality of living, and per capita GDP), is more of the population emigrating to urban environments. However, what Poland has seen the past 33 of so years, the percentage of the population living in an urban area has been 60% or more, with the most current year's data (2018) being about 60.058% living in an urban environment. However, in the past 17 years, that overall percentage of urban living has decreased, from a high of 61.761% to the current time in 2018. In that time, rural living has of course increased as a result.[66]

**Although Poland is a developed country, it does not have an increasing urban population as is typical for similar countries. Instead, Poland is experiencing a very small annual decline in its urban population with it being relatively stable at around 60%.**

[66] The World Bank. "Poland." 2019.

## Economic Statistics and Activity

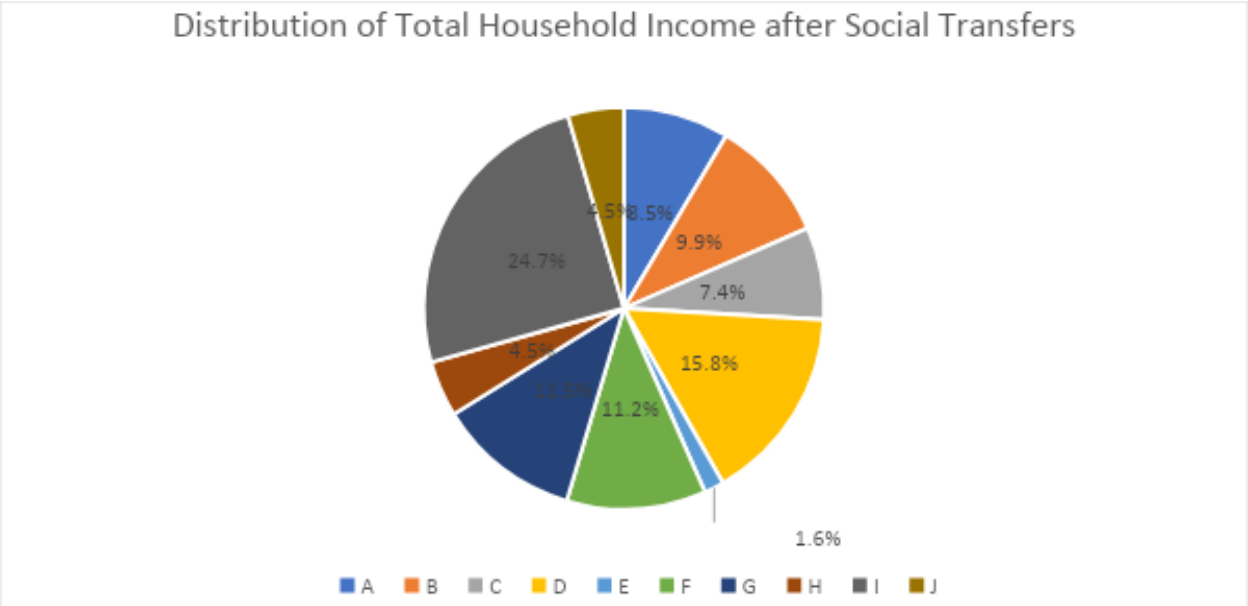
| | |
|---|---|
| GDP | US$1.126 trillion (2017 estimate)[67] |
| GDP Real Growth Rate | 4.7% (2017 estimate)[68] |
| GDP Per Capita | US$29,600 (2017 estimate)[69] |
| Average Family Income | US$19,814[70] |
| Minerals and Resources | Coal, sulfur, copper, natural gas, silver, lead, salt, amber, arable land[71] |

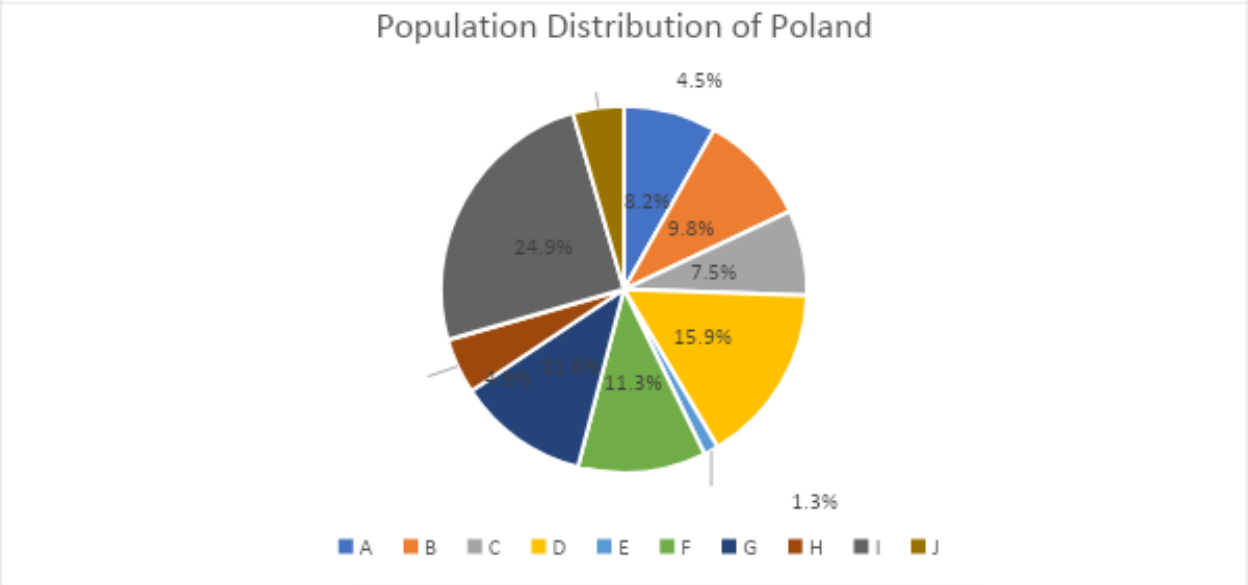
Although GDP per capita and average family income are lower in Poland than in a country such as the United States. The growth rate of 4.7% indicates that Poland is a fast growing economy. It is advantageous to enter the Polish market now as they start to gain more disposable income. The country is in a perfect state to begin building brand awareness and loyalty that will be maintained after the county has further developed and the average family income and GDP per capita are more comparable to other developed nations such as the United States.

**Poland's economy is in a growth stage in consumerism. It is advantageous for businesses to enter the Polish market now and begin to develop brand awareness as Polish consumers develop larger amounts of disposable income. As this disposable income grows, Polish consumers with existing brand knowledge and loyalties are likely to continue to purchase goods from those brands they know.**

[67] "The World Factbook: Poland." *Central Intelligence Agency*, Central Intelligence Agency, 1 Feb. 2018, https://www.cia.gov/library/publications/the-world-factbook/geos/pl.html. Accessed 09 September 2019.
[68] "The World Factbook: Poland." *Central Intelligence Agency*, Central Intelligence Agency, 1 Feb. 2018, https://www.cia.gov/library/publications/the-world-factbook/geos/pl.html. Accessed 09 September 2019.
[69] "The World Factbook: Poland." *Central Intelligence Agency*, Central Intelligence Agency, 1 Feb. 2018, https://www.cia.gov/library/publications/the-world-factbook/geos/pl.html. Accessed 09 September 2019.
[70] "Poland." *OECD Better Life Index*, OECD, http://www.oecdbetterlifeindex.org/countries/poland/. Accessed 16 September 2019.
[71] Jee, Irene. "Country Report: Poland." Mergent, 2017.

***Distribution of Wealth***




Muszyńska, Joanna, et al. "Income Inequality in Poland and the United Kingdom. Decomposition of the Theil Index." Folia Oeconomica Stetinensia, vol. 18, no. 1, 2018, pp. 108–122. Business Search Complete, doi:10.2478/foli-2018-0009.

*Income Classes*

A– a one-person household

B – two adults, both under 65, with no dependent children

C – two adults, at least one 65 years or more, with no dependent children

D – other households without dependent children

E – a single parent with one or more dependent children

F – two adults with one dependent child

G – two adults with two dependent children

H – two adults with three or more dependent children

I – other households with dependent children

J – other households.

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In Poland, the government is heavily involved in social transfers of wealth. This has resulted in the data seen above where the wealth of different types of households in Poland almost directly matches their proportion of the population. This means that most of the households in Poland have comparable levels of income and there is not a severe wealth gap as can be seen in other countries.

**Income in Poland is fairly evenly distributed among households in Poland. This is due to a large number of social transfers of wealth within the country to reduce inequality. The gap between the rich and the poor is not as pronounced as can be seen in other countries.**

***Surface Transportation***

There is good and improving infrastructure in Poland. In Poland there exists all modes of transport that exist in the rest of the developed world. There is road infrastructure, air transport, railway transport and water transport.

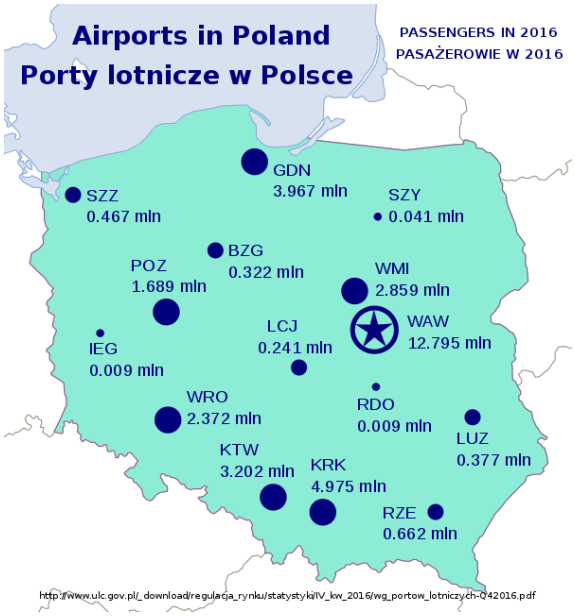
*These are the modes of surface transport in Poland.*[72]

Water transport mainly relies on the main river, the Vistula river.

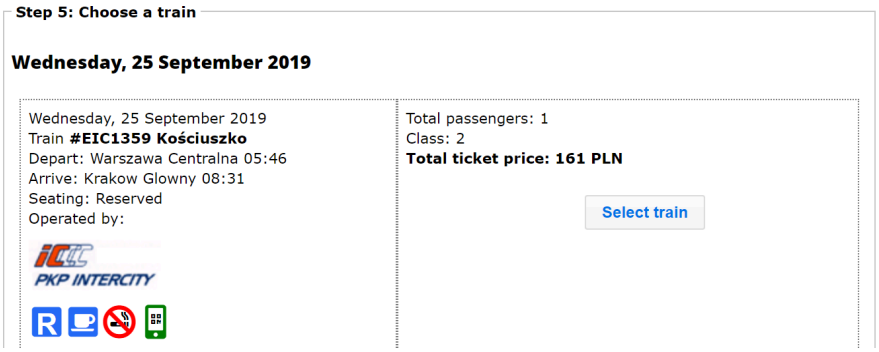



[72] Pendolino z Trójmiasta do Warszawy. Więcej pytań niż odpowiedzi. (2013, July 30). Retrieved from https://www.trojmiasto.pl/wiadomosci/Pendolino-z-Trojmiasta-do-Warszawy-Wiecej-pytan-niz-odpowiedzi-n71010.html

The largest airport in Poland is the international airport:  Warsaw Frederic Chopin Airport.




Rail transportation is quite developed in Poland, weaving through most major cities in the country[73].






Lastly, roadways and highways in Poland are well-kept and fairly standardized across the country.  On 2-lane expressways the speed limit is 120 km/h, and on 1 lane roads the speed limit is 100 km/h.  Interestingly, depending on what the vehicle is carrying determines how fast the



[73] Polrail Service. (n.d.). Retrieved from https://booking.polrail.com/index.php?main_page=page_2&from=Warszawa&to=Krakow&date=20-09-2019&language=en

vehicle is allowed to go. For example, a motorbike carrying a child under 7 years old cannot exceed 40 km/h. Municipally, there are buses, trams, and trolleys to get around cheaply.

**Poland has a well developed surface transportation network. The Vistula River provides an avenue to ship goods, and there are multiple airports which can receive goods. Railroads connect most major cities. Lastly, there is an extensive network of roads and highways on which trucks can transport goods to stores. This extensive availability of transportation options makes Poland an easy market in which to distribute products.**

*Availability of Transportation*

| COUNTRY | VEHICLES/MILLION INHABITANTS |
|---|---|
| Singapore | 3,452 |
| Norway | 1,782 |
| Italy | 1,353 |
| Austria | 1,164 |
| Switzerland | 1,082 |
| Germany | 1,025 |
| UK | 945 |
| Denmark | 886 |
| Croatia | 866 |
| Slovakia | 861 |
| Ireland | 857 |
| Australia | 825 |
| Belgium | 768 |
| Poland | 766 |
| Brazil | 704 |
| New Zealand | 691 |
| Canada | 661 |
| U.S. | 635 |

The availability of these modes of transportation are also quite accessible. The average cost of a train ticket from Warsaw to Krakow is 161 PLN, about $40.89.[74] This number is relatively high for a european train ticket, so the availability of trains to all classes is less than travelling via highways. Additionally, water transport requires licenses to transport goods via waterways and through ports. The usage of each of these transportation modes varies by locale. For example, citizens who travel municipally would choose to travel via buses, trams, or trolleys.

Businessmen may choose to travel via airports or trains to save time at the expense of money. Since Poland is a post-industrialized nation, usage rates for public transportation (air, rail, municipal) are high in demand. The international association of public transport reports: “The fact that many Eastern European countries are included in this category is interesting, since most experienced decreasing trajectories over the last 15 years.” The rationale for public transport declining is stated to be because of aging populations, improving living conditions, and more disposable income to spend on personal vehicles.[75] However, the citizens of Poland are still getting around. As seen in the figure on the right, the vehicles per million inhabitants is 766, larger than that of the

[74] Poland Travel Planner. (n.d.). Retrieved from http://polandtravelplanner.com/transport/tram.html
[75] Urban Public Transport in the 21st Century. (2017, October 31). Retrieved from http://www.uitp.org/urban-public-transport-21st-century

United States or Canada.[76] Rationally, citizens are substituting public transport for car-based transport options.

There are six main ports in the country of Poland. The port of Gdansk is the largest port, pushing 49 million tons of shipments in 2018.[77] It handles everything from steel and lumber to fruit handling and ferries, called Polferries. The second port is the port of Gdynia, and this port is adjoined with the Gydnia naval base. It moves about 15 million tons of shipments annually.[78] The third, and final, port to be mentioned is the port of Świnoujście, annually handling 9.24 million tons of shipments or 15.3% of all Polish cargo traffic.[79] The ports in Poland are critical for international trade as their strategic placement near the baltic sea.

**Poland's vast transportation network is easily utilized by its citizenry. The specific mode that is preferred by Polish citizens varies based on their locale, but all citizens have access to the major methods. Car transport is increasing compared to public transportation, but public transportation remains a viable option.**

***Communication Systems***

There are three overarching types of communication in Poland, fixed-line phones, mobile phones, and the internet (email/fax/etc.). Starting with fixed-line communication (i.e. landline phones), telecommunications companies first starting entering the market of Poland in 1991. The largest telecommunications operator in Poland is Telekomunikacja Polska S.A., or TPSA. There are also private operators, who comprise 320,000 subscribers as compared to TPSA's, the giant's, 8.5 million.[80] Per the CIA World Factbook, there are currently 8,143,145 fixed-line phone subscribers.

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[76] Cargo Statistics. (2018). Retrieved from https://www.portgdansk.pl/about-port/facts-and-figures

[77] Gus. (n.d.). Statistical Yearbook of Maritime Economy 2015. Retrieved from https://stat.gov.pl/en/topics/statistical-yearbooks/statistical-yearbooks/statistical-yearbook-of-maritime-economy-2015,8,8.html

[78] MORSKIEJ, GOSPODARKI, & STATYSTYCZNY, ROCZNIK (2007). Statistical Yearbook of The Maritime Economy. Retrieved from http://www.stat.gov.pl/cps/rde/xbcr/gus/PUBL_rocznik_gospodarki_morskiej_2007.pdf

[79]MORSKIEJ, GOSPODARKI, & STATYSTYCZNY, ROCZNIK (2007). Statistical Yearbook of The Maritime Economy. Retrieved from http://www.stat.gov.pl/cps/rde/xbcr/gus/PUBL_rocznik_gospodarki_morskiej_2007.pdf

[80] Z. Papir and P. Oleszak, "The communications market in Poland," in *IEEE Communications Magazine*, vol. 38, no. 8, pp. 91-96, Aug. 2000.
doi: 10.1109/35.860857
keywords: {telephony;digital television;cable television;Internet;land mobile radio;investment;communications market;Poland;mobile telephony;fixed telephony;Internet;digital television;cable television;capital investment;subscribers;privatization;liberalization;market growth;Mobile communication;Telephony;Stock markets;Telecommunications;Privatization;Share prices;Finance;Optical fiber cables;Optical fiber communication;Synchronous digital hierarchy},
URL: http://ieeexplore.ieee.org.pallas2.tcl.sc.edu/stamp/stamp.jsp?tp=&arnumber=860857&isnumber=18669

There is also a growing number of mobile operators. As of 2000, the usage for mobile phone communications was about 30% in urban areas, and 15% in rural areas (see figure below).

| | 1993 | 1998 | 2003 (forecast) |
|---|---|---|---|
| Rural areas | 4% | 10% | 20% |
| Urban areas | 16% | 28% | 43% |

■ **Table 1.** *Teledensity.*

That is quite low. Judging by the number of smartphone users in Poland circa 2019, that number has increased dramatically. There are 21.66 million smartphone users in Poland in 2019.[81] Not only do 50% (21.66M/38M) of citizens now use phones, they use *smartphones*. The mobile communication penetration as of 2015, is closer to 91%.[82] Which is a substantial finding in the globalization of Poland. As Papir and Oleszak said, "The Polish telecommunications market is booming." (2000). Per the CIA World Factbook, there are currently 49,828,596 mobile subscribers in Poland, mobile penetration is above the european average, and that 5G, LTE and VoWi-Fi services are in place.

**Number of smartphone users in Poland from 2015 to 2022 (in millions)***

| | Smartphone users in millions |
|---|---|
| 2022* | 23.97 |
| 2021* | 23.4 |
| 2020* | 22.64 |
| 2019* | 21.66 |

**The Polish telecommunications market until 2003 was very limited in its scope. This growth that Poland is seeing specifically in phones and smartphones is a substantial finding that the country is getting access to the newest technology at unprecedented rates.**

[81] Smartphone users in Poland 2015-2022. (2018). Retrieved from https://www.statista.com/statistics/467756/forecast-of-smartphone-users-in-poland/

[82] Regional CIS Experts to Present at Mobile Deployable Communications 2020 ⋆ Mobile Commerce Press. (2019, September 16). Retrieved from http://www.mobilecommercepress.com/in-poland-mobile-technology-penetration-has-reached-91-percent/8518928/

The internet is also a major source of communications for Polish businessmen and citizens alike. As of 2010, 22.45 million people classified themselves as regular internet users, that's 58.4% of the Polish population; see figure 9.

Internet Usage and Population Statistics:

| YEAR | Users | Population | % Pop. | Usage Source |
|---|---|---|---|---|
| 2000 | 3,700,000 | 38,181,844 | 9.7 % | ITU |
| 2005 | 10,600,000 | 38,133,691 | 27.8 % | C-I-A |
| 2007 | 11,400,000 | 38,109,499 | 29.9 % | survey |
| 2010 | 22,450,600 | 38,463,689 | 58.4 % | ITU |

Not only this, but it is approximated that 80% of polish business-people use the internet on a daily basis. Per the CIA World Factbook, there are 28,237,820 internet users. Television is the last form of communication, in which there are state-run networks and privatized networks. There are two main state run channels, and these channels have 16 local affiliates. As for usage, about 50% of all polish households either have a satellite or cable subscription.[83]

**In addition to the prevalence of telecommunications, the internet and television have permeated Poland. This is useful in the modern marketplace as consumers can view and order products online. Television ads are also an effective way of reaching a large number of consumers.**

***Working conditions***

*Employer-Employee Relations*

Trade union participation in Poland is relatively low at only 12%.[84] Related to this, there is a very small amount of the population that is covered by a CBA, meaning that pay and conditions would be unilaterally set by the employers, which of course the minimum is set by the legal minimum wage in Poland, which is currently at 523.1 euros per month.[85]

*Employee Participation & Salaries and benefits*

Union participation is not that high, but it turns out that industry, construction and transport are the sectors in which the direct forms of participation are the least practiced. On the other hand, in trade and in most sectors of the public sector and public services, this share was significantly above average. Given the size of the organization, most entities applying forms of direct

[83] Regional CIS Experts to Present at Mobile Deployable Communications 2020 ⋆ Mobile Commerce Press. (2019, September 16). Retrieved from http://www.mobilecommercepress.com/in-poland-mobile-technology-penetration-has-reached-91-percent/8518928/ https://www.internetworldstats.com/eu/pl.htm

[84] Cleverway. " Poland." *Worker Participation.*, ETUI, https://www.worker-participation.eu/National-Industrial-Relations/Countries/Poland.

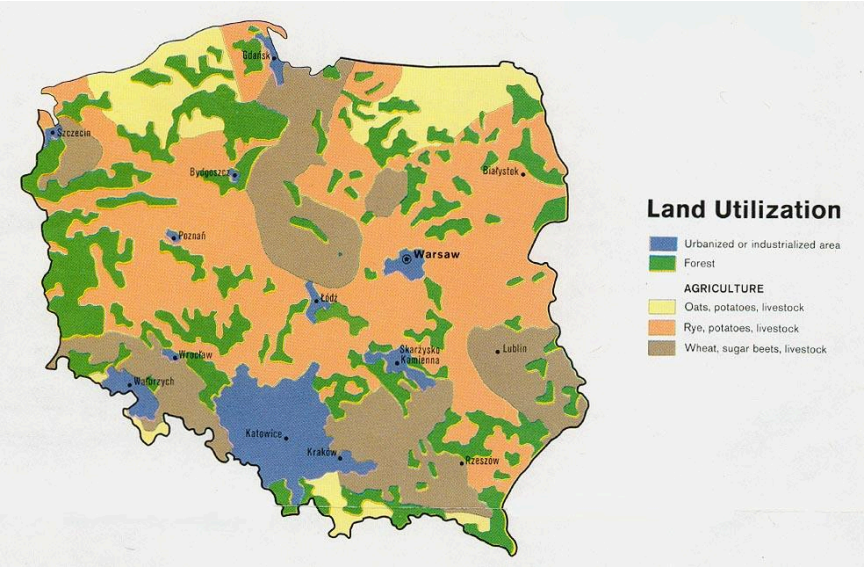
[85] "Poland National Minimum Wage - NMW 2019." *Countryeconomy.com*, Follow Us, 31 Jan. 2019, https://countryeconomy.com/national-minimum-wage/poland.

participation (94.4%) were in the entities employing between 200 and 499 people. Very big organisations (with more than 500 people) achieved the lowest score (70.6%).”[86] Polish average salary that they earn in a year is roughly $27,046, which is much less than the OECD average of $43,241.[87]

**Working conditions in Poland are set predominantly by the employers. Polish workers have a low level of union participation and do not have collective bargaining power against their employers. In terms of wages, the average Polish salary is $27,046 which while not as high as other developed countries still leaves Polish consumers with a good amount of disposable income.**

***Principal industries***

*How much does each Industry Contribute?*




One of the largest share of employees in Poland in a sector is agriculture, which represents roughly 11.6% of the workforce. In return, this large share of the workforce contributes roughly 3% to Poland’s GDP. The business services sector has seen an exceptional increase in its total workforce, numbering around 212,000 for 2016, growing at 25%. Around 180,000 people work in the automotive manufacturing industry, making it the fourth largest industrial employer in the country. [88]

[86] Skorupińska, Katarzyna.
[87] *Poland*. OECD, 2019, *Poland*, http://www.oecdbetterlifeindex.org/countries/poland/.
[88] *Doing Business In Poland*. EY, 2017, *Doing Business In Poland*, https://www.ey.com/Publication/vwLUAssets/Doing_business_in_Poland_EN/$FILE/DB_in_Poland_final_en.pdf.

*Ratio of Private to Publicly held Industries*

By the early 1990s, more than half the Polish economy was in private ownership, while more than four-fifths of Polish shops were privately owned. The fall of communism saw a minor shift from state owned to private. However some of the major industries were already privatized, such as agriculture, which were owned by small farmers. Today, SOEs (state-owned enterprises) accounts for roughly 5% of the total working population (816,000).[89]

**Poland's principal industry is agriculture, however despite representing a large portion of the workforce, it represents a much smaller portion to the GDP. Other businesses that have a smaller portion of the workforce account for higher returns to the Polish economy. Since the fall of communism, much of the economy in Poland has been privatized resulting in more privately owned small shops and larger corporations.**

***Foreign Investment***

Poland is one of the most attractive markets for Foreign investment. This can largely be attributed to 6 main aspects: its strategic position, a large population, its European Union membership, economic stability, cheap skilled labour costs and a fiscal system attractive to businesses. However, one of the major limitations that Poland is facing could be its own policies. The Polish government is attempting to limit foreign ownership of some of its key industries, like banking and retail. In the future, this could potentially inhibit the country's overall growth without its key industries receiving the investments they would need to grow. [90]

*Opportunities?*

A main opportunity that Poland possesses in regards to foreign investment is the treaties that they have agreed upon. Poland has agreed to 60 bilateral investment treaties, including 23 within the EU. According to the World Bank, Poland ranked 27th out of 190 countries in ease of business, furthering the point that Poland could be a large investment hub in the future, as long as policy reflects its ability. [91]

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[89] Skorupińska, Katarzyna.

[90] "Poland: Foreign Investment." *Santandertrade.com*, Sept. 2019, https://en.portal.santandertrade.com/establish-overseas/poland/foreign-investment.

[91] *Doing Business In Poland*. EY, 2017, *Doing Business In Poland*, https://www.ey.com/Publication/vwLUAssets/Doing_business_in_Poland_EN/$FILE/DB_in_Poland_final_en.pdf.

*Which Industries?*

As seen in the table shown below, the sector that receives the most FDI as a percentage of the whole FDI in the country is Manufacturing with 30.8%. This is a vital industry because the automotive sector is a subsection of manufacturing. From 2015-2016, Poland saw a 3.2% increase in its total cars produced for the year.[92] This also correlated with a large increase from 2015-2016 in total car sales in the domestic market, with it seeing a 17% spike. This may be a key indicator as it can potentially show a shift of the polish market to a more robust, automotive industry.

| Main Invested Sectors | 2017, in % |
|---|---|
| Manufacturing | 30.8 |
| Financial and insurance activities | 20.5 |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 13.8 |
| Real estate | 8.9 |
| Professional, scientific and technical services | 6.7 |
| Information and communication | 6.5 |

**Poland is an attractive investment opportunity. Multiple factors including its location, inexpensive labor, and membership in the European Union make it an ideal country to invest in. The industries receiving the largest amount of FDI are manufacturing and financial and insurance services. Despite these upsides, the Polish government can make investing difficult as they pursue policies to limit foreign ownership of businesses in Poland.**

***<u>International Trade Statistics</u>***

*Major Exports*

Other notable exports include vehicle parts ($11.2 billion), cars ($7.59 billion), seats ($5.46 billion), computers ($4 billion) and video displays ($3.87 billion). This places vehicle parts as Poland's largest export with cars right behind. The top exporting destinations are Germany ($53 billion), the United Kingdom ($13 billion) and the Czech Republic ($12.7 billion).[93] Poland has a total exports of $212 billion, this makes them the 24th largest export economy in the world. [94] Over the last five years the export rate of poland has grown steadily at 4.1% per year.

| Commodity | Amount (Annually) |
|---|---|
| Refined Petroleum | $2.2 billion |
| Refined Copper | $1.28 billion |
| Coke | $1.13 billion |
| Pig Meat | $837 million |
| Wheat | $807 million |

[92] *Doing Business In Poland*. EY, 2017, *Doing Business In Poland*, https://www.ey.com/Publication/vwLUAssets/Doing_business_in_Poland_EN/$FILE/DB_in_Poland_final_en.pdf.
[93] Pines, Lawrence. "Poland's Top Commodity Imports & Exports." *Commodity.com*, 28 Sept. 2018, https://commodity.com/poland/.
[94] Smok, Adam. "Poland." *OEC*, https://oec.world/en/profile/country/pol/.

*Major Imports*[95]

Poland is the 18th largest import economy with the top imports being industrial machinery ($33.07 billion), electrical machinery ($30.7 billion), motor vehicles and parts ($26.3 billion), oil and mineral fuels ($23.5B) and plastics ($15.7 billion). Over the last five years the rate of imports to Poland has increased each year at a rate of 3.1%. The top import countries of Poland are Germany ($55.2 billion), China ($25.9 billion), Italy ($12 billion), Russia ($11.5 billion) and France ($8.94 billion). In 2017 Poland imported a total of $267 billion.

**Poland is very active in international trade. They import and export a variety of goods with some of the more prominent ones being petroleum and cars/vehicle parts. Poland trades most with other European countries, which is beneficial due to their European Union membership.**

*Balance of Payments*




Poland has a slightly negative trade imbalance, for the country imports more than it exports. Poland imports $5.8B more than they export[96]. Typically, this can be a sign of an economy that does not add value to their imports. Interestingly, its neighbor country Germany has the highest trade balance of all reporting countries (excluding China). Poland is ranked 89 out of 119 reporting countries for their export/import balance. As of 2015[97], Poland had a trade surplus, for it is possible as the nation is developing further it has greater demand for imports.

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[95] "Poland: Trade Statistics." >> *GlobalEDGE: Your Source for Global Business Knowledge*, 2018, https://globaledge.msu.edu/countries/poland/tradestats.

[96]"Poland: Trade Statistics." >> *GlobalEDGE: Your Source for Global Business Knowledge*, 2018, https://globaledge.msu.edu/countries/poland/tradestats.

[97] "Poland Trade Summary." *WITS*, 2015, https://wits.worldbank.org/CountryProfile/en/Country/POL/Year/2015/Summarytext.

*Exchange Rates*

Poland has a single exchange rate. The currency code is PLN. The current exchange rate is 1 Polish Zloty for .25 United States dollar. The exchange rate relevant to the US dollar has stayed fairly steady over the past five years, with a high of .31 US dollar for 1 Zloty in 2014 and a low of .24 in 2017. The most commonly used exchange rate is the PLN to EUR rate. This current rate is 1 PLN to .2307 EUR.

**Poland's currency, the Zloty, follows the exchange rate of 1 PLN to 0.25 USD or 0.2307 EUR. The Zloty has been subject to dramatic changes in its value over Poland's history but has remained fairly stable in the current decade. This stabilization could be attributed in part to Poland's development and membership in the European Union.**

## ***Trade Restrictions***

*Embargoes*[98]

There are no country-wide embargoes for Poland. There are some notable categorical embargoes put into place by the European Union which Poland is forced to observe. For example, as of 1 January 2019, no seeds or feeds can be the product of enhanced biotechnology. The formal integrated tariff of the European community (TARIC) will have further information on embargo, when the EORI code from shipping is entered into the database. Restrictions are put into place by the EU to protect human lives, animal-and-plant safety. national security, as well as cultural, artistic, or intellectual property[99].

*Tariffs*

There are many tariffs which Poland enforces. First off, there is a common customs tariff (CCT), which affects all goods produced outside of Europe. Generally, this tariff is quite low, for industrial goods, it is at about 4.2%. There are additional tariffs for value-added products. These would fall into the "Manufactured articles not elsewhere specified," which is subject to a 10.5% tariff by Poland. Clothing and textiles face a




[98] "Poland - Trade Barriers." *Export.gov*, International Trade Administration, https://www.export.gov/article?id=Poland-Trade-Barriers.

[99] "Poland - Prohibited and Restricted ImportsPoland-Prohibited&Restricted Imports." *Poland - Prohibited and Restricted Imports*, 13 June 2019, https://www.export.gov/article?id=Poland-Prohibited-and-Restricted-Imports.

larger tariff of 14.0%[100]. It is important to note that Poland has been experiencing trade barrier liberalization, and these rates are lessening as new policies are introduced. Further tariff information can be found through ISZTAR[101], website linked below.

*Customs Duties*

Customs duties need be declared using combined nomenclature (CN)[102]. Customs authorities will be responsible for supervision of the community's international trade. Customs duties for specific products with an EORI code can be found on the TARIC website[103].

***Extent of Economic Activity not included in Cash Income Activities***

*Countertrades*

There are licensing requirements for trading dual-use (civil and military) goods, certain chemicals, or cultural goods. When required, licenses and permits are issued by the Minister of Economic Development. The exception is when it comes to agricultural products, which are subject to the European Union's Common Agricultural Policy and licenses and permits for those goods are issued by the National Support Center for Agriculture.[104] Certain controlled commodities require an export license when going from the United States to Poland.[105] Import taxes and customs duties are calculated on an official website found here: https://ext-isztar4.mf.gov.pl/taryfa_celna/Home?lang=EN&cssfile=tarbro&date=20190913.[106] Tariffs on all goods coming from outside of Europe can be found on the TARIC website.[107]

There are still concerns about Poland's protection of copyrights and intellectual property rights, which has led to licensing becoming less common in Poland. As a result, the United States government suggests American businesses exert caution regarding licensing their products in Poland.[108]

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[100] "Industrial Tariffs." *World Trade Organization*, WTO, 2000, https://www.wto.org/english/res_e/booksp_e/discussion_papers_e.pdf.

[101] "Integrated Tariff Information System." *ISZTAR4*, System Informacyjny Skarbowo-Celny, https://ext-isztar4.mf.gov.pl/taryfa_celna/Home?lang=EN&cssfile=tarbro&date=20190913.

[102] "Poland - Import TariffPoland - Import Tariff." *Poland - Import Tariff*, 13 June 2019, https://www.export.gov/article?id=Poland-Import-Tariff.

[103] "TARIC." *Taxation and Customs Union - European Commission*, 1 Oct. 2019, https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/what-is-common-customs-tariff/taric_en.

[104] "Poland - Trade Barriers." *Export.gov*, International Trade Administration, https://www.export.gov/article?id=Poland-Trade-Barriers.

[105] "Poland - US Export Controls." *Export.gov,* International Trade Administration, https://www.export.gov/article?id=Poland-U-S-Export-Controls.

[106] "Integrated Tariff Information System." *ISZTAR4*, System Informacyjny Skarbowo-Celny, https://ext-isztar4.mf.gov.pl/taryfa_celna/Home?lang=EN&cssfile=tarbro&date=20190913.

[107] "Poland - Customs Regulations." *Export.gov,* International Trade Administration, https://www.export.gov/article?id=Poland-Customs-Regulations.

[108] "Poland - Joint Ventures and Licensing." *Export.gov,* International Trade Administration, https://www.export.gov/article?id=Poland-Joint-Ventures-and-Licensing.

*Foreign Aid Received*

Poland received various personal remittances over the years. In millions of USD, they received: 1,496 in 2000; 7,659 in 2010; and 7,100 in 2018.[109]

**Poland has several licensing requirements for dual-use, chemical, and cultural goods. Agricultural products are governed by European Union's Common Agricultural Policy and TARIC is used to assess tariffs. Luckily, these restrictions do not impede the trade of many consumer goods such as video game consoles.**

***Labor Force***

Labor force in 2019 sits at 55.90% with a 5.20% unemployment rate, this is the lowest unemployment rate since September 1990. The labor force is currently 14,914,600 people. Unemployment has been declining rapidly since 2000 with a previous high of 20.70% in 2003. The following figure illustrates the sharp decline in the unemployment rate in the past 8 years.




**Poland has a relatively low unemployment rate at 5.20%. Additionally, this rate has been declining rapidly since 2000 which is a positive for doing business in the country as there are many consumers with disposable income from their jobs which can be used to purchase additional goods and services.**

[109]"CountryProfile - Poland." *DataBank*, World Bank Group, https://databank.worldbank.org/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=POL.

### ***Inflation Rates***

In August of 2019, the inflation rate of poland sat at 2.8% which is a drastic difference from it's all time peak in August of 1992 at 46.50% and record low of 1.60% in 2015. See figure below for an overview of the drastic variability in inflation rates. The rate has stayed relatively stable since 2017. In Poland, the most important categories in the consumer price index are: Food and non-alcoholic beverages (24 percent of the total weight); Housing energy/maintenance (21 percent); Transport (9 percent); Recreation and Culture (7 percent).[110]




## Political Risk Analysis

### ***Political Risk Rating***




Poland has an A3 Country Risk Assessment Ranking from Coface. This level indicates that the level of risk is satisfactory. While this score indicates that there is not a dangerous level of risk, it does show that there are factors to consider when exploring the country as a potential market.[111]

On the political side, the Law and Justice party has solidified control over the government. As part of their rule, the Law and Justice party has implemented certain reforms that have damaged Polish democratic

[110] "Poland Inflation Rate." *Trading Economics*, https://tradingeconomics.com/poland/inflation-cpi.
[111] "Poland." *Coface*, Coface, Feb. 2019, https://www.coface.com/Economic-Studies-and-Country-Risks/Poland. Accessed 12 September 2019.

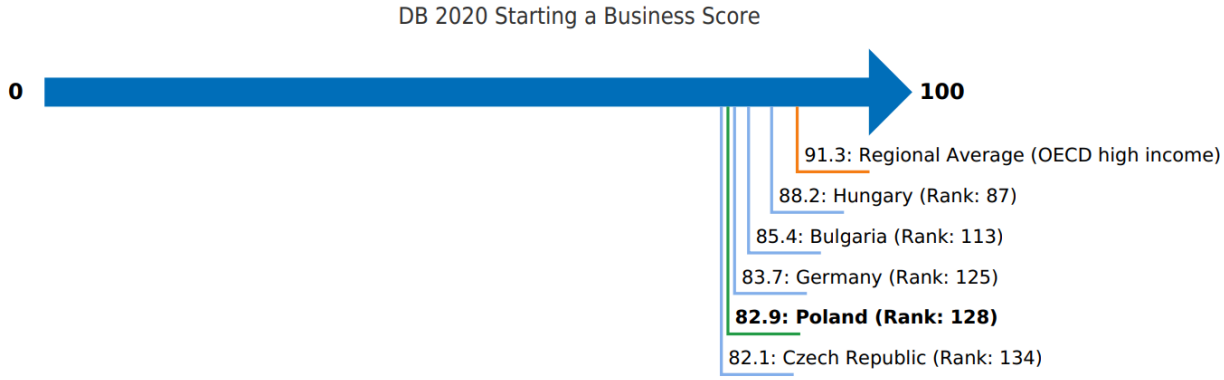
institutions and worsened Poland's relationship with the European Union.[112] The instability generated by this is minor but is still significant enough to warrant continued observation, especially due to the fact that membership in the European Union is a critical component to Poland's trade positions.




As for the business climate, Coface has awarded Poland a score of A2 which means that there are low risks to businesses operating in the country. Membership in the European Union provides Poland with access to the common European market. The country also has an integrated German supply chain which can transport the goods made by the qualified but low-wage workers. The economy itself is diversified and there are 38 million people in the market. Additionally, Poland has managed to keep its deficit low even though it has significant social expenditures. It is an attractive market overall.[113]

**Poland has a moderately low level of political risk. The Law and Justice party has caused some strain, particularly with the European Union, but this risk can be managed with the continued observation of the relationship between Poland and the European Union.**

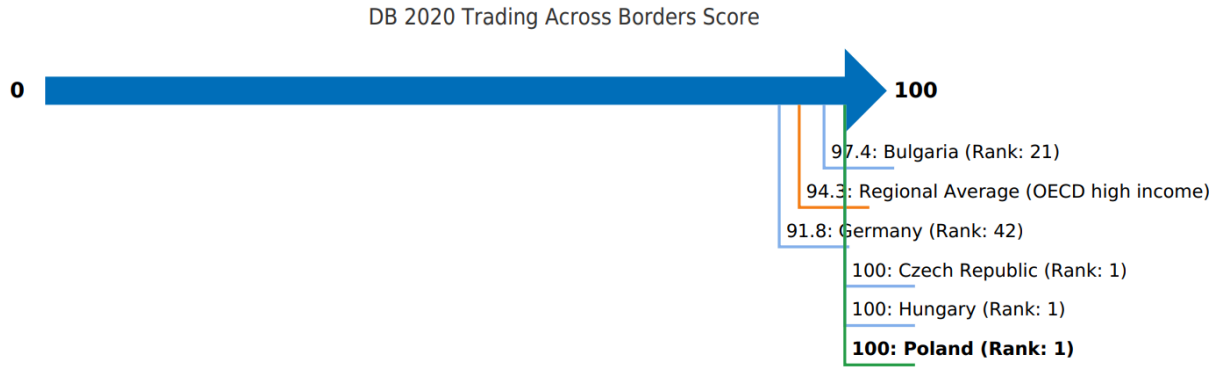
*Other Risks*




Starting a business in Poland is relatively difficult, as is it is costly and timely to get up and running. Every document for each procedure must be notarized, and the deposit for paid-in capital, giving the bank the articles of association, along with other Poland-specific certificates[114]

[112] "Poland." *Coface*, Coface, Feb. 2019, https://www.coface.com/Economic-Studies-and-Country-Risks/Poland. Accessed 12 September 2019.
[113] "Poland." *Coface*, Coface, Feb. 2019, https://www.coface.com/Economic-Studies-and-Country-Risks/Poland. Accessed 12 September 2019.
[114] "Economy Profile - Poland." *Doing Business 2020*, World Bank Group, 2019, https://www.doingbusiness.org/content/dam/doingBusiness/country/p/poland/POL.pdf.

. In terms of absolutes, it will still be feasible to navigate this bureaucracy and start a legally-filed Polish business, given temporal costs and monetary costs.




A substantial finding was that Poland has the highest ranking for doing business across borders. Obtaining, preparing, and submitting documents and getting through customs is the metric measured in this study. Documentary compliance and getting through customs happens relatively instantly and free in Poland. Importing into Poland would thus be a simplistic process that would be key to take advantage of.

| | | | |
|---|---|---|---|
| Time to import: Border compliance (hours) | 0 | 8.5 | 1 (25 Economies) |
| Cost to import: Border compliance (USD) | 0 | 98.1 | 0 (28 Economies) |
| Time to import: Documentary compliance (hours) | 1 | 3.4 | 1 (30 Economies) |
| Cost to import: Documentary compliance (USD) | 0 | 23.5 | 0 (30 Economies) |

**Doing business across borders in Poland specifically is party to the easiest category of all other countries. Importing products specifically take under an hour in temporal costs, and monetarily are essentially free.**

## Developments in Science and Technology

### ***Current Technology Available***

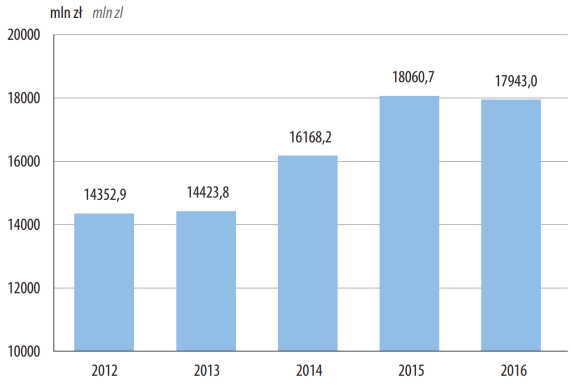
Since Poland received its democratic state in 1989, it has been rapidly growing and investing in new technology to provide its citizens autonomy and agency. Environmentally, Poland has similar eco-friendly technology that the USA and the EU enjoy. Poland, to coincide with EU policy, was requested to build water treatment plants, sustainable heating-and-cooling as part of the Clean Air Act from 2018-2029, and scrubbers to mitigate smog. Poland is attacking software

too[115]. Just in the last year there have been successful app launches in the healthcare industry, in social learning, and in internet-of-things[116]. Poland is looking to invest in new infrastructure as well. The digital affairs minister Michael Boni is in charge of ushering Poland into the digital age, and he foresees governmental tasks being done over the internet in what he dubs "e-government." Not only this, but he wants to update Poland's infrastructure by using high-voltage direct current transformers across Poland, for they lose very little energy as compared to traditional electricity transformers. Lastly, not surprisingly, Poland is steeped with all the traditional technology that the rest of the world has since the dawn of globalization. Poland is home to many computers, microchips, and internet bandwidth. One will not have a problem sending emails in Poland. Poland has developed at a fascinating rate, and following the technological improvements will be key to recognizing budding opportunities.

***Percentage of GNP Invested in R&D***

The percentage of GNP invested into R&D is relatively low for a nation-state in the European Union. Research and Development, or how it is referred to in Poland, "gross domestic expenditure on research and experimental development," constituted .97 percent of GNP[117][118], or 21.4 billion PLN. Within the GERD, there is the business enterprise expenditures (BERD), the governmental expenditures (GOV), the private non-profit expenditures (PNP), and the higher education expenditures on research and development. The largest piece of the pie was BERD, comprising 65.7% of GERD. Figure 10 on the right shows the trend of GERD over time, and this figure shows that expenditures on research and development are rising in Poland, perhaps due to the information age.

**Wykres 1.** **Nakłady wewnętrzne na badania naukowe i prace rozwojowe (GERD) (ceny bieżące)**
*Chart 1.* *Gross domestic expenditure on research and experimental development (GERD) (current prices)*




[115] Coleman, A. (2016, May 20). Poland On Track To Becoming A Major European Tech Startup Hub. Retrieved from https://www.forbes.com/sites/alisoncoleman/2016/05/20/poland-on-track-to-becoming-a-major-european-tech-startup-hub/#22c8df912085

[116] Poland seeks competitive edge through new technology. (2012, May 16). Retrieved from https://phys.org/news/2012-05-poland-competitive-edge-technology.html

[117] The "Europe 2020" strategy exclaims that all nations must have a 3% investment into R&D per that respective countries' GDP.

[118] Gus. (n.d.). Research and experimental development in Poland in 2016. Retrieved from https://stat.gov.pl/en/topics/science-and-technology/science-and-technology/research-and-experimental-development-in-poland-in-2016,4,1.html

Since its transition into democracy in 1989, Poland has been exceeding expectations in regard to economic growth. One key input for this growth is the skilled workforce that Poland is privy to. Interestingly, Poland actually has a very skilled workforce. The managing regional director of Goldman-Sachs made the strategic decision to set up shop in Poland's capital, Warsaw. When asked about his rationale, he stated: "Talent...Language skills, strong technical engineering skills, skills in banking and various areas that we support"[119]. Additionally, Mercedes-Benz was compelled to come to Poland to open a new factory in part because of the"well-educated people" and the "support from the Polish government." From a report completed by the World Bank, 32.8% of Polish citizens have completed a tertiary education, that is to say, any education above secondary school (high school). The world bank also denotes that Poland is "on-track" to make the 40% requirement for tertiary education by 2020. Figure below details this Europe 2020 strategy[120]. Things are looking up for companies seeking a skilled workforce in Poland.

Table 1 Europe 2020 Strategy Targets

| Targets under the Europe 2020 Strategy | Poland |
|---|---|
| | |
| 75% of the population aged 20-64 should be employed | 64.9% |
| 3% of the EU's GDP should be invested in R&D | 0.59% |
| The share of early school leavers should be under 10% | 5.3% |
| At least 40% of 30-34 years old should have completed a tertiary education | 32.8% |
| Reducing the number of people at risk of poverty or exclusion by 20 million in the EU | 10.4 million[2] |

*Sources:* European Commission 2010a; World Bank staff estimates.
*Note:* All data for 2009. In the EU27, 113.7 million people were at risk of poverty or social exclusion as of 2009. The remaining target of the Europe 2020 Strategy is the "20/20/20" climate/energy target (including an increase to a 30 percent emissions reduction if the conditions are right).

**Businesses in Poland have seen the highest consumer spending than any other sector, possibly in part due to commercialization, mass influx of technology, and more consumerism. These trends point to a healthy business landscape, specifically within technology.**

[119] Poland's skilled workers attract global businesses. (2018, February 27). Retrieved from https://www.euronews.com/2018/02/27/poland-s-skilled-workers-attract-global-businesses
[120] World Bank Human Development and Private and Financial Sector Development Departments. (2011, March). Europe 2020 Poland. Retrieved from http://siteresources.worldbank.org/POLANDEXTN/Resources/304794-1300479015951/Europe2020Poland.pdf

## Channels of Distribution (Macro)

***Retailers***

Retailers in Poland have largely been dominated by multinational companies from across the European Union. Possible reasons for this domination is because of Poland's relatively recent emergence out of communism in 1989. Most Polish retailers operate on cash usage, though the trend is leading towards bank cards. Typically, these multinational retailers are large conglomerates, and operate via hyper-stores, with various product offerings; However, there are still volumes of local Polish specialty stores. Information on the number of Polish retailers was not found, yet the Euromonitor number for store-based retail value is 411B PLN[121]. Most retailers call for a 35% percent markup with little negotiation or input from the manufacturer. All major sectors of retail are covered from clothing to agricultural goods to video games.

Trends in the Polish retail market will be key to gaining an understanding and operating successfully in Poland. Key trends listed below[122].

- Acquisitions are happening rapidly
- Large-scale hyper markets are becoming more important to Polish consumers
- Rural convenience stores are seeing higher amounts of foot traffic
- Specialized, urban stores are looking for new products to diversify
- Healthy, convenient products are seeing increased demand
- Polish consumers seek high quality products but still require fair prices
- Polish consumers prefer Polish goods while evaluating alternatives lexicographically
- Polish consumers are becoming more thoughtful in the consideration set, looking up EU ratings, blogs and other reviews to make an informed purchase decision

**Retailers are an important part of doing business in Poland, and understanding the trends that these retailers are facing on a macro level will aid in decision making for channel selection.**

***Wholesale Middlemen***

Wholesale middlemen in Poland exist, but they are not as many as one might find in other emerging countries. Poland has 58 wholesale service providers[123], and is able to service the 23rd largest consumer market in the world.

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[121] "Retail Value RSP." *Passport Statistics*, Euromonitor, 2019, https://www-portal-euromonitor-com.pallas2.tcl.sc.edu/portal/StatisticsEvolution/index.

[122] Figurska, Jolanta. "Poland Retail Sector." *USDA.GOV*, Global Agricultural Information Network, 27 June 2018, https://apps.fas.usda.gov/newgainapi/api/report/downloadreportbyfilename?filename=Poland Retail Sector_Warsaw_Poland_6-27-2018.pdf.

[123] "58 Selected Service Providers Related to:" *GlobalTrade.net*, 2019, https://www.globaltrade.net/search/service-providers.html?partner=fita&url=http://www.fita.org&force=true&keyword=poland+wholesalers.

***Import/Export Agents***

Importer and exporter trade agents are even fewer, comprising 38 companies[124]. These companies are important, however, as they have transportation network relationships with many other companies in order to get a company's product through customs and to the destination as efficiently as possible.

***Warehousing***

Warehousing is currently growing at a positive rate annually in Poland. Poland has been experiencing rising e-commerce, and thus the need for accessible storage in-country. Further, Polish imports are growing substantially (putting the country into a trade deficit), and there is a greater demand to warehouse these imported goods. The top three sectors for warehousing are Industrial goods, Retail, and Agriculture[125].

***Urban/Rural Market Penetration[126]***

Many small shops in Poland are found in both urban and rural zones. The rural shops have been seeing higher foot traffic into their stores, thus pointing towards greater market penetration. Large, multinational companies dominate the urban stores, with most consumers heading to large stores to receive the lowest-cost products. Convenience stores are also becoming more and more popular rurally.

## Media

***Availability of Media***

While Poland has multiple outlets for advertising, there are product specific restrictions in place, due in part to European Union-wide regulations. Tobacco cannot be advertised via print media, radio, television, or the internet, nor be a sponsor any multi-country event or activity. Alcohol cannot be in broadcast marketing or display or print media. When it comes to pharmaceuticals, no prescription drugs can be advertised except in professional publications. Over the counter drugs and other medicinal products can be advertised if they have been authorized to go to market. Nutrition claims are also monitored and there are conditions that must be met for a

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[124] "38 Selected Service Providers Related to:" *GlobalTrade.net*, 2019, https://www.globaltrade.net/search/service-providers.html?keyword=poland+trade+agent.

[125] "Poland Logistics and Warehousing Market2: Domestic and International Freight Forwarding, Warehousing, Express Logistics, Cold Chain, Third Party Logistics & E-Commerce Logistics | Markets Insider." *Business Insider*, Business Insider, 3 Oct. n.d., https://markets.businessinsider.com/news/stocks/poland-logistics-and-warehousing-market-2018-2022-domestic-and-international-freight-forwarding-warehousing-express-logistics-cold-chain-third-party-logistics-e-commerce-logistics-1027587897.

[126] Figurska, Jolanta. "Poland Retail Sector." *USDA.GOV*, Global Agricultural Information Network, 27 June 2018, https://apps.fas.usda.gov/newgainapi/api/report/downloadreportbyfilename?filename=Poland Retail Sector_Warsaw_Poland_6-27-2018.pdf.

product set for human consumption that makes claims such as “low fat,” high in vitamin C,” or “helps lower cholesterol”[127].

***Television***

Reaching nearly every household in Poland, whether through satellite or local channels, television is considered the most effective way of advertising in Poland. The greatest advertising revenues go to and largest sales growth of advertised products are from television. Increased demand has led to dramatic price increases for television spots on top rated shows. However, Polish legislation limits a products televisions advertising to 12 minutes per hour[128]. There are four key players in the Polish television market: Telewizja Polska (TVP) which is state-owned and operates national, regional, and thematic networks; TVN which is privately-owned and also operates a news channel called TVN 24; Polsat, privately owned and a pay-TV operator; and Cyfra+, another pay-tv operator. The first three dominate the market in the country. Combined though, Poland has the largest broadcasting market in Eastern and Central Europe[129].

***Radio***

Another way to reach an audience is radio. Poland has 261 local radio stations in addition to their 6 state-owned networks[130]. Some top stations are: Polish Radio, a public station that has five national networks and multiple regional ones; TheNews.pl, serving as Polish Radio’s English news site; RMF FM, commercially owned; Radio Zet, also commercially owned; and Radio Maryja, a Catholic station run by Redemptorist Order that can be controversial[131].

***Print***

Print media is used by most U.S. companies as an effective way to reach customers and job candidates. Rzeczpospolita, Gazeta Wyborcza, and Nasz Dziennik are daily newspapers, Fakt and Super Express daily tabloids, while Dziennik Gazeta Prawna, Parkiet Gazeta Gieldy, Puls Biznesu, and Financial Times are the daily business journals. Biweekly, the Polish edition of BusinessWeek is published. The Warsaw Business Journal and Warsaw Voice are published weekly in English and cater mainly




[127] “Poland - Trade Promotion and AdvertisingPoland - Trade Pro
2019, https://www.export.gov/article?id=Poland-Trade-Promotion
[128] “Poland - Trade Promotion and AdvertisingPoland - Trade Pro
2019, https://www.export.gov/article?id=Poland-Trade-Promotion
[129] “Poland Profile - Media.” *BBC News*, BBC, 21 Jan. 2019, http
[130] “Poland - Trade Promotion and AdvertisingPoland - Trade Pro
2019, https://www.export.gov/article?id=Poland-Trade-Promotion
[131] “Poland Profile - Media.” *BBC News*, BBC, 21 Jan. 2019, https

to foreigners[132]. Other Polish weeklies are Polityka and Wprost. Some outlets such as Reporters Without Borders and Freedom House find that public media outlets spew government propaganda and private media face regulatory pressure and a drop in advertising revenue from state-run companies if they dare to criticize the government. Many privately owned media companies are owned by foreign groups, particularly German ones, such as Axel Springer that owns the top-selling tabloid, Fakt. The main Polish owned media group is Agora, which publishes Gazeta Wyborcza.



***Internet***

Poland had nearly 30 million internet users by the end of 2017, with Facebook being the most popular social network. Search engines and digital websites include the state-run Polish News Agency (PAP), Wirtualna Polska, Onet.pl, and Interia[133]. Due to the developed communication network in Poland, website offerings and e-mail are effective ways to reach local customers[134].

**Polish citizens have access to a vast array of media. Television is the medium with the widest reach, but print and radio are also able to reach a vast array of consumers. Additionally, the growing number of internet users in Poland makes the web a viable means of advertising to the Polish consumer. These media do have restrictions on what can be said, but these restrictions tend to be focused on food, alcohol, tobacco, and pharmaceuticals.**

*Importance of Cost*

When it comes to Poland, pricing is critical. U.S. exporters that are successful in entering Poland are the ones who work with their Polish representatives to keep costs as low as possible, as failed sales goals are commonly due to Polish customers thinking the price is too high. One way U.S. companies work to do this is by lowering import costs by shipping products unassembled[135]. To have a long-term advantage in the Polish market, U.S. exporters need to be careful to have

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[132] "Poland - Trade Promotion and AdvertisingPoland - Trade Promotion." *Poland - Trade Promotion and Advertising*, 13 June 2019, https://www.export.gov/article?id=Poland-Trade-Promotion-and-Advertising.

[133] "Poland Profile - Media." *BBC News*, BBC, 21 Jan. 2019, https://www.bbc.com/news/world-europe-17753721.

[134] "Poland - Market Entry StrategyPoland - Market Entry Strategy." *Poland - Market Entry Strategy*, 13 June 2019, https://www.export.gov/article?id=Poland-Market-Entry-Strategy.

[135] "Poland - PricingPoland - Pricing." *Poland - Pricing*, 13 June 2019, https://www.export.gov/article?id=Poland-Pricing.

creative packaging of their currency and pricing terms. It is not uncommon for Poles to make decisions solely on price[136].

***Agency Assistance***

Should a company want to go the route of using an agency and/or distributor, is it important to note that a good way to find one is to review local companies' websites, use the Kompass database, or visit a trade show in Poland. Distributors import goods, clear them through customs, then offer the goods on the local market. Part of the benefit of this is that they highly leverage their network of industry contacts when offering products to the Polish market[137].

**Polish consumers are very price sensitive. As such, the most successful produce introductions always prioritize lower costs. One way to help achieve these costs is through the use of a local distributor. Utilizing a local firm allows them to leverage their connections within the country and can also help with lowering costs.**

**Executive Summary**

The Nintendo Switch is unique because of its hybrid nature. It can be used both as a handheld easily portable device, and as a gaming piece that can be hooked up to a TV console. The size, shape and colorful controllers are easily recognizable and it will be the only gaming console in Poland that carries many of the famous Nintendo franchise characters. Consumers will be drawn to the widely appealing Pokemon and Mario franchises as well as the switch's single and multiplayer functions.

The Nintendo Switch faces two main obstacles when entering Poland. The first being that the Polish video game market is used to high resolution complex graphics and the second being that the switch previously relied heavily on complex online gaming communities. However, the Polish video game market has not previously targeted the younger age demographic that Nintendo appeals to, we believe that by building brand loyalty with young families, eventually those consumers will grow up and take much larger market share of the 10-35 age demographic. The Nintendo eshop (which is the typical online gaming community) performs well in other countries but we believe is currently too complex for use in the Polish market.

Speciality video game stores are currently very popular in Poland. Similar to the US chain "Gamestop" these stores possess knowledgeable salespeople that can lead young families through the process of purchasing and using a switch. We plan to distribute in these stores and then moving to more internet selling once brand loyalty is established.

In order to get the switches to these retailers, we will ship them from the Foxconn factory in Zhengzhou to the port in Qingdao. There, the product will board a Maersk container ship and travel to Port Gdansk in Poland. We plan to use Cost and Freight for our contracts which means that our retailers will take

[136] "Poland - Market Entry StrategyPoland - Market Entry Strategy." *Poland - Market Entry Strategy*, 13 June 2019, https://www.export.gov/article?id=Poland-Market-Entry-Strategy.

[137] "Poland - Using an Agent to Sell US Products and ServicesPoland - Using an Agent." *Poland - Using an Agent to Sell US Products and Services*, 13 June 2019, https://www.export.gov/article?id=Poland-Using-Agent.

over responsibility of the product once it is unloaded at Port Gdansk. The relatively small size of the switch allows us to ship the entirety of our needed product in four 40ft standard shipping containers. This also helps to reduce our overall shipping costs.

Nintendo's two main competitors in Poland are Microsoft (Xbox) and SONY (PS4), both products that sell at a higher price point than Nintendo but already possess notable market share (5.8% and 10.9% respectively). Nintendo also operates at a profit margin higher than its competitors which allows the switch both to penetrate new consumer price point groups, and generate more revenue.

SECTION IV

# MARKET AUDIT AND COMPETITIVE MARKET ANALYSIS

**Product**

***Evaluate the product as an innovation as it is perceived by the intended market***

*Relative Advantage*

The current console leader in Poland is the Playstation 4. This is a quality console that has many AAA titles with high quality graphics and engaging storylines, characteristics that Poles look for in video games.[138] The Playstation 4, however, lacks portability, and that is where the Nintendo Switch derives its relative advantage. The Switch is neither a handheld console such a Playstation Portable (PSP) or Gameboy nor is it a full-size console such as the Xbox or Playstation. Rather, the Switch is a hybrid between the two. It has the portability of a handheld console and the functionality of a full-size console. It can operate connected to a television, on a tabletop with its built-in stand, or in the user's hands. It also has access to Nintendo exclusive game franchises such as Mario and Pokemon and the Nintendo eShop.[139]



1. POWER Button
2. Volume buttons
3. 6.2 inch capacitive touch screen
4. Speakers
5. Game card (sold separately)
6. Audio jack
   For connecting commercially available headphones, microphones or headsets.
7. Game card slot
8. Rail
9. Brightness sensor

as

*Compatibility*

The Nintendo Switch is compatible with Polish consumers. Poles are increasingly playing video games[140] and the Switch can tap into this market. Additionally, the hybrid nature of the system taps into different types of gamers and helps to better suit the needs of different individuals, improving its compatibility. In particular, the Switch can appeal to younger gamers and their parents who view video games truly as toys. It's only drawback in this regard is that the platform for playing online, Nintendo Switch Online, is not as intuitive as other systems and requires a monthly subscription fee[141]. Given the Poles like of digital games, this represents a sticking point in an otherwise highly compatible product. However, it also provides a source of additional revenue should the Poles choose to engage with the Nintendo Switch Online platform.

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[138] "Video Games in Poland." *Passport,* Euromonitor, 2019, http://www.portal.euromonitor.com.pallas2.tcl.sc.edu/portal/analysis/tab. Accessed 05 Oct. 2019.

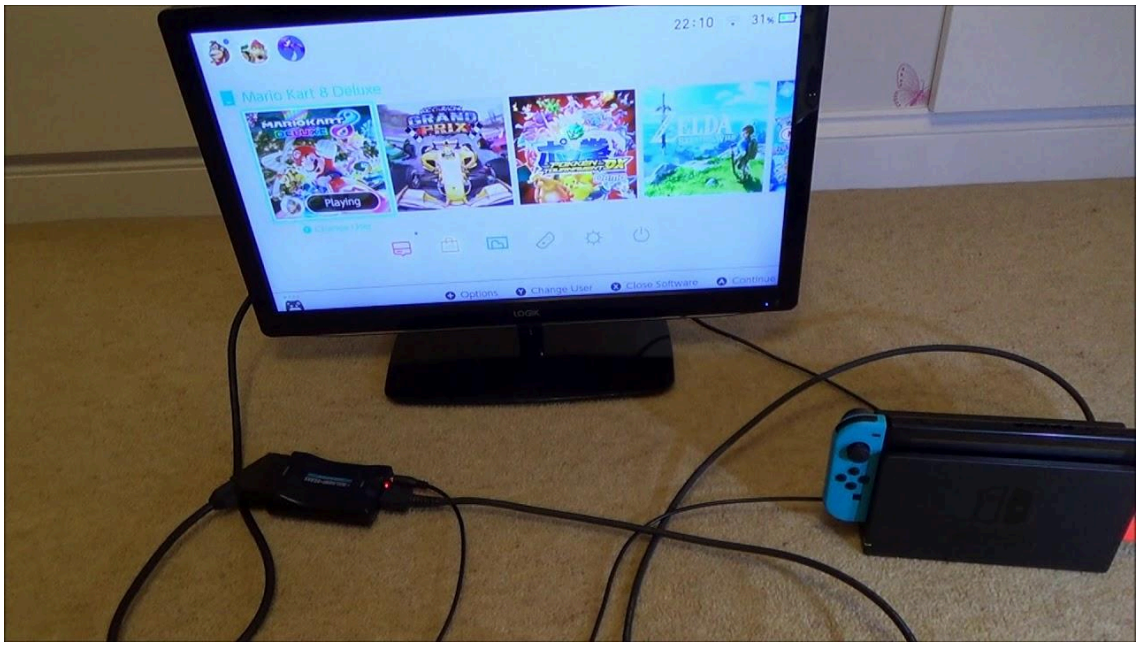
[139] "Nintendo Switch – Official Site – Gaming System." *Nintendo*, https://www.nintendo.com/switch/system/. Accessed 05 Oct. 2019.

[140] "Video Games in Poland." *Passport,* Euromonitor, 2019, http://www.portal.euromonitor.com.pallas2.tcl.sc.edu/portal/analysis/tab. Accessed 05 Oct. 2019.

[141]"Nintendo Switch Online – Nintendo Switch™ Official Site – Online Gaming, Multiplayer, Voice Chat." *Nintendo*, https://www.nintendo.com/switch/online-service/. Accessed 05 Oct. 2019.

*Complexity*

The Nintendo Switch is designed to be easy to use. It is a self-contained unit with minimal cables. To hook up the switch to a tv, all that is needed is to plug in a power cord to the switches dock and plug audio-visual cables into the tv. On the go, the Switch just needs to be charged and turned on. Instructions come with the Switch for setup, and there are a myriad of online sources to help with any potential difficulties. There is one difficulty which rests in syncing the Switch to the internet for online play.

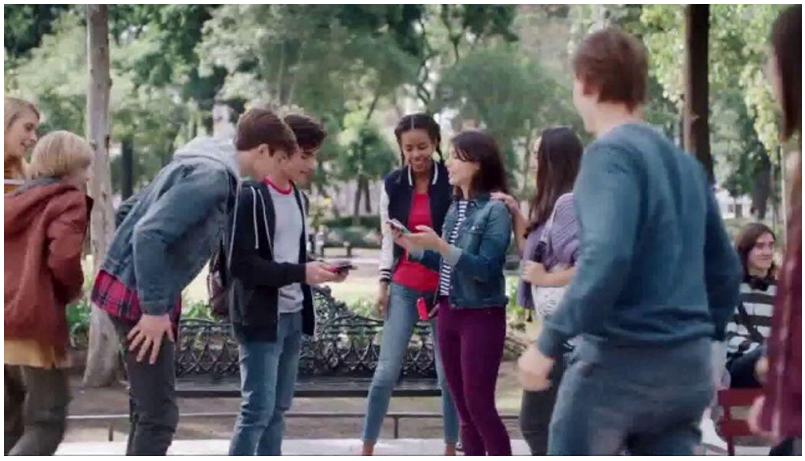



*Trialability*

The trialability of the Switch is limited with the primary avenues for product trial being in-store demo models set up with popular games and the informal trial of playing a friend's console. Both of these do help consumers understand the advantages of the Switch, but only one can be guaranteed through product placement, and that method limits overall interaction. Demo models are typically setup with one or two games. Additionally, consumers must try these games in a store and not the comfort of their own home. The experience provided in the store may not effectively simulate what the consumer would experience in their own home, and they may forego a purchase for that reason.




*Observability*



The Nintendo Switch is capable of being a highly observable consumer good because of its portability. Consumers can see the Switch as they go about their everyday lives. Whether on public transport, in a café, or in a park with children, Poles could observe individuals playing games on their Switches and see the happiness that it brings them. The size of the switch, which is bigger than a phone but not the same size as a tablet, is relatively distinctive and the joy-con controllers which often come in bright blue and red make the unit unmistakable. As consumers would be likely to observe others while they were gaming, they could see the emotional benefits of the Switch and possibly even the quality and content of its games if they were close enough or asked the Switch owner for a closer look.

**The Nintendo Switch's strengths are in its hybrid nature. The Switch is currently the only hybrid gaming console on the market and is instantly recognizable due to its size, shape, and colorful controllers. Additionally, the Nintendo Switch carries popular game franchises such as Mario and Pokemon exclusively meaning that consumers who want these gaming experiences must purchase a Switch.**

***Problems and Resistance***

The Switch faces two primary problems for entry into Poland. The first is the art style of many Switch games. As has previously been said, the Poles look for high quality graphics in their video game experiences. Many of the games on the Switch, mostly Nintendo exclusives, employ a more cartoon-like graphics style which could be viewed as subpar or cheap when compared to the realistic graphics of games they have already experienced via the Playstation 4 and gaming mediums.



The second problem has to do with the previously stated fact that the Switch has a more involved process to participate in online gaming. In Poland, there is a shift to more digitally based games as opposed to those in physicals disks or cartridges.[142] The Nintendo eShop and online service represent a great way to profit from this trend, but the difficulty of connecting and the associated fee for the online service could frustrate consumers and lead them to competitors with easier processes to access and play online games. These setbacks can be overcome by targeting a younger segment of the videogame market. These consumers care less about the online component of gaming and are likely to enjoy the artstyle as it can be seen as more fun and engaging. Additionally, marketing the Switch as a product focused on the family gaming experience could help to nurture and develop a loyal Nintendo following in Poland that would provide the company with high-value, long-life consumers.

There is additionally the problem of piracy. “Piracy existed, exists and will continue to exist. This is very evident in Poland, where the scale of piracy decreased significantly as the populace became wealthier – it can now afford to simply buy games.”[143] This concern is relatively minor but must still be considered.

**The art style of many Nintendo Switch games and the paid membership for online play and non-intuitive nature of the online service are two difficulties that need to be taken into**

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[142] “Video Games in Poland.” *Passport,* Euromonitor, 2019, http://www.portal.euromonitor.com.pallas2.tcl.sc.edu/portal/analysis/tab. Accessed 05 Oct. 2019.

[143] Krakow , T. P. (2017). State of The Polish Video Game Industry . Retrieved November 19, 2019, from http://digitaldragons.pl/wp-content/uploads/2018/07/state_of_polish_video_game_industry17_web.pdf.

**account when introducing the Switch to Poland. These issues could be overcome by targeting a younger demographic and promoting the Switch as a product for family gaming which could help to promote lifelong Nintendo users. There is additionally the threat of piracy, but this is a minor issue.**

## The Market

***Describe the Market***

*Geographical Regions*

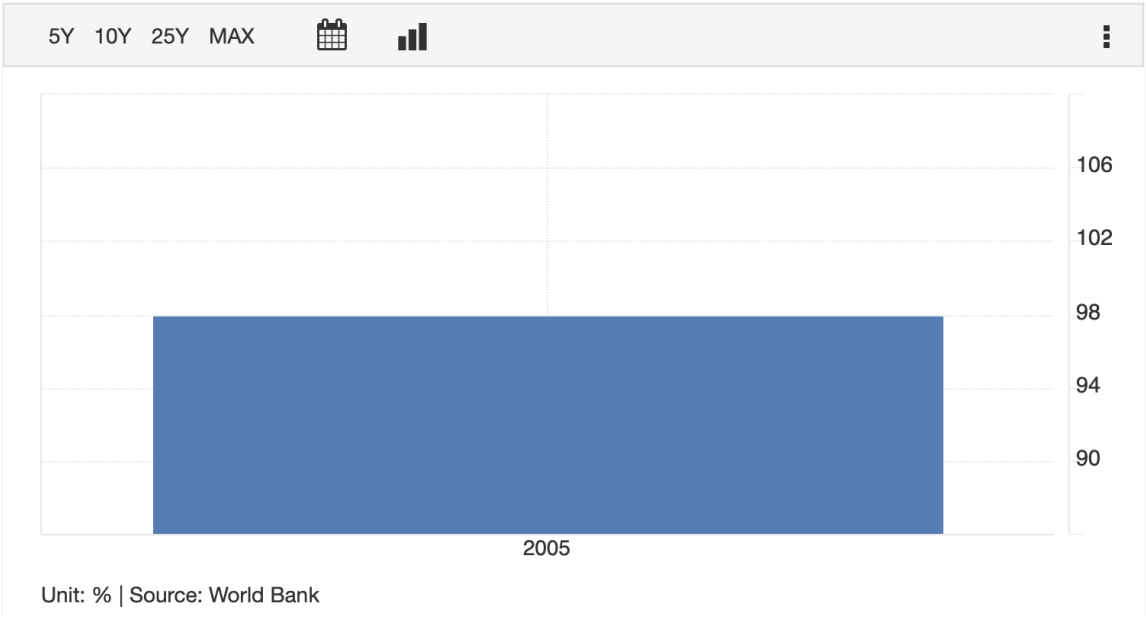
There is no particular region where there appears to be a current spike in video console ownership or purchases. The Eastern region of Poland sits the highest at 13% of households possessing gaming consoles, but the Southern region being the lowest, only sits at 10.7% as of 2018[144]. This spread between the highest and lowest indicate that all areas of Poland should be targeted with the Switch. However, it is important to note that Polish video game retailers are mainly located in large and up and coming cities.

*Communication*

Television is cited as the largest opportunity for communication because the majority of households possess a television.[145] Further The online advertising market in Poland is growing rapidly. Nearly 70 % of Polish Internet users watch TV online while more than 50 % read daily press and listen to radio through the Internet. Almost all of the mainstream media outlets in Poland (such as TVN, Radio RMF FM and Gazeta Wyborcza) have developed their online portals.

[144] *Passport*, Euromonitor, http://www.portal.euromonitor.com.pallas2.tcl.sc.edu/portal/statisticsevolution/index.

[145] World Bank. "Poland - Households with Television." Poland Households With Television Percent, Trading Economics, 2010, https://tradingeconomics.com/poland/households-with-television-percent-wb-data.html.




*Transportation*

The majority of people in Poland use walking, as well as bikes, as their main form of transportation. Polish people typically live within walking distance of shopping centers or retailers, so worrying about the distance for traveling between households and acquiring products is minimal.

*Consumer Buying Habits*

<u>-Product Use Patterns of Nintendo Switch</u>

- Used to play single-player and multi-player handheld games
- Used to play single-player and multiplayer games connected to tv consoles
- Used to view videos through Hulu and Youtube
- Used to create electronic music through KORG Gadget

<u>-Product Feature Preferences</u>

Trends in Polish Video Game Market

- Graphic video games: Most videogames on the market currently are high resolution graphic games. This leaves the family and child sector largely underserved as these video games are not appropriate to meet their needs.
- Single-player games:  Most mobile games are single-player games which highlight the rich story content and replayability.

- Competitive games:  Video-games, player versus CPU or player versus player, have always seen higher rates of purchase than role-playing games (RPGs)[146]

-Shopping Habits

Store based retailing is a very low portion of the total videogame sales. This is likely skewed by the recent popularity of online gaming and online gaming purchases, but is nonetheless representative of the move towards online shopping for recreational items.

The Polish are further used to being able to do their in store shopping at any time of day since stores are traditionally open until very late (10pm) or even 24/7.

Payment Methods:

- "Cash is King" the majority of Polish locals prefer to use cash on small transactions
- However, Credit cards are more popular for "larger" purchases, which is the category that the switch falls under
- The most commonly used cards are Europay International, Mastercard, Visa and American Express
- E-Commerce
    - Most popular is PayU
    - Przelewy24
    - Apple Pay
    - Facebook Gateway

Shopping Seasons:

- Christmas
- End of School Season

**The Nintendo Switch is intended for single-player or multiplayer use either connected to a tv console or as a user travels throughout their day. Polish people are increasingly incorporating video games into their daily lives and the Nintendo Switch taps into the open market of video games that are easy to carry and take with you. The multiplayer aspect further appeals to the family values of the polish market. Credit cards are popular in Poland due to the necessity of credit cards for tourism use, and therefore there are no obstacles in allowing Polish People to use their Credit cards for the slightly larger purchase of the Switch.**

[146] *State of The Polish Video Game Industry* . Krakow Technology Park, 2017, https://polishgamers.com/wp-content/uploads/2019/06/raport_A4_EN_2017_.pdf.

*Distribution of the Product*

-Typical Retail Outlets

Typical retail outlets include Electronics and Appliance specialist retailers which made up 21.9% of video game sales in 2018. In Warsaw Poland, the three most popular specialty stores are Ultima, Robson and 4Console. Non-store retailing is popular and widely accessible but our initial product penetration will rely on purchasing from specialty stores

-Product Sales by Other Middlemen

Direct selling and use of middlemen is not common in Poland, since videogames are a specialty product it is uncommon to see them being sold wholesale. Further, the expertise of videogames salesman is preferred to young families navigating confusing wholesale websites.

**The Nintendo Switch will be sold at already popular specialty stores that possesses the knowledgeable salespeople to guide young families as they purchase a switch and games. Once brand loyalty is established, more non-store retailing will take place because of its convenient nature.**

*Advertising and Promotion*

During our audit, we discovered that the most used mediums of advertising in Poland are Television advertisements, web advertisements, newspapers/print, billboard and physical advertisements and radio advertisements. Out of these, Television is the most popular form of media used for promotion. Further 70% of Polish people are estimated to watch their television on the internet. We plan to use all of the different advertising mediums at different amounts, we will utilize television and web advertisements most heavily while still being cognizant of the effectiveness that radio and physical advertisements still have on the Polish people.






-Sales Promotion

Sales and discounts have become very fashionable but the idea of coupons and sampling are foreign concepts to the Polish Market. We recommend that the use of “hard to miss” promotions are the most strategic and easiest forms of marketing to use.




Promotions will be eye-catching interactive displays. 24.49% of the marketing budget will be used to create displays that include sample games, large character cutouts, banners and interactive displays.

-Message

Word of mouth is still the strongest form of marketing in the Polish market. We will establish a “buzz” and strong customer base that naturally promote word of mouth marketing in our initial advertising campaigns. These initial campaigns will highlight a few well known games in eye-catching fun advertisements. All of these advertisements will be done in Polish. Billboards and print ads will be used to spread awareness, and have simple advertisements with the characters, while tv and internet ads will be more complex. Television ads specifically will be

high context and physically show how the switch is used and how to add value to the family by encouraging multiplayer play. Then, in the store large amount of the advertising budget will be used for point of sale marketing that is bright and colorful and appears more family friendly than other video games in the store.

*Pricing Strategy*

-Customary Markups

We recommend for the Polish market that Nintendo Switches are marked up around a 35% margin. With these markups, each retailer will make roughly $27 per switch sold, both online and in stores. This is a fine markup for the Polish market which still relies on low overhead costs in rent, labor and associated fixed costs. The UK market operates typically in the videogame market with 40-50% market due to their more complex costs.[147] This will give us an advantage in price point against other games.

-Discounts Available

Discounts in Poland have increased at a staggering rate. Because all video games are viewed as a "premium" good, there is no concern of discounts lowering such a view. It is typically held in Poland that all discounts are attractive and it is a way for all brands to attract customers, it is not a devaluation of the brand itself. Promotions will run mainly at the end of the school year, promoting the switch as a "reward" for children at the end of the school year and a way for parents to keep their children occupied, as well as a christmas gift. Polish families deeply care for their children and it will be a selling point that this is viewed as the best gift money can buy for their child.




[147] MacDonald, K. (n.d.). Why You Pay What You Pay For Video Games. Retrieved from https://www.kotaku.co.uk/2015/09/30/why-you-pay-what-you-pay-for-video-games.

***Compare and Contrast our Product and the Competitions'***

*Competitors Products*

Nintendo's biggest brand competitors in Poland would be Sony and Microsoft with their consoles and games for the consoles Playstation 4 and Xbox One, respectively. They have held the top two spots for brand shares of video games in Poland for the last four years. In 2018, Sony had 10.9% of market share and Microsoft had 5.8%.[148]

| ***Playstation 4*** | ***Xbox One*** |
|---|---|
| ➢ Two subtypes, but focus on economic model (regular PS4 vs PS4 Pro)<br>➢ Offered in 500GB or 1TB models<br>➢ Black, white, gold, or silver colors available<br>➢ HDR graphics<br>➢ connectability to PSVR (Playstation's Virtual reality hardware)<br>➢ Can stream and download shows and movies<br>➢ Online store to purchase games<br>➢ Packaged with logo, name, picture of console and controller[14]<br>➢ Advertised via targeted television (25 networks, 500 shows), in-store ads, demos<br>➢ Sold through retailers' websites such as: Mediaexpert, Neonet, Media Markt, RTV Euro AGD, and Komputronik.[149]<br>➢ Priced at: price does vary based on what game comes with it, typically from 1439-1549 PLN.[150] | ➢ Microsoft's Xbox One comes in two versions as well, the Xbox One S and Xbox One X<br>➢ Available in 500 GB and 1TB but there seemed to be a bigger push for the 1TB consoles<br>➢ 4K Ultra HD, a Blu-Ray player<br>➢ Xbox One S 1 TB console is white in color, 40% smaller than other Xbox consoles<br>➢ Xbox One X 1TB Console comes in black coloring with claim that games work up to 40% better on this particular console<br>➢ Packaged with logo, name, picture of console and controller<br>➢ [151]Advertised via television (37 networks, 500 shows), mostly sports TV, and demos in-store<br>➢ Pricing for One S: 1899PLN (Microsoft site) → ~2000PLN (retailers)<br>➢ Microsoft gets direct revenue by selling through their online website and not directing customers to retail stores, although their products are offered there as well.[152][153] |
|  |  |

[148] "Video Games in Poland." *Passport*, 2019, www.portal.euromonitor.com.pallas2.tcl.sc.edu/portal/Analysis/Tab.

[149] "Kup Nowe PS4." *Playstation*, Sony Interactive Entertainment, 2019, https://www.playstation.com/pl-pl/explore/ps4/buy-ps4/buy-new-ps4/.

[150] "PLAYSTATION 4." *Neonet,* 2019, https://www.neonet.pl/search.html?order=score&query=playstation+4.

[151] Grubb, Jeff. "PS4 Versus Xbox One: Microsoft Outspends Sony on TV Advertising." *VentureBeat*, VentureBeat, 27 Oct. 2014, https://venturebeat.com/2014/10/27/ps4-versus-xbox-one-microsoft-outspends-sony-on-tv-advertising/.

[152] "Konsole Xbox." *Microsoft Store*, 2019, https://www.microsoft.com/pl-pl/store/collections/xboxconsoles.

[153] "XBOX." *Neonet,* 2019, https://www.neonet.pl/search.html?order=score&query=xbox.

Interestingly, Nintendo's profit margins are higher than those of its competition, Sony and Microsoft. Nintendo operates with a profit margin of 183.19 PLN, whereas Sony's PS4 derives a profit margin of 73.61 PLN. Microsoft's Xbox One also falls short, deriving 112.37 PLN. Nintendo is making the highest margins, and selling at the lowest price from its competitors, creating an interesting competitive advantage for Nintendo.

Microsoft

MSRP: 2099 PLN
COST: 1825.57

**PM: 273.43 PLN**

SONY

PS4

MSRP: 1549 PLN
COST: 1476.74

**PM: 72.26 PLN**

Nintendo®

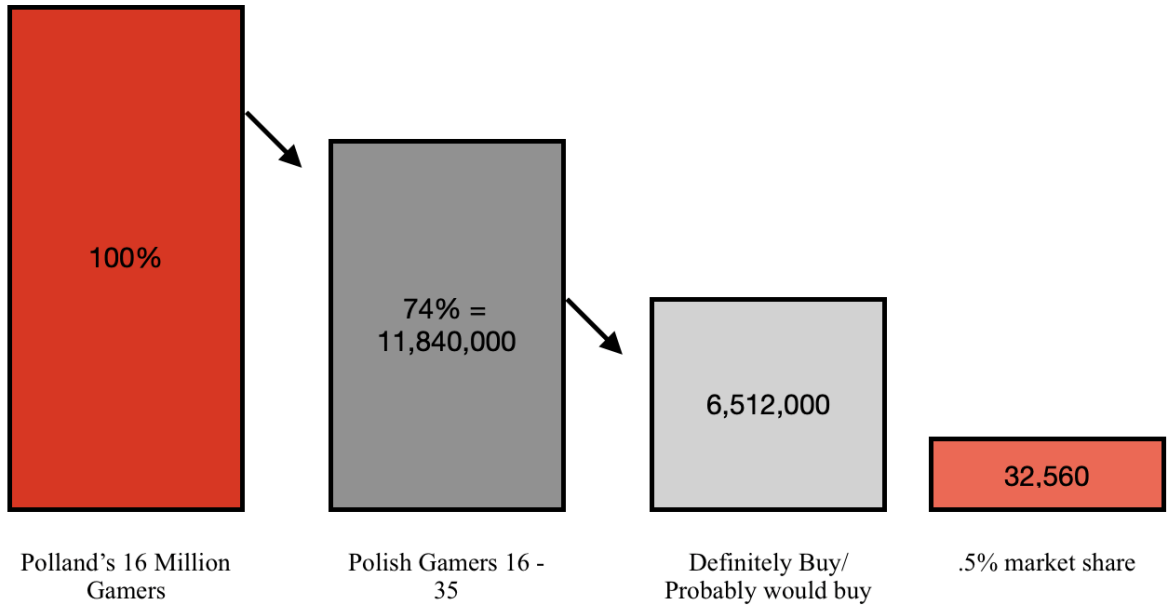
NINTENDO SWITCH

MSRP: 1349 PLN
COST: 996.12

**PM: 352.88 PLN**

***Market Size***

Poland currently has 16 million gamers. Our target market of 10-35 year-olds capitalizes on 74% of this share at 11,840,000 gamers. Our market research then estimates that 50% of this market can be classified as "Definitely would buy" and 50% as "Probably-would-buy" which gives us 6,512,000 console purchasers at .5% market share.



*Industry Sales*

The video game console industry made sales of 572,700,000 PLN in 2018[154]. This is forecasted to grow rapidly next year, jumping from 4.9% retail growth to 11.4% retail growth. Over the next five years, retail growth is expected to remain in the double digits, being 13.9% in year 2, 12.2% in year 3, 10.8% in year 4, and 11.0% in year 5. This is a strikingly opportune time to enter Poland for steady video game market growth, specifically *this year*. The sales of physical video games portrays an equally-as-rosy interpretation. Video game sales are expected to grow at a rate of 12.6% in Poland. Not only this, but the forecast is projected to be exponential, seeing 200% market growth over the next five years.

**The video game in Poland is expected to grow rapidly over the next five years. This is an opportunity for Nintendo as there will be more demand, relatively unsequestered by a mature market players.**

*Projected Company Sales*

Nintendo expects to make sales of 43,923,440 PLN in year 1, and this has been calculated by taking the current total for Polish gamers from Newzoo Consumer Insights. Using headcount of the number of consumers in the gaming category, Nintendo can account for only the target market. To do this, we removed all other gamers outside of the 10-35 range. This number still accounts for 74% of Polish gamers[155]. Further, we accounted for the difference in perceived purchase behavior and actual purchase behavior, allocating half of the target market for definitely-would-buy and half for probably-would-buy. This gave us the number of projected purchases in the gaming market. Accounting for Nintendo's current market share at .04%, Nintendo will grow rapidly using aggressive market entry tactics. We estimate Nintendo's market share during entry to grow to .5%. Multiply projected purchases by market share, Nintendo will expect to sell 32,560 units in 2020. [See Marketing Plan, section II]. In terms of sales, this will generate 37,862,143.25 PLN in year 1 revenue.

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[154] Krakow , T. P. (2017). State of The Polish Video Game Industry . Retrieved November 19, 2019, from http://digitaldragons.pl/wp-content/uploads/2018/07/state_of_polish_video_game_industry17_web.pdf.

[155] "The Polish Gamer: 2017." *Newzoo Consumer Insights*, 2017, https://newzoo.com/insights/infographics/the-polish-gamer-2017/.

***Government Participation In the Marketplace***

*Helpful Agencies*

Poland has a variety of agencies that would be helpful with and provide information for our launch of Nintendo Switch in the country. The EU Education, Audiovisual and Cultural Executive Agency (EACEA) manages funding for education, culture, sport, citizenship and volunteering, while the EU Customs Union sets the rules for which products have custom duties upon entering the EU. The Polish Marketing Association and Polish Direct Marketing Decision (SMB and PSSB) are great associations to help understand the direct marketing laws that take place in Poland. Since it is imperative that games be translated into the local language in order for better odds of adoption, a translation agency might be highly beneficial. Although it is not a government agency, Transperfect is a great agency that can help translate Nintendo games into Polish.

*Regulations to Follow*

In terms of marketing, there are two specific Polish associations that are involved in the introduction of regulations and principles regarding *direct marketing* in Poland: SMB and the PSSB. SMB in particular promotes the development of direct marketing per existing laws in Poland - which generally follow the EU regulations on direct marketing. Direct sales are governed by the Consumer Rights Act of 30th May 2014.

The E-commerce Directive (2000/31/EC) restricts some ability for direct marketing. Any promotional offers must be clear and concise and cannot mislead the consumer in any way. Additionally, should a purchase be made, a receipt of acknowledgement must be provided quickly and through electronically.[156] We also must follow the Common Customs Tariff (CCT) of the EU and the EU Customs Union, which signifies that goods between EU nations are duty free and goods from outside the EU have common duties between nations.[157]




[156] "Poland - Direct MarketingPoland - Direct Marketing." *Poland - Direct Marketing*, 2019, https://www.export.gov/article?id=Poland-Direct-Marketing.

[157] "Poland - Customs RegulationsPoland - Customs Regulations." *Poland - Customs Regulations*, 13 June 2019, https://www.export.gov/article?id=Poland-Customs-Regulations.

SECTION V

# PRELIMINARY MARKETING PLAN

***Executive Summary***

As established earlier our target market will be 10-35, a large range because it encompasses the "young" family dynamic that includes both the influencers (children) and the purchasers (adults) and the Nintendo brand appeals especially to adults due to its family friendly content. Through our market research we have established that this demographic plays roughly 5 hours per week and is looking for a fun easy game that has the option for multiplayer. Our key insights from interview solidified this belief with both interviewees citing the need for new games in Poland and that they believe the Nintendo style would thrive in Poland.

Our key points of difference from competitors is Nintendo Switch's affordability and versatility. affordability will be especially key as even though the Polish people are experiencing higher disposable income, price is a huge decision maker and will make the switch more attractive than SONY and Microsoft's more expensive gaming consoles.

Using a top down approach starting with number of consumers, we approximate a target market size of 11,840,000 and ultimate sales of 32,560 unit sales in year one based on our estimation of likelihood of purchase. From this Nintendo will achieve a year one profit of USD 1,233,592.

Nintendo Switch games would not need to be translated into Polish due to their simplistic cartoon nature but general paper game instructions and packing would need to be translated. This is incredibly cost efficient and do not require the use of software experts to change the actual language of the game.

Our marketing efforts will be split between physical ads, TV and internet ads, community forums and in-store promotion. Our use of each method will be targeted based on our level of entry at that time, moving from more expensive physical ads to a mostly internet based strategy. Our message continues to push the family friendly multiplayer aspect as well as introducing young children to the Nintendo characters to build brand loyalty. Finally, we plan to partner with the famous Polish game developer CD Projekt to develop a Polish specific game and take advantage of an already popular company.

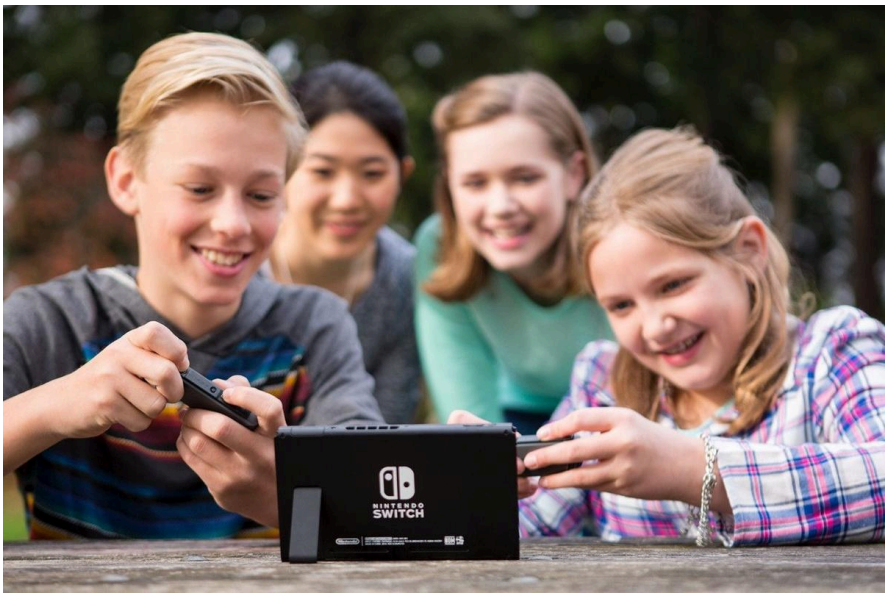
## The Marketing Plan

### ***Marketing Objectives***

Nintendo plans to generate awareness, interest, and trial of the Switch product among 50% of the target market market by 2025.

A plurality of Polish gamers hear about their gaming news from friends or via word-of-mouth. Therefore we plan to push a large amount of brand awareness through TV and internet ads, to then allow customers to begin to converse with their friends regarding the Nintendo Switch. [APPENDIX I]

The most crucial part of our marketing is interactive in-store displays that entices children with their parents to check out the family friendly characters and set the Nintendo Brand apart from competitors.




*Target Audience*

Nintendo will target young-adults ages 10-35, primarily young families [APPENDIX II], who already have brand equity and game equity with Nintendo products. Behaviorally, these consumers game casually, typically investing ~ 5 hours a week to game-based entertainment. These consumers, the youngest-cohort of the target audience, will be sold by the marketing message through various media. These consumers will then exhort the customers, also young-adults, likely a parent, to purchase the game. Our target audience spans a range of education, either being in primary/secondary school or graduated being in a stable job. 45% of polish gamers have a stable job[158] [APPENDIX III]. The key influencers in this audience will be children, and the parents who are looking for safe, fun games for their children to keep them occupied will be the purchasers.

[158] Krakow , T. P. (2017). State of The Polish Video Game Industry . Retrieved November 19, 2019, from http://digitaldragons.pl/wp-content/uploads/2018/07/state_of_polish_video_game_industry17_web.pdf.

*Keu Habits and Psychographics*

- Play for entertainment
- Play to alleviate boredom
- Have a high game equity in Nintendo exclusives
- Young parents that want their children to be happy
- Enjoy mobility and long battery charge
- "Primary Console" mindset, (Where does the consumer play most of his/her games?).

Nintendo in the United States market is currently 15-35[159] because their games legally cannot be rated G, because of minimal violence in the content of the games. These Nintendo exclusives have some violence, and thus would be unethical to target younger users with the G rating. Poland, on the other hand, does not have such restrictions. The majority of video games currently in the Polish market have a large amount of violence and gore. Users are getting access to this currently. Parents' minds can be put at ease since these Nintendo games do not have explicit content. Nintendo is the alternative to the current lack of video game regulations. Thus, Nintendo PL is able to broaden our target audience to encompass teens, young adults and young parents.

Most sales are made for video games in Q3 [APPENDIX IV] Marketing efforts will be ramped up in quarter three to drive these revenues even higher. In the marketing schedule, we will ramp up efforts prior to each Q3 to exploit this demand fully.

*Key Insights from Interview*

"Work Hard, Play Little"

"It's super mobile, great battery charge, great games. New style to gaming that is really cool." Logan Platt.

56% play to relax and relieve stress.

[159] Bhasin, H. (2019, May 29). Marketing Strategy of Nintendo - Nintendo Marketing Strategy. Retrieved November 19, 2019, from https://www.marketing91.com/marketing-strategy-of-nintendo/.

*Points of Difference*

The switch overhauls all of the favorite nintendo exclusives, adapting play style through cross-functionality. The switch can operate remotely, it can connect to your TV, and the controllers can separate for immersive gameplay. Our Nintendo switch offers a focus on single-player games and party games, whereas other consoles like Sony and Xbox have a primary focus on multiplayer game modes via internet connection [APPENDIX V]

- ➢ Affordable - Versatile - Single-Player focus with Local and Online Multiplayer Capability

- ➢ Nintendo is also an affordable console. One source states: "It is affordable for all and also made for all."[160] From our interviews, we know that Polish consumers value price, being willing to walk a couple blocks to save 20 cents. "Too poor to afford s**t"

*Expected Sales 2020*

To estimate sales volume for Nintendo Switch, we used a top-down approach to forecasting year 1 sales.

Our top-down approach starts with the number of consumers. In Poland, we pulled data from Newzoo Consumer Insights [APPENDIX VII, 2017]. In Poland there are 16.0 million gamers. For our target market, we chose to focus in on ages 10-35, as Nintendo targets young-adult consumers, as well as their parents. 74% of those 16 million gamers (45% of males and 29% of females) fall within the ages of 10-35. From this, we know that the target market size is 11,840,000[161]. Given that our estimates contain customers who would "definitely buy" or "probably buy,"[162] we have adjusted our estimate for that. Our methodological metric was that 80% of the definitely-would-buy category will purchase, and 30% of the probably-would-buy will purchase. We then split the addressable market in half, allocating 5,920,000 consumers for each category. Our new estimate for top-down actual sales in year 1 was 32,560 people indicating purchase behavior. Nintendo currently has a market share in Poland of .04% [APPENDIX VIII][163]. Using our calculated market entry strategy, we plan to achieve .5% of market share from stealing from Sony, Microsoft, and the smartphone/tablet gaming markets. For reference, the US market share is 1.49%. By this estimate, Nintendo can expect to sell 32,560 units in year 1.

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[160] Bhasin, H. (2019, May 29). Marketing Strategy of Nintendo - Nintendo Marketing Strategy. Retrieved November 19, 2019, from https://www.marketing91.com/marketing-strategy-of-nintendo/.

[161] The definition of "video gamer" has changed from "bought-and-played in the last 6 months" to only "played in the last 6 months."

[162] There are no customers who would definitely not or probably not purchase because we are looking at the addressable market in terms of sales, so these customers have already proven purchase behavior.

[163] "Brand Shares Video Games Poland." *Passport*, Euromonitor, 16 June 2019, https://www-portal-euromonitor-com.pallas2.tcl.sc.edu/portal/statisticsevolution/index.

***NINTENDO CAN EXPECT TO SELL 32,560 UNITS IN YEAR 1***




*Profit Expectations 2020*

To estimate profit, we found that it would only be useful to estimate gross profit for the year 2020. With our cost-of-goods sold at 996.12 PLN[164], and MSRP 1349 PLN, there is 352.88 PLN profit from hardware sales. This margin is actually *larger* than that of Sony's PS4 or Microsoft's Xbox One. Additionally, Nintendo plans to make money from the sales of licensed games over time, which makes it accessible to achieve mass market lifetime value. Strictly for the console, though, our retailers take a 35% margin on average. Nintendo will make profits of 229.37 PLN on each console sold through in-store retail. Nintendo will also need to adjust for a value-added tax, which for the Nintendo category comes out to 23% VAT. Gross profit estimates for year one would be multiplied by our volume estimate of 32,560, generating 9,881,204 PLN. After variable costs such as shipping, loading, unloading, wharfage, and fixed costs such as marketing expenses (see marketing budget), Nintendo will generate 4,744,585PLN, or 1,233,592 USD in year 1 profits.

*A Suitable and Strategic Market-Entry for Poland*

From data and research gathered in previous sections of this report, Nintendo has found that the most suitable market entry strategy will be to import product into the country, leaving product responsibility on the retailers and the wholesale profits in Nintendo's hands. Importing in Poland is ranked in the highest category in the world for time and ease of documentary and border compliance. The INCOTERMS that will be mentioned later place the responsibility of the product in the hands of the retailer, leaving high profit margins for Nintendo.

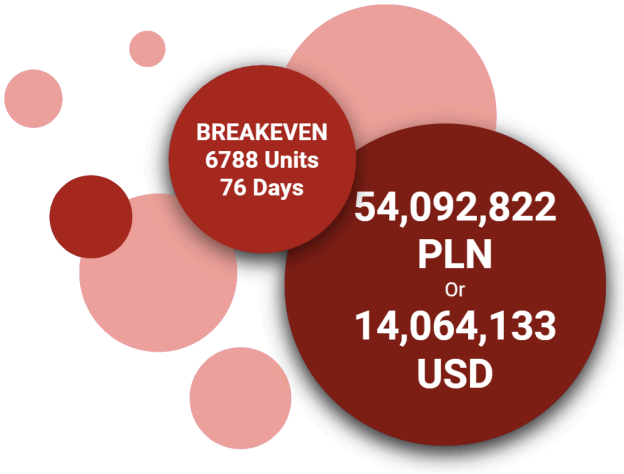
*Future Profitability*

Nintendo's new venture into Poland is remarkably profitable, in part due to the aforementioned entry strategy that is appropriate for the Polish market. So - how profitable? Nintendo will break even within year one. In fact, it will only take 77 days, assuming constant demand. Additionally, 6,788 units are needed to break even in this new venture. Over the course of five

[164]Times, V. L. T. (2017, April 8). How Much Does The Nintendo Switch Cost To Make? It's $257. Retrieved November 19, 2019, from https://www.techtimes.com/articles/204243/20170407/how-much-does-the-nintendo-switch-cost-to-make-its-257.htm.

years, assuming market growth and repeat purchases happen as the market has forecasted, Nintendo will accrue 54M Polish Zloty, or $14M dollars throughout this operation. From a financial perspective, this is a remarkable opportunity for investment.

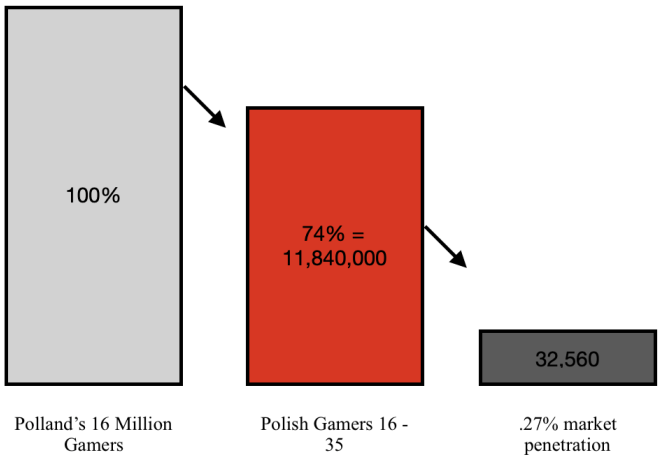
| BREAKEVEN | | | |
|---|---|---|---|
| F | MSRP-COGS | BREAKEVEN Q | |
| PLN 1,006,046.15 | PLN 148.21 | 6788 | units |
| | | BREAKEVEN T | |
| | | 76.09 | days |
| 5-YEAR PROFIT | | | |
| 54,092,822 PLN | | 14,064,133 USD | |




**Over five years of operation in Poland, assuming market growth and repeat purchases occur as the market has forecasted, Nintendo will break even in the first year of operations, accruing 54M PLN by the end of year 5 in net profit.**

*Market Penetration for Nintendo*

We calculated our market penetration by taking our number of expected customers in year 1 divided by our entire target market population. With 32,560 consumers indicating purchase behavior, we take that divided by the gamer population with the ages of 10-35 [11,840,000], and we get a market penetration rate of .27% in year 1. Nintendo plans to use intensive distribution when entering the market. We plan to be in all electronics specialty stores, as well as have a strong presence in popular online retail locations as well. To profitably enter the market and gain customer lifetime value, Nintendo will need to enter strongly and grow quickly.



***Product Adaptation or Modification***

*Core Component*

The Nintendo Switch games would not need to be translated into Polish. This is extremely cost-saving and easily executed because the majority of Nintendo games are cartoon style and rely on little to no dialogue and additionally Poland has one of the highest English proficiency scores across the world, meaning at the very least, Poles have a basic understanding of the English Language, and due to the simplicity of the games, advanced language is not normally used.[165]

**EF EPI RANKINGS**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **01** | Sweden | 70.72 | **15** | Switzerland | 61.77 | **32** | Spain | 55.85 |
| **02** | Netherlands | 70.31 | **16** | Romania | 60.31 | **34** | Italy | 55.77 |
| **04** | Norway | 68.38 | **17** | Croatia | 60.16 | **35** | France | 55.49 |
| **05** | Denmark | 67.34 | **18** | Serbia | 60.04 | **38** | Belarus | 53.53 |
| **07** | Luxembourg | 66.33 | **19** | Portugal | 60.02 | **42** | Russia | 52.96 |
| **08** | Finland | 65.86 | **20** | Czech Republic | 59.99 | **43** | Ukraine | 52.86 |
| **09** | Slovenia | 64.84 | **21** | Hungary | 59.51 | **45** | Georgia | 52.28 |
| **10** | Germany | 63.74 | **23** | Greece | 58.49 | **52** | Albania | 51.49 |
| **11** | Belgium | 63.52 | **24** | Slovakia | 58.11 | **73** | Turkey | 47.17 |
| **12** | Austria | 63.13 | **25** | Bulgaria | 57.95 | **77** | Azerbaijan | 45.85 |
| **13** | Poland | 62.45 | **26** | Lithuania | 57.81 | | | |

English proficiency ranking for European countries

*Packaging Component*

The packing would need to be translated into Polish as would the instructions and other consumer information that come with the system. Additionally, the alternating current (A/C) adapter will need to be adjusted for the "Type E" voltage and plugin.  This would promote ease of use and help draw consumers to the product.








[165] Kafkadesk. "Poland Leads Central Europe in English Skills." *Kafkadesk*, 15 July 2019, https://kafkadesk.org/2019/07/15/poland-leads-central-europe-in-english-skills/.

*Support Services Component*

There would need to be a complement of Nintendo support personnel that speak Polish to address any consumer questions or complaints:

- Witam, jak mogę Ci dziś pomóc?
- -Cześć, tak, mam problemy z moim przełącznikiem, nie włącza się poprawnie.
- Dobra, zobaczmy, jak możemy Ci pomóc



*("Hello, how may I help you today?" "Hello, yes, I am having difficulties with my Switch, it won't turn on properly" "Alright, let us see how we can help you")*

Additionally, although stated above it is not needed to translate the games, Nintendo games could be translated into Polish so as to have wider market appeal. Translation would be accomplished via crowdsourced efforts to localize these games. This is quite efficient, and has been executed before successfully[166]. Translation efforts will happen for both physical games and games that can be accessed via the Nintendo eShop. In regards to the eShop, efforts would need to be undertaken to ensure its reliable access throughout Poland so as to take advantage of the trend towards digital gaming.

**The primary alteration that would need to be made to the Nintendo Switch is the translation of the console, its packaging, and the eShop into Polish. Improving the ease of use for online gaming and the eShop would also help to meet the demands of the Polish consumer.**

***Promotion Mix***

*Advertising*

From our preliminary market research we found that the four mediums best suited to our objectives are In-store promotion, online community forums, physical ads and TV and Internet

[166] Bondarenko, Nikolay. "How Video Game Localization Works and How Much It Costs in 2018." *Medium*, Medium, 14 Sept. 2018, https://medium.com/@nikolaybondarenko_41585/how-video-game-localization-works-and-how-much-it-costs-in-2018-664e2748a121.

ads. All of these besides online community forums (which is a more niche market) are ranked as

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| MARKETING EXPENSE | PLN | 968,987.50 | PLN | 968,987.50 | PLN | 968,987.50 | PLN | 968,987.50 | PLN | 968,987.50 |
| PRINT ADS (IN-STORE) | PLN | 9,689.88 | PLN | 9,689.88 | PLN | 9,689.88 | PLN | 9,689.88 | PLN | 9,689.88 |

the most effective forms of advertising in Poland. Our advertising budget for year one will be

just under $250,000 (roughly ~1,000,000PLN) an appropriate number to build a large amount of brand awareness. As brand awareness grows we plan to pull back on physical ads and focus more on TV and Internet advertisements. A large portion of our budget will be spent on billboards, as many people in Poland walk to get from place to place and billboards are the most logical choice to appeal to those people and build brand recognition.

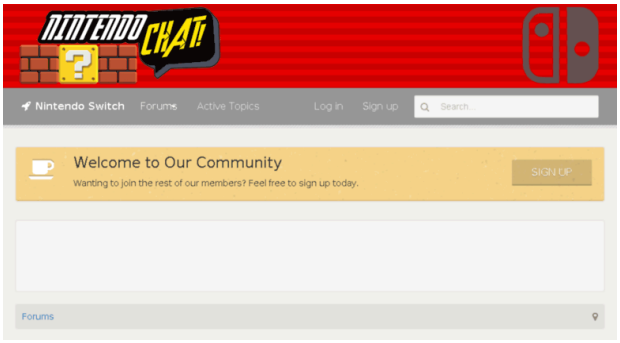
TV and Internet ads will also be essential at market penetration phase as we can utilize the fun and easily recognizable nintendo characters in engaging ads. In store promotion is expensive but will be utilized during the launch of the product to draw purchasers to the Nintendo side of the store as well as demonstrate the interactive gameplay, a key component that must be emphasized.

-Objectives

Poland is classified as a developing country, however because of their long communist history, it is not until recently that GDP began to rise significantly and families began to experience a significant rise in disposable income. This trend and the growth of the video game market creates the perfect environment for Nintendo to penetrate and be successful. Due to the size of the video game market, our calculations show that we can successfully capture a very small percentage of the overall market and turn a large profit.

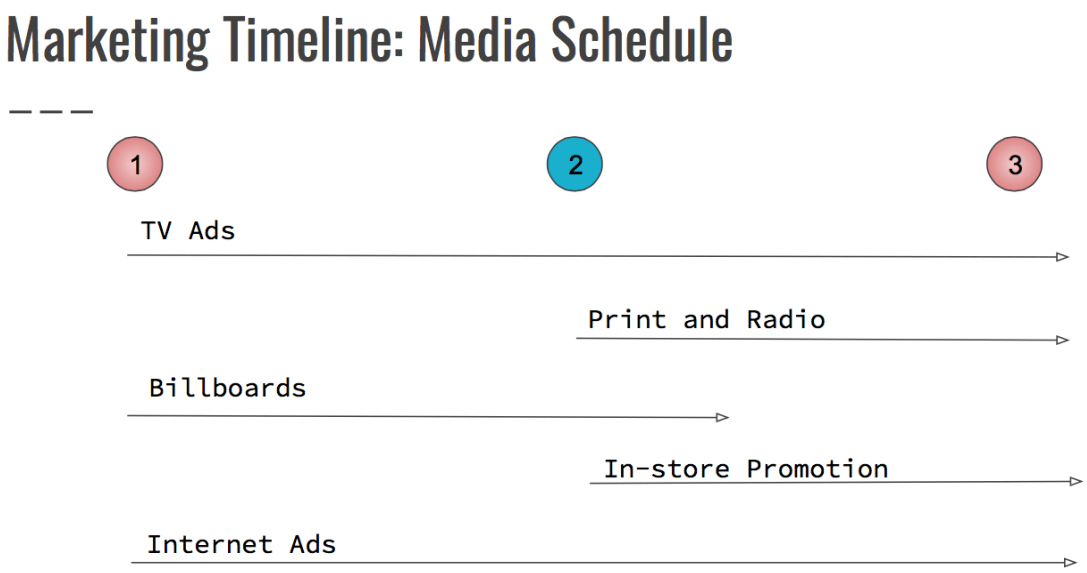
Due to this, our largest initial objective is to build brand loyalty among the young families and then sustain these communities through cheaper advertising routes such as online community forums and hosting interactive gaming competitions in stores.



-Media Mix

Our initial marketing “pre-launch” campaign will be targeted and focus on brand awareness, doing so through large physical ads such as billboards and ads on buildings and then emphasizing the different characters through internet ads. The Launch phase will be the most diverse and utilize all of our mediums mentioned (tv and internet ads, in-store promotion, physical ads and community forums) to bring customers to the point of sale and then achieve the sale through community forums (that eases parents concerns about inappropriate content) and interactive promotional displays. In the sustain phase the more expensive physical ads will be faced out and more emphasis will be placed on internet ads.



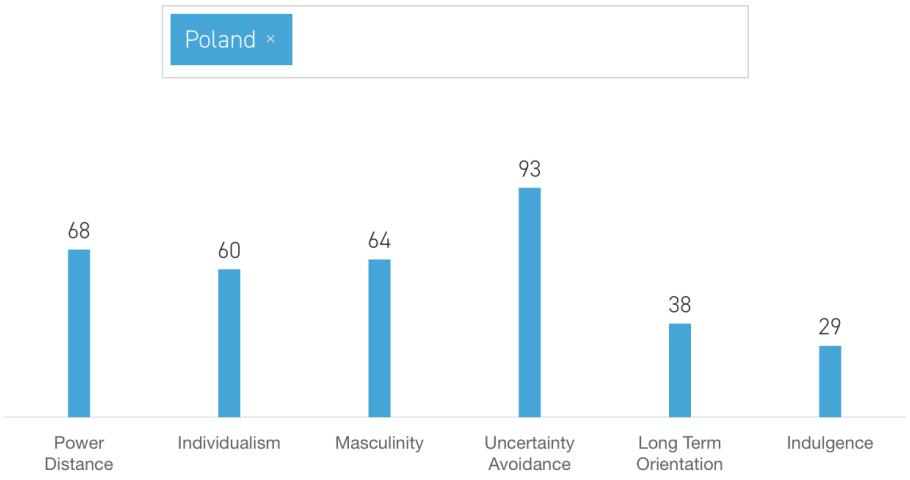

-Message

Our two key messages we need to portray is themes of family and togetherness, to appeal to the social nature of the Polish people and emphasize to parents both the ease of use and the safe nature of the video games that will be perfect for their child. Our billboard advertisements will feature fun friendly characters that appeal to children and catchy short slogans in Polish such as

"Play Anywhere" or "Family Fun Approved". Much of our advertisements will be high-context as fun cartoon characters do not require a large amount of dialogue or explanation.

*Personal Selling*

In-country retailers will be in-charge of personal selling and the description of the features and benefits of the Nintendo console. From prior research, Polish people have a moderately high power distance Hofstede value, for they will take the salesperson's advice.[167]




*Other Promotional Methods*

We plan to partner with the popular game developer company CDProjekt to develop a Nintendo Switch game fully in Polish. This company is incredibly popular with just under 90% of the market share (APPENDIX IV) and by partnering with them we would achieve large promotion to the polish video-game market. We plan to develop the game in the first two years of entering Poland and market it side-by-side with our class Nintendo games. This game will be familiar to late adopters of Nintendo and draw them into the Nintendo franchise.

[167] "Poland." *Hofstede Insights*, https://www.hofstede-insights.com/country/poland/.

***Distribution: From Origin to Destination***

*Port Selection*

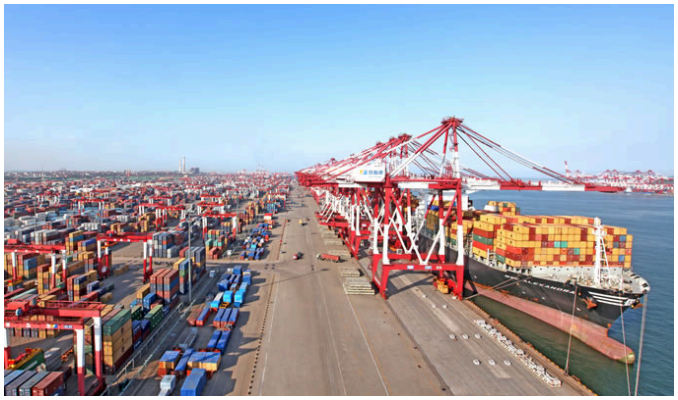
**The Production Facility of Nintendo**

Foxconn: Taipei No. 32, Jihu Road, Neihu District, Taipei City, Taiwan 114




**Departure:**

Port Qingdao:  Qingdao, China



**Arrival:**

Port Gdansk: Gdansk, Poland



*Modes of Transport*

-Airways[168]:
Airways are incredibly quick, product can be shipped and arrive within days. They can also be loaded quickly in relation to competing transport methods. The customs duties process thus affords less time. Conversely, airways can transport 26,000 cubic feet of cargo, which is substantially less than other methods (the average cargo ship can carry ~24,000 TEU). Other disadvantages include the threat that weather poses on flights and the high costs of air-transport.

-Railways[169]:
Railways are one of the cheaper modes of transport. They can carry heavy goods over long distances at moderate speeds. They are also the safest method of transport. On the other hand, they succumb to many disadvantages in that they require much time and labor to load, they require lots of paperwork to book transport, and, most importantly face temporal and legal issues when crossing many country borders.

-Motor Transport[170]:
Road transport is the most flexible mode of transport. Particularly good for short distances, destinations can be adjusted for inventory blips with simply a call to the courier. Speed is also relatively high, with little to no safety packaging requirements. The disadvantages, however, are fairly obvious. There is the glaring reality that no driver will transport goods from Qingdao, China, to Gdansk, Poland. For one, this would become way too costly, and afford far too much time[171]. Other disadvantages include threats posed by snow in Poland and midway-countries, as well as the threats of accidents and disorganization.

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[168] "Advantages and Disadvantages of Air Transport." *Tutorial*, 6 June 2018, https://www.vskills.in/certification/tutorial/international-logistics/advantages-and-disadvantages-of-air-transport/.
[169] Agarwhal, RC. "Advantages and Disadvantages of Railway Transport." *Your Article Library*, 18 Sept. 2014, http://www.yourarticlelibrary.com/geography/transportation/advantages-and-disadvantages-of-railway-transport/42134.
[170] Agarwhal, RC. "Advantages and Disadvantages of Road Transport." *Your Article Library*, 18 Sept. 2014, http://www.yourarticlelibrary.com/geography/transportation/advantages-and-disadvantages-of-road-transport/42135.
[171] Not to mention the emotional toll this would take on the driver's personal life.

-Ocean Transport[172]:

Lastly, ocean transport is quite cheap, largely unhindered by weather threats, and very important for foreign trading, as most foreign trading is accomplished via water transport. Some disadvantages include the risk of capsizing, which is quite rare, and the slow speeds at which ships move from port to port.

**Ocean transport was selected for Nintendo due to the large distance away from Nintendo production to the host country. The methodological metric for assessing this was volume-over-price ratios. How could the most products get to Poland while minimizing transportation costs. When in-country, all of Nintendo's selected retailers use motor transport to fulfill the product from port to store. Nintendo is not a response-based supply chain, the goal for Nintendo is yearly supply.**

*Packaging*

-Marking and Labelling[173]

The Nintendo Switch being a technological product is party to many marking and labelling regulations in Poland[174]. Below are the markings that need to appear on the physical Switch device.



- There must be a marking depicting a waste can which designates the product is Waste of Electrical and Electronic equipment, for it is not to be disposed in normal waste stream. Same goes for batteries therein



- There must be a "CE" marking which designates the health, safety, and environmental regulations of the product applicable to EU standards



- Two boxes in a frame-like format will appear to designate the Switch as a Class II double-insulated electrical appliance without protective earthing.



- The Switch will don an "EAC" to affirm that this product is in agreement with the Eurasian Customs Union on the importing of equipment



- The box-car with a diamond on top will appear to affirm that this product conforms to the requirements of EN61558-2-7 as a transformer for toys



- HDMI marking must appear on the packaging to depict HDMI compatibility

[172] Mehta, Pooja. "Advantages and Disadvantages of Water Transport." *Economics Discussion*, 12 Aug. 2015, http://www.economicsdiscussion.net/articles/advantages-and-disadvantages-of-water-transport/2185.

[173] "Explanation of Symbols and Markings Used on Nintendo Products." *Nintendo of Europe GmbH*, 2019, https://www.nintendo.co.uk/Corporate/Consumer-Information/Manuals-and-additional-documents/Explanation-of-symbols-and-markings-used-on-Nintendo-products/Explanation-of-symbols-and-markings-used-on-Nintendo-products-1246148.html.

[174] Many of such regulations revolve around foods, drugs, and other consumables.

As for labelling, the Nintendo Switch will need to label both the Switch and the Switch's alternating current (A/C) adapter with the appropriate voltage that this appliance calls for. The Nintendo Switch calls for 15V and 2.6 amperes, and it needs to show the Hz of frequency, which is 5150MHz on the Nintendo Switch. The outlets in Poland have a standardized voltage of 230V, and operating at 50Hz can be used in most any outlet. Though the Switch will be manufactured properly, this must be labelled properly so that consumers are able to take precautions to ensure that the adapter is in working condition at risk of fuse blowouts. Lastly, Nintendo must adhere to warning labels for epileptic consumers and other hazards that may occur with use.

-Containerization

The Nintendo Switch, again being a technological product, must be packaged appropriately to ensure safety during transport. All cables need to be wrapped in Low-Density Polyethylene to mitigate any electrical heat or acid leaks while in transit[175]. Much of the console is packaged using styrofoam to avoid damages to the console, and the corrugated box around the container is simply a cost-efficient way for easy shelving and transportation.



-Costs

All of the packaging costs are incurred by the production facility in cooperation with Nintendo. With the mass volumes of about 20 million Nintendo Switches in production, the economies of scale that these facilities obtain makes it difficult to estimate their costs. Approximately, the costs of packaging a Switch are estimated to be about $5.47 USD per console, after adjusting for volumes.

**Nintendo will be responsible for marking and labelling many safety and regulatory designations on the packaging of the Nintendo Switch. Due to the product's high-involvement, every aspect of packaging will need to be safe and legally sound. Further, the production facility will achieve economies of scale in packaging the product.**

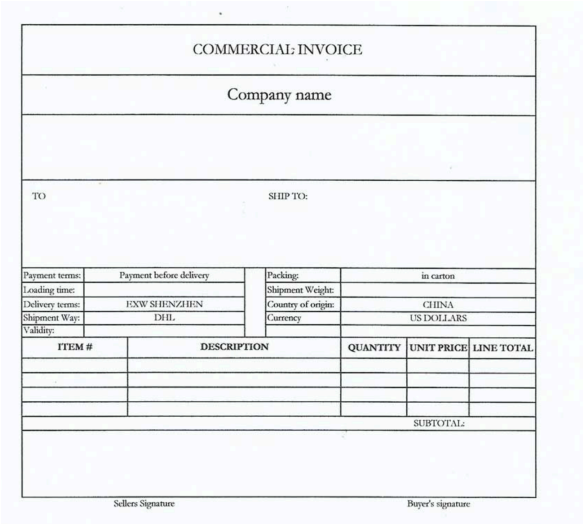
[175] "Plastic Resins & Types of Packaging." *Plastic Packaging Facts*, 2019, https://www.plasticpackagingfacts.org/plastic-packaging/resins-types-of-packaging/.

*Documentation Required*

To bring our goods off of shipping containers in Poland and into our retail outlets, several documents are required by the EU and Poland to allow the product to be imported.

-Commercial Invoice

The commercial invoice is required for all products entering the EU. This document is more basic but includes necessities such as country of origin, description, unit price, invoice number (EORI), means of transport and serves as the bill of sale in all transactions. The type of commercial invoice falls at the discretion of the importer but all hold the same basic items.



COMMERCIAL INVOICE

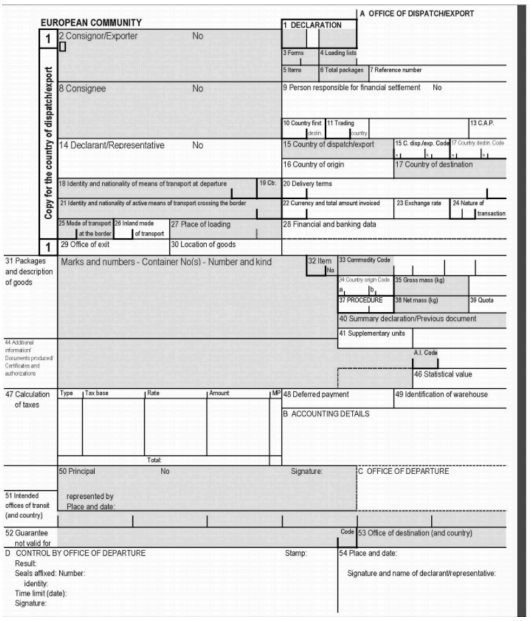
Company name

TO: SHIP TO:

| | | | |
|---|---|---|---|
| Payment terms: | Payment before delivery | Packing: | in carton |
| Loading time: | | Shipment Weight: | |
| Delivery terms: | FXW SHENZHEN | Country of origin: | CHINA |
| Shipment Way: | DHL | Currency | US DOLLARS |
| Validity: | | | |

| ITEM # | DESCRIPTION | QUANTITY | UNIT PRICE | LINE TOTAL |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | SUBTOTAL: | |

Sellers Signature Buyer's signature



EUROPEAN COMMUNITY

A OFFICE OF DISPATCH/EXPORT

1 DECLARATION

Copy for the country of dispatch/export

2 Consignor/Exporter No

3 Forms 4 Loading lists

5 Items 6 Total packages 7 Reference number

8 Consignee No

9 Person responsible for financial settlement No

10 Country first 11 Trading 13 C.A.P.

14 Declarant/Representative No

15 Country of dispatch/export 15 C. disp./exp. Code 17 Country dest. Code

16 Country of origin 17 Country of destination

18 Identity and nationality of means of transport at departure 19 Cr. 20 Delivery terms

21 Identity and nationality of active means of transport crossing the border 22 Currency and total amount invoiced 23 Exchange rate 24 Nature of transaction

25 Mode of transport 26 Inland mode at the border of transport 27 Place of loading

28 Financial and banking data

29 Office of exit 30 Location of goods

31 Packages and description of goods: Marks and numbers - Container No(s) - Number and kind

32 Item No 33 Commodity Code

34 Country origin Code 35 Gross mass (kg)

37 PROCEDURE 38 Net mass (kg) 39 Quota

40 Summary declaration/Previous document

41 Supplementary units

44 Additional information/ Documents produced/ Certificates and authorizations

A.I. Code

46 Statistical value

47 Calculation of taxes: Type | Tax base | Rate | Amount | MP

48 Deferred payment 49 Identification of warehouse

B ACCOUNTING DETAILS

Total

50 Principal No Signature: C OFFICE OF DEPARTURE

51 Intended offices of transit (and country)

represented by Place and date:

52 Guarantee not valid for Code 53 Office of destination (and country)

D CONTROL BY OFFICE OF DEPARTURE

Result:

Seals affixed: Number:

Identity:

Time limit (date):

Signature:

Stamp:

54 Place and date:

Signature and name of declarant/representative:

-The Single Administrative Documentation

The SAD describes goods and their movement around the world and is essential for trade outside the EU, or of non-EU goods. Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. This document is more extensive than the commercial invoice and outlines taxes as well as information to be filled out by customs officials.

-Bill of Lading

This document is issued by the shipping company to the operating shipper which signs that the items are on board. The document will be signed upon leaving the original port and will be received when the destination port is reached. Because we are purely shipping using ports, an air bill is not necessary.




-Dock Receipt[176]

The dock receipt is an important document the controlling of the quality of goods after delivery to the dock and before the forwarding of the product to its destination. Being the manufacturer, Nintendo will not receive a copy of this document as, via INCOTERMS, it is between the port authority and the retailer after being in-country. This document is issued by the exporter and signed off by the port worker who receipts the product to formally declare the goods in Poland.

-Pro-Forma Invoice[177]

Nintendo in Poland will also need to provide its retailers with Pro Forma invoices. These documents serve as a preliminary agreement between the buyer (retailer) and Nintendo (manufacturer) that this price is agreed upon before the shipment of the product halfway across the world. These documents act to provide transparency to both parties, as well as clarify the customs duties associated with the value of the product for the port authority.

-Shipper's Export Declaration[178]

The Shipper's export declaration is a document that travels with the goods until the reach the carrier who exports the good, for in Nintendo's case this is Maersk at the Port of Qingdao. This document is used both to record the number of exports out of a country and to regulate how much value of product is leaving the country and whether or not this is operating legally. Nintendo will need to prepare this document for the exporting carrier.

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[176] "Dock Receipt." *Shipping Solutions Export Document Software - Home Page*, 2019, https://www.shippingsolutions.com/dock-receipt.

[177] Segal, Troy. "The Pro Forma Invoice Describes the Product in a Shipment." *Investopedia*, Investopedia, 28 Nov. 2019, https://www.investopedia.com/terms/p/pro-forma-invoice.asp.

[178] Ita. "What Is a Shippers Export Declaration (SED)?" *Export.gov*, 16 Nov. 2009, https://2016.export.gov/wisconsin/exportbasics/eg_us_wi_021114.asp.

-Statement of Origin[179]

Nintendo, interestingly, will not need to provide a statement (or certificate) of origin. Poland's importation requirements call for the exporting company to "certify origin"[180], however this is accomplished through completion of the commercial invoice above.

**Many documents are required by the Port Authority of Poland with highly-detailed regulations. These documents include: the commercial invoice, the single administrative documentation, the bill of lading, dock receipt, the pro-forma invoice, and the shipper's export declaration. Following these with every shipment will be a key driver to the efficiency of Nintendo's Supply Chain in Poland.**

*Insurance Claims*

Nintendo will not be seeking to insure cargo due to the low volume and high durability of shipping containers. Should product be lost, severely damaged due to carrier malfeasance, or other risks posed by weather, Nintendo would act to mark the goods as uninsured losses. Many international agreements have ruled in the carrier's favor over mishandling of products[181], so Nintendo understands that litigation would result in further foregone time and money. This also aligns well with Nintendo's cost-minimizing pricing and logistics strategy.

*Freight Forwarding*

Freight forwarding is the process of a company taking over the fulfillment from the port to the product's destination in a streamlined process. There are advantages and disadvantages to this process.

The advantages to freight forwarding are that they are flexible and can navigate having a complex supply chain with ease, taking the burden off the manufacturing company. These companies typically have lots of expertise and a global network of agents.

The disadvantages to freight forwarding are that the manufacturing company loses control over a key point in the supply chain. Additionally, what works most efficiently for the freight forwarder may not work efficiently for Nintendo's retail client.

Nintendo does not see fit that a freight forwarder will be necessary. Nintendo is entering poland with low-volume shipments and has the tacit knowledge as a major company to navigate agreements with the retailers for logistics fulfillment. Further, Nintendo's shipments aren't necessarily complex, for Nintendo is working with key, mass urban retailers to deliver its product

[179] "Certificate of Origin." *Certificate of Origin*, 20 Nov. 2019, https://www.export.gov/article?id=Certificate-of-Origin-Export-Guide.

[180] "Poland - Import Requirements and DocumentationPoland - Import Requirements." *Poland - Import Requirements and Documentation*, 13 June 2019, https://www.export.gov/article?id=Poland-Import-Requirements-and-Documentation.

[181] "Cargo Insurance." *Cargo Insurance*, 20 Oct. 2016, https://www.export.gov/article?id=Cargo-Insurance.

with sparse shipments essentially yearly. It is advisable that Nintendo cut out an additional middleman in the supply chain, thus minimizing costs further.

**Nintendo will not be utilizing a freight forwarder due to its lack of alignment with the overall strategic initiatives of its Polish market entry.**

As a contingency, should Nintendo encounter issues with distribution when in-country throughout the first year, it is advisable they contact a freight forwarding company. The freight forwarding service that most closely aligns with the technological nature of the product is Express Polska, which specializes in consumer goods and containerization. The company offer long-term relationships in Polish logistics, tacit knowledge, and still achieving the best transport prices[182]. These prices will still give Nintendo the best value-for-money, aligning with the overall strategic goals of Nintendo.

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[182] "Express Polska." *GlobalTrade.net*, 2014, https://www.globaltrade.net/international-trade-import-exports/expert-service-provider-p/Express-Polska.html#references-section.

***Channels of Distribution***

While we should sell the switch through internet retailing, for better market penetration it will be necessary to utilize five retailers of electronics and video games. Each retailer will initially be given 6,512 units of the Nintendo Switch, and based off yearly performance, Nintendo will allocate different volumes to each store using the weighted-average method. Additionally, it would be best to be in stores that Nintendo's competitors are in as well as those that have been open to selling Nintendo products in the past. These stores include but are not limited to:

*Retailers*

- Mediaexpert

  *Media Expert is the largest network of consumer electronics retailers in Poland; with over 360 stores in almost 310 locations across the country. The brand has been present on the Polish market since 2002.*







- Neonet

*Neonet is a Polish retail network from Wrocław offering computer equipment and consoles, electronics and household appliances, mobile phones, tablets, photographic equipment and accessories, mechanized household appliances and associated services. It has about 256 stores located throughout Poland.*

- MediaMarkt

  *Media Markt is a German multinational consumer electronics store that is also located in Poland. It is the largest consumer electronics store of Best Buy in the United States. It currently has 85 stores operating in Poland.*






- RTV Euro AGD

*The company started selling consumer electronics and home appliances in 1991, initially operating in Warsaw and vicinity. Currently, RTV-AGD has 277 shops in 177 cities all around Poland which are usually located in the biggest shopping centers.*

- Komputronik.

  *Founded in 1996, Komputronik SA is a Poland-based company engaged in the distribution of hardware and software solutions, as well as consumer electronics products.*




*Wholesale Middlemen*

Nintendo will be absent of a need for wholesalers, as there is only 1 step in the distribution chain. Nintendo manufactures the Switch, then it gets fulfilled directly to the retailer who then takes a 35% margin when the product reaches point-of-sale.

*Import/Export Agent*

While Trade agents have many advantages[183], it is not advisable that Nintendo acquire a trade agent in the first year of market entry. Utilizing a calculated, cost-minimizing strategic initiative would introduce further cost (e.g. retainers) and separation from client retailer. Recommending prices, finding customers, and navigating customs bureaucracy will be done by Nintendo itself which protects Nintendo from facing brand dilution from an agent who represents the company.

*Retail Markups*

Based on some markups from competitors, it is not unreasonable to look for a 35% markup in retail stores. Stores that sell the Nintendo Switch, its games, and accessories, should allow both cash and credit. This is because while cash is used most often in Poland, we do not want to limit

[183] "THE PROS AND CONS OF TRADE AGENTS." *THE PROS AND CONS OF TRADE AGENTS | JOC.com*, 17 Feb. 1998, https://www.joc.com/pros-and-cons-trade-agents_19980217.html.

customers' options for purchasing our product. This is feasible as some stores, such as MediaMarkt have been using those systems for years, as well as mobile payment.[184]

*Warehousing*

Finally, as our INCOTERMS have the retailers picking up the products from the port in Gdansk where they arrive, there is no need for there to be storage warehouses. This eliminates additional costs from overhead, transportation, and insurance.

[184] M.mueller. *Payment Now Faster than Ever: Mobile Payment at MediaMarkt and Saturn*. 11 Dec. 2018, https://www.mediamarktsaturn.com/en/press/press-releases/payment-now-faster-ever-mobile-payment-mediamarkt-and-saturn.

***Price Determination***

***Assumptions***

- The market will grow at Passport-forecasted rates
- The market does not cut out "already-purchased" customers - repeat purchases
- Loaders and Unloaders are 7 workers at any given time
- Loaders and Unloaders will work for two hours
- Retailer Margin is on average, 35% of wholesale price.
- Nintendo incurs no additional overhead costs for expected capacity in Poland, (i.e. no production facility costs appear under fixed costs.)
- 16 Million gamers in Poland purchase-and-play within the last 6 months.
- Packaging costs are included in Cost-of-Goods-Sold
- Average disposable income is PLN 76,207
- The exchange rate for Polish Zloty remains at .26 of a US Dollar
- Year 5 production capacity will be able to accomodate 51,174 units
- Nintendo effectively manages client relations with retailers and continues to search for new retailers as volume grows.
- Tariffs and customs duties will affect gross profit at a 10.5% manufactured articles rate.
- Value added tax is 23%
- All retailers will take a 35% margin.
- Price at 1349 PLN, which is slightly higher in Poland due to an untouched demand, thus greater felt need
- Transportation, wharfage fees, and unloading charges will change as volume changes.
- Transportation, wharfage fees, and unloading charges assumes no inefficiencies by the port authority.
- Demand will grow as the market size grows
- Retailers will agree to fulfilling the product from port to store
- Retailers will negotiate with Nintendo to come to acceptable markup prices.

| | YEAR 1 -2020 .005 MS | | Year 2 - 2021 - 13.9% Market Growth | | Year 3 - 2022 - 12.2% MG | | Year 4 - 2023 - 10.8% MG | | Year 5 - 2024 - 11% MG | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales | | 32,560 | | 37,085 | | 41,609 | | 46,103 | | 51,174 | |
| MSRP | PLN | 1,349.00 | PLN | 1,349.00 | PLN | 1,349.00 | PLN | 1,349.00 | PLN | 1,349.00 | |
| $ SALES | PLN | 43,923,440.00 | PLN | 50,027,665.00 | PLN | 56,130,541.00 | PLN | 62,192,947.00 | PLN | 69,033,726.00 | |
| | | | | | | | | | | | |
| COGS | | | | | | | | | | | |
| UNIT | | 32,560 | | 37,085 | | 41,609 | | 46,103 | | 51,174 | |
| COST | PLN | 996.12 | PLN | 996.12 | PLN | 996.12 | PLN | 996.12 | PLN | 996.12 | |
| TOTAL | PLN | 32,433,667.20 | PLN | 36,941,110.20 | PLN | 41,447,557.08 | PLN | 45,924,120.36 | PLN | 50,975,444.88 | |
| | | | | | | | | | | | |
| GROSS MARGIN | | | | | | | | | | | |
| $ | PLN | 11,489,772.80 | PLN | 13,086,554.80 | PLN | 14,682,983.92 | PLN | 16,268,826.64 | PLN | 18,058,281.12 | |
| % | | 26% | | 26% | | 26% | | 26% | | 26% | |
| | | | | | | | | | | | |
| Less: Value Added Tax | | 23% | | 23% | | 23% | | 23% | | 23% | |
| | | | | | | | | | | | |
| Less: RETAILER MARGIN | | | | | | | | | | | |
| RM | | 35% | | 35% | | 35% | | 35% | | 35% | |
| GROSS PROFIT | PLN | 5,750,631.29 | PLN | 11,254,437.13 | PLN | 12,627,366.17 | PLN | 13,991,190.91 | PLN | 15,530,121.76 | |
| | | | | | | | | | | | |
| Less: FIXED EXPENSES | | | | | | | | | | | |
| MARKETING EXPENSE | PLN | 968,987.50 | PLN | 968,987.50 | PLN | 968,987.50 | PLN | 968,987.50 | PLN | 968,987.50 | |
| PRINT ADS (IN-STORE) | PLN | 9,689.88 | PLN | 9,689.88 | PLN | 9,689.88 | PLN | 9,689.88 | PLN | 9,689.88 | |
| | | | | | | | | | | | |
| Less: VARIABLE EXPENSES | | | | | | | | | | | |
| # OF SHIPMENTS | | 4 | | 5 | | 5 | | 6 | | 7 | |
| COST PER SHIPMENT | PLN | 4,995.15 | PLN | 4,995.12 | PLN | 4,995.12 | PLN | 4,995.12 | PLN | 4,995.12 | |
| SHIPPING EXPENSE | PLN | 19,980.62 | PLN | 24,975.58 | PLN | 38,398.00 | PLN | 38,398.00 | PLN | 38,398.00 | |
| | | | | | | | | | | | |
| Transportation Cost | PLN | 7,368.85 | PLN | 7,368.85 | PLN | 7,368.85 | PLN | 7,368.85 | PLN | 7,368.85 | |
| Wharfage Fees | PLN | 11.52 | PLN | 11.52 | PLN | 11.52 | PLN | 11.52 | PLN | 11.52 | → *Numbers may vary after y1 |
| Unloading Charges | PLN | 7.79 | PLN | 7.79 | PLN | 7.79 | PLN | 7.79 | PLN | 7.79 | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| NET PROFIT | PLN | 4,744,585.14 | PLN | 10,250,784.17 | PLN | 11,610,290.79 | PLN | 12,974,115.53 | PLN | 14,513,046.38 | PLN 54,092,822.02 |
| **US $** | $ | 1,233,592.14 | $ | 2,665,203.88 | $ | 3,018,675.61 | $ | 3,373,270.04 | $ | 3,773,392.06 | PLN 14,064,133.72 |

*Cost of Shipment of Goods*

The cost of shipping all 32,560 Switches for the product launch and 101,250 physical games to accompany will be roughly 5018.32 PLN per standard 40 ft shipping container.[185] The small size of the Nintendo Switch and its games means that we will only require four 40ft shipping containers for a total shipping cost of approximately 20,073.28 PLN. It should be noted that this price does not include insurance for the goods during transit as that is paid for by the supplier.

The Nintendo Switches and their games will travel from the Foxconn manufacturing plant in Zhengzhou in Henan Province to the port city of Qingdao. From there, the goods will travel by container ship to the Polish port of Gdansk to await distribution.

*Transportation Costs*




The average shipping rate for intermodal truck freight is 0.66 PLN per ton mile. Given that we are shipping roughly 24.5 tons from Zhengzhou to the port in Qingdao and the distance is approximately 460 miles, the overall cost is estimated at 7403.01 PLN.[186]

*Wharfage Fees*

The wharfage fee for Port Gdansk is 0.47 PLN per gross ton.[187] Given that we will be shipping 24.5 tons, this cost amounts to 11.52 PLN.

*Loading and Unloading Charges*




The Mary Maersk, the ship the Switches will arrive on, has a TEU of 18340[188]. The switches and games will be 4 TEUs or 0.02% of the ship's load. Ports in Poland have an average turnaround time for ships between 24 and 36 hours.[189] Using the more expensive estimate of 36 hours, at a cost of 77.04 PLN per worker per hour[190], the total cost to unload the ship per worker per hour is 2773.57 PLN and our share of this cost is 0.56 PLN per worker per hour.

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[185] "Freight Calculator." *World Freight Rates - Freight Calculator, 2019 Estimates*, https://worldfreightrates.com/en/freight. 25 Oct. 2019.
[186] Austin, David. *Pricing Freight Transport to Account for External Costs,* Congressional Budget Office, March 2015.
[187] "Tariff of Port Fees and Pricing." *Port of Gdansk*, http://www.portgdansk.pl/shipping/port-authority-tariff. 20 Oct. 2019.
[188] "Triple-E Class Container Ships." *Ship Technology*, https://www.ship-technology.com/projects/triple-e-class/. 25 Oct. 2019.
[189] Ducruet, César, et al. *Time Efficiency at World Container Ports.* OECD, Aug. 2019.
[190] "Regulamin Współpracy – PGE – Port Gdańsk Eksploatacja." *Eskploatacja Port Gdanski*, https://www.pge.pl/strefa-klienta/regulamin-wspolpracy/.https://www.pge.pl/strefa-klienta/regulamin-wspolpracy/. 02 Nov. 2019.

*Insurance Costs*
Insurance costs will be covered by the retail partners under the Cost and Freight incoterms we have decided to use.

*Customs Duties & Import Tax and Value-Added Tax*
The EU has no import or customs duties for video game consoles.[191] As Poland is a member of the EU, it follows these general provisions. Poland does have a value added tax (VAT) with a standard rate of 23%. The Nintendo Switch does not fall into any of the categories which are granted a different taxation rate.[192]

*Company's Gross Margins*
Nintendo can expect a gross margin of 26% for Polish Switch sales in the first year. This is lower than Nintendo's overall gross margin 47.7%[193] but is still successful for a new introduction. Additionally, it must be noted that the Switch is the stepping stone in building lifelong Nintendo customers. The overall hope is that after purchasing a Switch, consumers will develop an affinity for the Nintendo brand which will lead to future purchases and a high lifetime customer value. This makes the slimmer margin acceptable as it opens the door to future revenue streams.

*Retail Price*
The Nintendo Switch will be priced at 1349 PLN. This price point is a crucial component to the overall Polish strategy. Polish consumers are very price sensitive. They want good value for their money, and this price point of 1349 PLN still allows Nintendo and retailers to both turn profits while at the same time undercutting the price of the Switch's primary competitors, Microsoft's Xbox One (2099 PLN) and Sony's Playstation 4 (1549 PLN). Nintendo is a cost-leader and is substantially separate from competing directly with Microsoft and Sony.




***Incoterms***
Utilization of Cost and Freight (CFR) is the most logical choice for shipping Nintendo Switches to Poland. This is due to several reasons:

- Insurance costs for ocean freight are quite expensive. CFR shifts this responsibility to the buyers, our retail partners.

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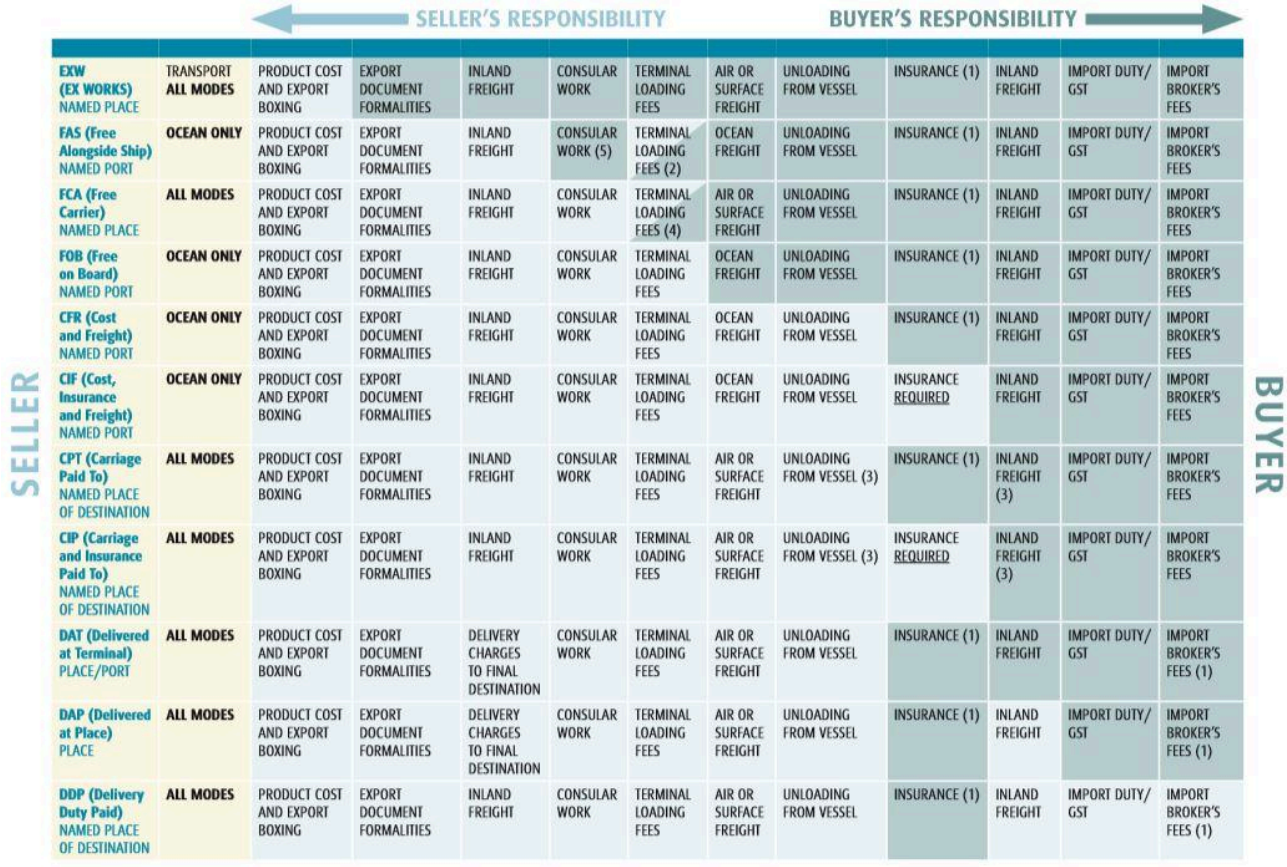
[191] "TARIC Measure Information." *TARIC* , Taxation and Customs Union, https://ec.europa.eu/taxation_customs/dds2/taric/measures.jsp?Lang=en&SimDate=20191103&Area=CN&MeasType=&StartPub=&EndPub=&MeasText=&GoodsText=&op=&Taric=9504500000&search_text=goods&textSearch=&LangDescr=en&OrderNum=&Regulation=&measStartDat=&measEndDat=. 02 Nov. 2019.
[192] "Value Added Tax (VAT)." *Www.paih.gov.pl*, Polish Investment & Trade Agency, https://www.paih.gov.pl/polish_law/taxation/vat. 01 Nov. 2019.
[193] "Nintendo Gross Profit Margin (Quarterly):" *YCharts*, https://ycharts.com/companies/NTDOY/gross_profit_margin.

- Buyers take over responsibility for the movement of product after the goods are unloaded. This is advantageous as our retail partners will have a better understanding of the best companies and methods to use to get the product to their stores.
- CFR provides incentives for retailers leading to an increased likelihood of them accepting the terms.

In short, utilizing CFR allows Nintendo to save money while transporting the Switches to Poland but does so in such a way that retail partners will not feel that the cost of getting product to market falls on them alone. The arrangement is likely to be readily accepted from both parties.

**The Nintendo Switch can be introduced in Poland at a price less than that of its main competitors. Due to the Switch's small size, Poland's use of European Union trade policies, and the Cost and Freight method of shipment, Nintendo can achieve A 23% gross margin on their sales in Poland. This is an excellent margin, especially considering Nintendo's lack of experience in the market and the fact that the goal of this introduction is to develop loyal Ninendo customers who have a high lifetime customer value.**

"INCOTERMS." *UPS Supply Chain Solutions,* UPS, 2010, https://www.ups-scs.com/tools/incoterms.pdf.



| | SELLER'S RESPONSIBILITY | | | | | | | | BUYER'S RESPONSIBILITY | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EXW (EX WORKS)** NAMED PLACE | TRANSPORT **ALL MODES** | PRODUCT COST AND EXPORT BOXING | EXPORT DOCUMENT FORMALITIES | INLAND FREIGHT | CONSULAR WORK | TERMINAL LOADING FEES | AIR OR SURFACE FREIGHT | UNLOADING FROM VESSEL | INSURANCE (1) | INLAND FREIGHT | IMPORT DUTY/ GST | IMPORT BROKER'S FEES |
| **FAS (Free Alongside Ship)** NAMED PORT | **OCEAN ONLY** | PRODUCT COST AND EXPORT BOXING | EXPORT DOCUMENT FORMALITIES | INLAND FREIGHT | CONSULAR WORK (5) | TERMINAL LOADING FEES (2) | OCEAN FREIGHT | UNLOADING FROM VESSEL | INSURANCE (1) | INLAND FREIGHT | IMPORT DUTY/ GST | IMPORT BROKER'S FEES |
| **FCA (Free Carrier)** NAMED PLACE | **ALL MODES** | PRODUCT COST AND EXPORT BOXING | EXPORT DOCUMENT FORMALITIES | INLAND FREIGHT | CONSULAR WORK | TERMINAL LOADING FEES (4) | AIR OR SURFACE FREIGHT | UNLOADING FROM VESSEL | INSURANCE (1) | INLAND FREIGHT | IMPORT DUTY/ GST | IMPORT BROKER'S FEES |
| **FOB (Free on Board)** NAMED PORT | **OCEAN ONLY** | PRODUCT COST AND EXPORT BOXING | EXPORT DOCUMENT FORMALITIES | INLAND FREIGHT | CONSULAR WORK | TERMINAL LOADING FEES | OCEAN FREIGHT | UNLOADING FROM VESSEL | INSURANCE (1) | INLAND FREIGHT | IMPORT DUTY/ GST | IMPORT BROKER'S FEES |
| **CFR (Cost and Freight)** NAMED PORT | **OCEAN ONLY** | PRODUCT COST AND EXPORT BOXING | EXPORT DOCUMENT FORMALITIES | INLAND FREIGHT | CONSULAR WORK | TERMINAL LOADING FEES | OCEAN FREIGHT | UNLOADING FROM VESSEL | INSURANCE (1) | INLAND FREIGHT | IMPORT DUTY/ GST | IMPORT BROKER'S FEES |
| **CIF (Cost, Insurance and Freight)** NAMED PORT | **OCEAN ONLY** | PRODUCT COST AND EXPORT BOXING | EXPORT DOCUMENT FORMALITIES | INLAND FREIGHT | CONSULAR WORK | TERMINAL LOADING FEES | OCEAN FREIGHT | UNLOADING FROM VESSEL | INSURANCE REQUIRED | INLAND FREIGHT | IMPORT DUTY/ GST | IMPORT BROKER'S FEES |
| **CPT (Carriage Paid To)** NAMED PLACE OF DESTINATION | **ALL MODES** | PRODUCT COST AND EXPORT BOXING | EXPORT DOCUMENT FORMALITIES | INLAND FREIGHT | CONSULAR WORK | TERMINAL LOADING FEES | AIR OR SURFACE FREIGHT | UNLOADING FROM VESSEL (3) | INSURANCE (1) | INLAND FREIGHT (3) | IMPORT DUTY/ GST | IMPORT BROKER'S FEES |
| **CIP (Carriage and Insurance Paid To)** NAMED PLACE OF DESTINATION | **ALL MODES** | PRODUCT COST AND EXPORT BOXING | EXPORT DOCUMENT FORMALITIES | INLAND FREIGHT | CONSULAR WORK | TERMINAL LOADING FEES | AIR OR SURFACE FREIGHT | UNLOADING FROM VESSEL (3) | INSURANCE REQUIRED | INLAND FREIGHT (3) | IMPORT DUTY/ GST | IMPORT BROKER'S FEES |
| **DAT (Delivered at Terminal)** PLACE/PORT | **ALL MODES** | PRODUCT COST AND EXPORT BOXING | EXPORT DOCUMENT FORMALITIES | DELIVERY CHARGES TO FINAL DESTINATION | CONSULAR WORK | TERMINAL LOADING FEES | AIR OR SURFACE FREIGHT | UNLOADING FROM VESSEL | INSURANCE (1) | INLAND FREIGHT | IMPORT DUTY/ GST | IMPORT BROKER'S FEES (1) |
| **DAP (Delivered at Place)** PLACE | **ALL MODES** | PRODUCT COST AND EXPORT BOXING | EXPORT DOCUMENT FORMALITIES | DELIVERY CHARGES TO FINAL DESTINATION | CONSULAR WORK | TERMINAL LOADING FEES | AIR OR SURFACE FREIGHT | UNLOADING FROM VESSEL | INSURANCE (1) | INLAND FREIGHT | IMPORT DUTY/ GST | IMPORT BROKER'S FEES (1) |
| **DDP (Delivery Duty Paid)** NAMED PLACE OF DESTINATION | **ALL MODES** | PRODUCT COST AND EXPORT BOXING | EXPORT DOCUMENT FORMALITIES | INLAND FREIGHT | CONSULAR WORK | TERMINAL LOADING FEES | AIR OR SURFACE FREIGHT | UNLOADING FROM VESSEL | INSURANCE (1) | INLAND FREIGHT | IMPORT DUTY/ GST | IMPORT BROKER'S FEES (1) |

SELLER

BUYER

***Methods of Payment***

In selling Switches to our retail partners, we will use letters of credit in our transactions. This system of payment minimizes the risk of non-payment as Nintendo starts this new venture which is critical given the inexperience of Nintendo in the Polish market. Letters of credit also underwrites any hazards that occur during maritime transportation. The banks our retail partners use will cover any deficient payments, and this ensures that Nintendo is financially protected.

# Pro-Forma Financial Statements and Budgets

| | YEAR 1- 2020 .005 MS | | Year 2 - 2021 - 13.9% Market Growth | | Year 3 - 2022 - 12.2% MG | | Year 4 - 2023 - 10.8% MG | | Year 5 - 2024 - 11% MG | |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales | | 32,560 | | 37,085 | | 41,609 | | 46,103 | | 51,174 |
| MSRP | PLN | 1,349.00 | PLN | 1,349.00 | PLN | 1,349.00 | PLN | 1,349.00 | PLN | 1,349.00 |
| $ SALES | PLN | 43,933,440.00 | PLN | 50,027,665.00 | PLN | 56,130,541.00 | PLN | 62,192,947.00 | PLN | 69,057,726.00 |
| COGS | | | | | | | | | | |
| UNIT | | 32,560 | | 37,085 | | 41,609 | | 46,103 | | 51,174 |
| COST | PLN | 996.12 | PLN | 996.12 | PLN | 996.12 | PLN | 996.12 | PLN | 996.12 |
| TOTAL | PLN | 32,433,667.20 | PLN | 36,941,110.20 | PLN | 41,447,557.08 | PLN | 45,924,120.36 | PLN | 50,975,444.88 |
| GROSS MARGIN | | | | | | | | | | |
| $ | PLN | 11,489,772.80 | PLN | 13,086,554.80 | PLN | 14,682,983.92 | PLN | 16,268,826.64 | PLN | 18,058,281.12 |
| % | | 26% | | 26% | | 26% | | 26% | | 26% |
| Less: Value Added Tax | | 23% | | 23% | | 23% | | 23% | | 23% |
| Less: RETAILER MARGIN | | | | | | | | | | |
| RM | | 35% | | 35% | | 35% | | 35% | | 35% |
| GROSS PROFIT | PLN | 5,750,631.29 | PLN | 11,254,437.13 | PLN | 12,627,966.17 | PLN | 13,991,190.91 | PLN | 15,530,121.76 |
| Less: FIXED EXPENSES | | | | | | | | | | |
| MARKETING EXPENSE | PLN | 968,987.50 | PLN | 968,987.50 | PLN | 968,987.50 | PLN | 968,987.50 | PLN | 968,987.50 |
| PRINT ADS (IN-STORE) | PLN | 9,689.88 | PLN | 9,689.88 | PLN | 9,689.88 | PLN | 9,689.88 | PLN | 9,689.88 |
| Less: VARIABLE EXPENSES | | | | | | | | | | |
| # OF SHIPMENTS | | 4 | | 5 | | 5 | | 6 | | 7 |
| COST PER SHIPMENT | PLN | 4,995.12 | PLN | 4,995.12 | PLN | 4,995.12 | PLN | 4,995.12 | PLN | 4,995.12 |
| SHIPPING EXPENSE | PLN | 19,980.62 | PLN | 24,975.58 | PLN | 38,398.00 | PLN | 38,398.00 | PLN | 38,398.00 |
| Transportation Cost | PLN | 7,368.85 | PLN | 7,368.85 | PLN | 7,368.85 | PLN | 7,368.85 | PLN | 7,368.85 |
| Wharfage Fees | PLN | 11.52 | PLN | 11.52 | PLN | 11.52 | PLN | 11.52 | PLN | 11.52 |
| Unloading Charges | PLN | 7.79 | PLN | 7.79 | PLN | 7.79 | PLN | 7.79 | PLN | 7.79 |
| NET PROFIT | PLN | 4,744,585.14 | PLN | 10,250,784.17 | PLN | 11,610,290.79 | PLN | 12,934,115.53 | PLN | 14,513,046.38 |
| US $ | $ | 1,233,592.14 | $ | 2,665,203.88 | $ | 3,018,675.61 | $ | 3,373,270.04 | $ | 3,773,392.06 |

***Pro Forma annual Profit and Loss Statement***

***Resource Requirements***

Due to our reliance on retail partners to sell our product, we do not have to invest in a large amount of additional resources to achieve our objectives. The Foxconn plant which manufactures our product has excess capacity which can be used to create the additional Switches to be sold in the Polish market. The associated cost with these Switches would be the standard cost of production for any Switch.

In terms of people, we would want to employ a Polish operations liaison to oversee the shipment and distribution of product. Additionally, we would want a retailer relationship manager to work with our retail partners to make sure we are addressing any concerns and deepening our relationship with our partners to ensure ease of operations and future introductions. Marketing and events could be accomplished by a five person team from Nintendo's European offices. This team would be responsible for facilitating the various launch events and working with retail partners on their in-store displays for certain events.

Should the Switch prove to be widely successful, Nintendo could develop a dedicated Poland division to address the needs of that market for future releases. Given that lifetime customer value is an important consideration for Nintendo customers, this eventual development could prove beneficial.

## APPENDIX I

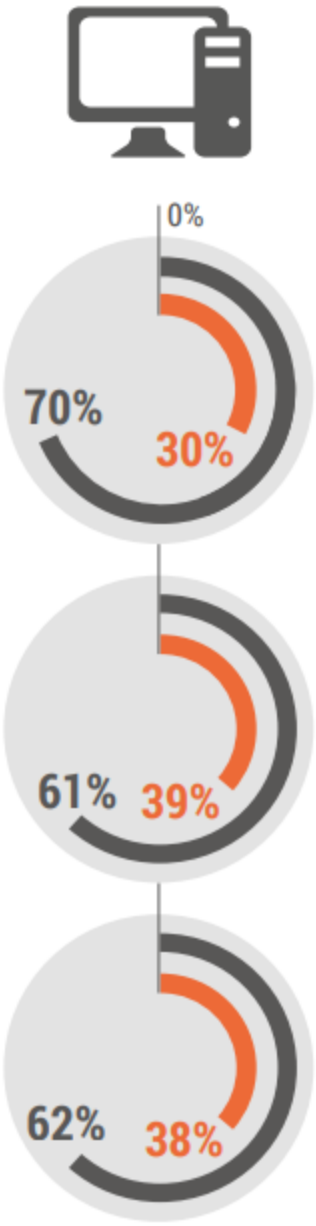
Fig. 2.20 Where do Polish gamers get information about new games?




Source: The ‘Polish Gamers Research 2016’ report.

**APPENDIX II**

**Gender Breakdown of Polish Gamers. (2014, 2015, 2016 from top-down)**

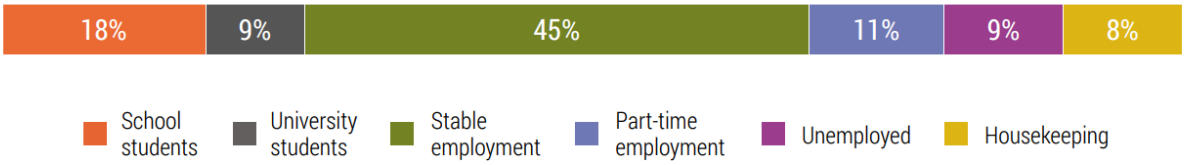



Grey is Male, Orange is Female

**Source: Krakow , T. P. (2017). State of The Polish Video Game Industry . Retrieved November 19, 2019, from http://digitaldragons.pl/wp-content/uploads/2018/07/state_of_polish_video_game_industry17_web.pdf.**

## APPENDIX III

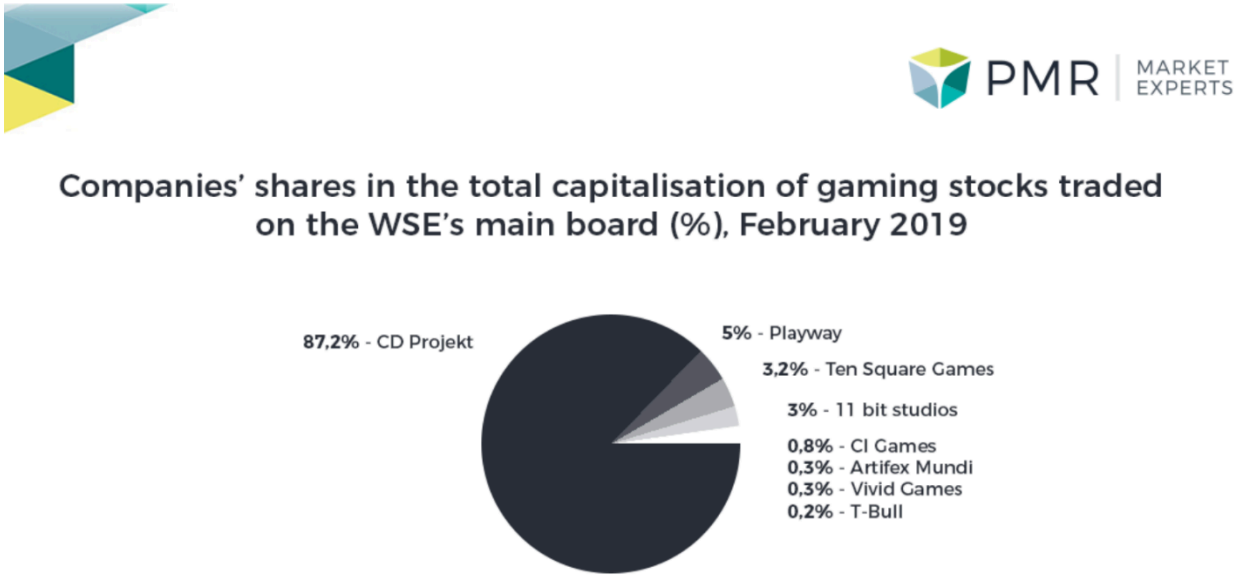
Fig. 2.7 The occupational status of Polish gamers




Source: The 'Polish Gamers Research 2016' report

**Source: Krakow , T. P. (2017). State of The Polish Video Game Industry . Retrieved November 19, 2019, from http://digitaldragons.pl/wp-content/uploads/2018/07/state_of_polish_video_game_industry17_web.pdf.**

**APPENDIX IV**

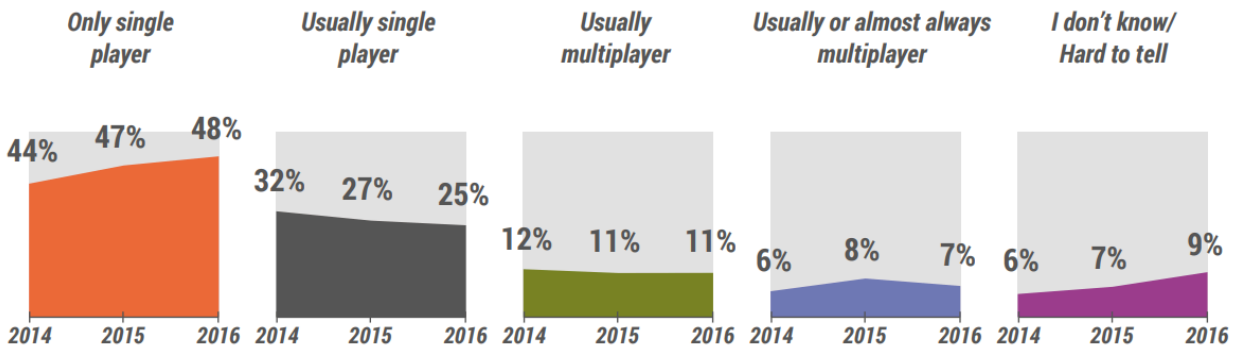



High market share for the video game developer CD Projekt.

**SOURCE:"Gaming Market in Poland 2019: PMR Market Experts."** ***Gaming Market in Poland 2019 | PMR Market Experts*****, 2019, https://mypmr.pro/products/gaming-market-in-poland-2019.**

## APPENDIX V

Fig. 2.11 Gameplay preferences of Polish gamers




Source: The 'Polish Gamers Research 2016' report.

## APPENDIX VI
## Value of the Polish Video Game Market

| No. | Country | Value of its video games market (data for 04/2017, Newzoo) | GDP according to the International Monetary Fund (estimates for 2017, without taking purchasing power into consideration) | Percentage share of the video games market in GDP |
|---|---|---|---|---|
| 1 | China | $ 27 547 039 000,00 | $ 11 795 297 000 000,00 | 0,23% |
| 2 | USA | $ 25 059 883 000,00 | $ 19 417 144 000 000,00 | 0,13% |
| 3 | Japan | $ 12 545 659 000,00 | $ 4 841 221 000 000,00 | 0,26% |
| 4 | Germany | $ 4 378 066 000,00 | $ 3 423 287 000 000,00 | 0,13% |
| 5 | United Kingdom | $ 4 217 715 000,00 | $ 2 496 757 000 000,00 | 0,17% |
| 6 | South Korea | $ 4 187 711 000,00 | $ 1 498 074 000 000,00 | 0,28% |
| 7 | France | $ 2 967 052 000,00 | $ 2 420 440 000 000,00 | 0,12% |
| 8 | Canada | $ 1 947 371 000,00 | $ 1 600 265 000 000,00 | 0,12% |
| 9 | Spain | $ 1 913 050 000,00 | $ 1 232 440 000 000,00 | 0,16% |
| 10 | Italy | $ 1 874 608 000,00 | $ 1 807 425 000 000,00 | 0,10% |
| 11 | Russia | $ 1 485 205 000,00 | $ 1 560 706 000 000,00 | 0,10% |
| 12 | Mexico | $ 1 427 974 000,00 | $ 987 303 000 000,00 | 0,14% |
| 13 | Brazil | $ 1 334 205 000,00 | $ 2 140 940 000 000,00 | 0,06% |
| 14 | Australia | $ 1 234 393 000,00 | $ 1 359 723 000 000,00 | 0,09% |
| 15 | Taiwan | $ 1 028 511 000,00 | $ 566 757 000 000,00 | 0,18% |
| 16 | Indonesia | $ 879 740 000,00 | $ 1 020 515 000 000,00 | 0,09% |
| 17 | India | $ 817 819 000,00 | $ 2 454 458 000 000,00 | 0,03% |
| 18 | Turkey | $ 773 888 000,00 | $ 793 698 000 000,00 | 0,10% |
| 19 | Saudi Arabia | $ 647 424 000,00 | $ 707 379 000 000,00 | 0,09% |
| 20 | Thailand | $ 597 173 000,00 | $ 432 898 000 000,00 | 0,14% |
| 21 | Malaysia | $ 586 682 000,00 | $ 309 860 000 000,00 | 0,19% |
| 22 | Netherlands | $ 567 372 000,00 | $ 762 694 000 000,00 | 0,07% |
| 23 | Poland | $ 489 208 000,00 | $ 482 920 000 000,00 | 0,10% |

**Source:**

**Krakow , T. P. (2017). State of The Polish Video Game Industry . Retrieved November 19, 2019, from http://digitaldragons.pl/wp-content/uploads/2018/07/state_of_polish_video_game_industry17_web.pdf.**

**APPENDIX VII**



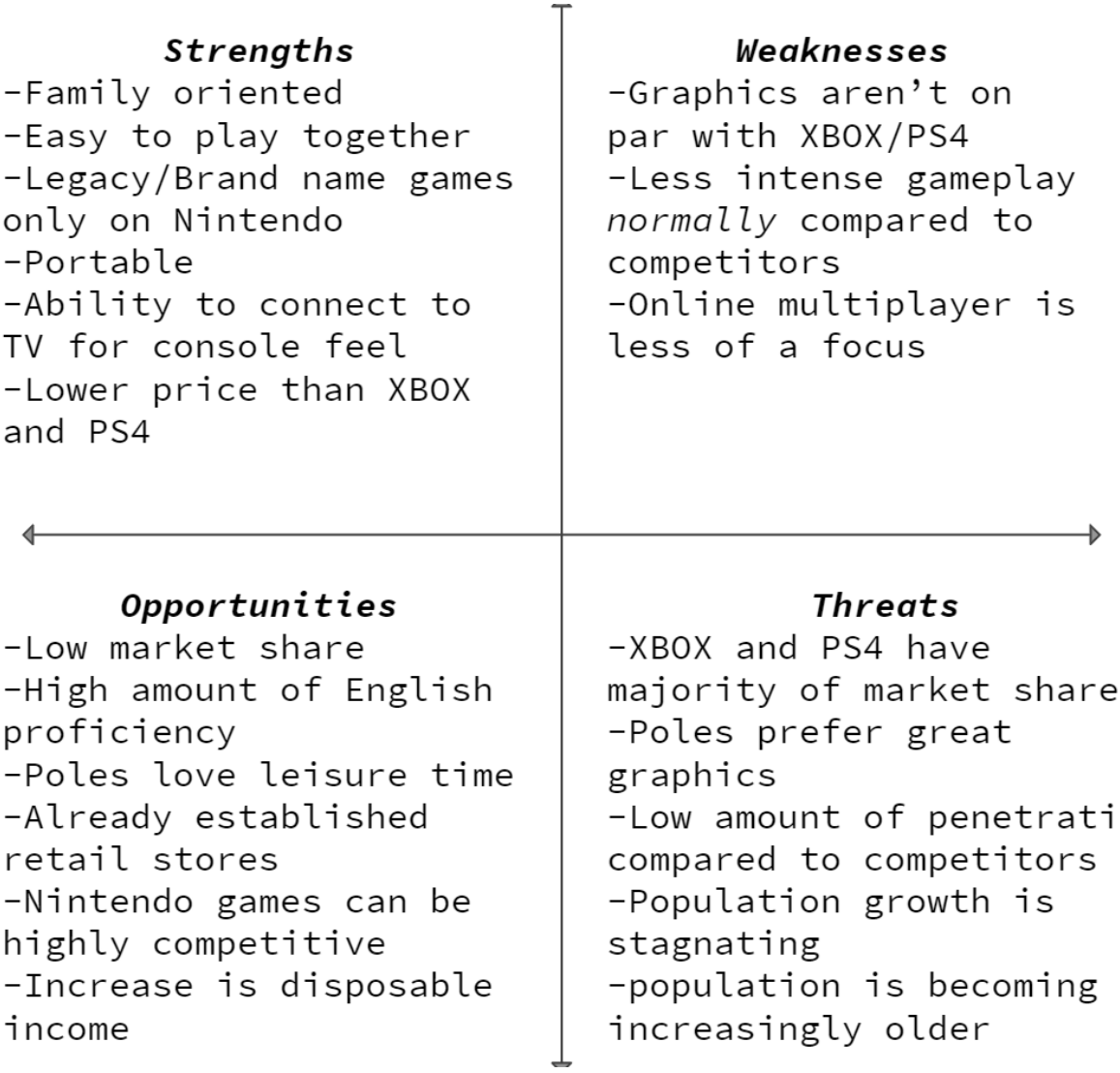

**Source: Newzoo Consumer Insights**

# APPENDIX VIII
## Brand Shares of Video Games

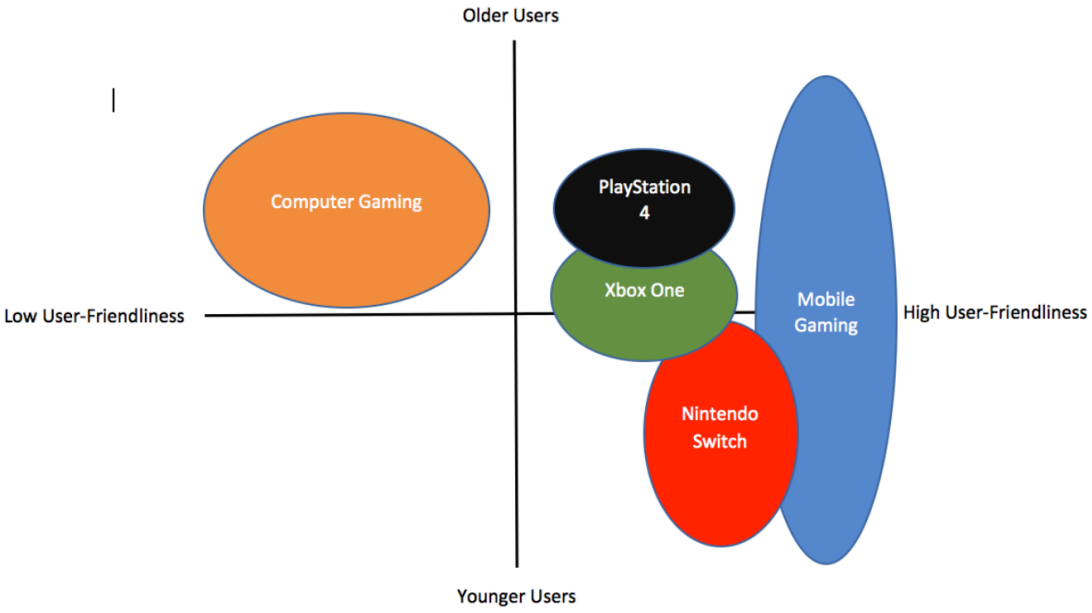
| Geography | Category | Brand Name (GBO) | Company Name (NBO) | Data Type | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Poland | Video Games | PlayStation 4 (Sony Corp) | Sony Computer Entertainment Polska Sp zoo | Retail Value RSP | 15.1 | 14.0 | 13.0 | 14.7 | 12.8 | 10.9 |
| Poland | Video Games | Xbox One (Microsoft Corp) | Microsoft Sp zoo | Retail Value RSP | - | 7.1 | 7.5 | 5.4 | 5.6 | 5.8 |
| Poland | Video Games | World of Warcraft (Activision Blizzard Inc) | Licomp Empik Multimedia Sp zoo | Retail Value RSP | 9.3 | 8.7 | 6.8 | 5.0 | 4.7 | 4.2 |
| Poland | Video Games | Fifa (Electronic Arts Inc) | Electronic Arts Polska Sp zoo | Retail Value RSP | 3.7 | 3.6 | 3.6 | 3.7 | 3.8 | 3.9 |
| Poland | Video Games | Cut the Rope (Electronic Arts Inc) | Chillingo Ltd | Retail Value RSP | 0.4 | 0.7 | 0.8 | 2.5 | 2.8 | 3.3 |
| Poland | Video Games | Fortnite (Epic Games Inc) | Epic Games UK Ltd | Retail Value RSP | - | - | - | - | 2.8 | 3.2 |
| Poland | Video Games | Minecraft (Microsoft Corp) | Mojang AB | Retail Value RSP | - | 2.2 | 2.2 | 2.4 | 2.6 | 2.8 |
| Poland | Video Games | Ultima Online (Electronic Arts Inc) | Broadsword Online Games Inc | Retail Value RSP | 1.6 | 1.9 | 2.3 | 2.3 | 2.2 | 2.2 |
| Poland | Video Games | Subway Surfers (Kiloo Group) | Kiloo Group | Retail Value RSP | - | - | - | 1.8 | 2.0 | 2.2 |
| Poland | Video Games | Agar io (Tencent Holdings Ltd) | Miniclip Group SA | Retail Value RSP | - | - | - | 2.7 | 2.3 | 2.1 |
| Poland | Video Games | Final Fantasy XIV: A Realm Reborn (Square Enix Holdings Co Ltd) | Square Enix Holdings Co Ltd | Retail Value RSP | 1.1 | 1.8 | 2.1 | 2.1 | 2.0 | 2.0 |
| Poland | Video Games | Grand Theft Auto (Take-Two Interactive Software Inc) | Take-Two Interactive Software Inc | Retail Value RSP | 0.9 | 1.2 | 1.3 | 1.5 | 1.7 | 2.0 |

**Source: Passport**

**APPENDIX X**
**SWOT Analysis of Nintendo**



# APPENDIX XI
## Nintendo Switch Positioning Map



**APPENDIX VIII**

**Annual Marketing Budget**

## ANNUAL MARKETING BUDGET FOR NINTENDO SWITCH

FISCAL YEAR TOTAL TO DATE: $ 246,150.00

| CATEGORY | Q1 | | | | Q2 | | | | Q3 | | | | Q4 | | | | FISCAL YEAR TOTALS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | JAN | FEB | MAR | Q1 TOTALS | APR | MAY | JUN | Q2 TOTALS | JUL | AUG | SEPT | Q3 TOTALS | OCT | NOV | DEC | Q4 TOTALS | |
| **National Marketing** | $ 500.00 | $ - | $ - | $ 500.00 | $ 500.00 | $ - | $ - | $ 500.00 | $ 500.00 | $ - | $ - | $ 500.00 | $ 2,000.00 | $ 1,000.00 | $ - | $ 3,000.00 | $ 4,500.00 |
| Banner Ads | $ 500.00 | $ - | $ - | $ 500.00 | $ 500.00 | $ - | $ - | $ 500.00 | $ 500.00 | | | $ 500.00 | $ 2,000.00 | $ 1,000.00 | | $ 3,000.00 | $ 4,500.00 |
| | $ - | | | $ - | | | | $ - | | | | $ - | | | | $ - | $ - |
| **Local Marketing** | $ 10,100.00 | $ 100.00 | $ 100.00 | $ 10,300.00 | $ 10,100.00 | $ 100.00 | $ 100.00 | $ 10,300.00 | $ 10,100.00 | $ 100.00 | $ 100.00 | $ 10,300.00 | $ 10,100.00 | $ 20,100.00 | $ 100.00 | $ 30,300.00 | $ 61,200.00 |
| Newspaper | $ 100.00 | $ 100.00 | $ 100.00 | $ 300.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 300.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 300.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 300.00 | $ 1,200.00 |
| In-Store Marketing | $ 10,000.00 | | | $ 10,000.00 | $ 10,000.00 | | | $ 10,000.00 | $ 10,000.00 | | | $ 10,000.00 | $ 10,000.00 | $ 20,000.00 | | $ 30,000.00 | $ 60,000.00 |
| | | | | $ - | | | | $ - | | | | $ - | | | | $ - | $ - |
| **Public Relations** | $ 3,000.00 | $ - | $ - | $ 3,000.00 | $ 1,000.00 | $ - | $ - | $ 1,000.00 | $ 1,000.00 | $ 10,000.00 | $ - | $ 11,000.00 | $ 16,000.00 | $ 10,000.00 | $ 10,000.00 | $ 36,000.00 | $ 51,000.00 |
| Public Events | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 10,000.00 | $ - | $ 10,000.00 | $ 15,000.00 | $ 10,000.00 | $ 10,000.00 | $ 35,000.00 | $ 45,000.00 |
| Sponsorships | $ 1,000.00 | | | $ 1,000.00 | $ 1,000.00 | | | $ 1,000.00 | $ 1,000.00 | | | $ 1,000.00 | $ 1,000.00 | | | $ 1,000.00 | $ 4,000.00 |
| Press Releases | $ 2,000.00 | | | $ 2,000.00 | | | | $ - | | | | $ - | | | | $ - | $ 2,000.00 |
| | | | | $ - | | | | $ - | | | | $ - | | | | $ - | $ - |
| **Social Media** | $ 100.00 | $ 100.00 | $ 100.00 | $ 300.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 300.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 300.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 300.00 | $ 1,200.00 |
| Twitter | $ 100.00 | $ 100.00 | $ 100.00 | $ 300.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 300.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 300.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 300.00 | $ 1,200.00 |
| Facebook | | | | $ - | | | | $ - | | | | $ - | | | | $ - | $ - |
| Pinterest | | | | $ - | | | | $ - | | | | $ - | | | | $ - | $ - |
| Instagram | | | | $ - | | | | $ - | | | | $ - | | | | $ - | $ - |
| **Advertising** | $ 10,000.00 | $ 7,000.00 | $ 7,000.00 | $ 24,000.00 | $ 10,000.00 | $ 7,000.00 | $ 7,000.00 | $ 24,000.00 | $ 10,000.00 | $ 7,000.00 | $ 7,000.00 | $ 24,000.00 | $ 14,000.00 | $ 13,000.00 | $ 15,000.00 | $ 42,000.00 | $ 114,000.00 |
| Online | $ 2,000.00 | $ 2,000.00 | $ 2,000.00 | $ 6,000.00 | $ 2,000.00 | $ 2,000.00 | $ 2,000.00 | $ 6,000.00 | $ 2,000.00 | $ 2,000.00 | $ 2,000.00 | $ 6,000.00 | $ 3,000.00 | $ 3,000.00 | $ 2,000.00 | $ 8,000.00 | $ 26,000.00 |
| Print | $ 2,000.00 | $ 2,000.00 | $ 2,000.00 | $ 6,000.00 | $ 2,000.00 | $ 2,000.00 | $ 2,000.00 | $ 6,000.00 | $ 2,000.00 | $ 2,000.00 | $ 2,000.00 | $ 6,000.00 | $ 2,000.00 | $ 2,000.00 | $ 2,000.00 | $ 6,000.00 | $ 24,000.00 |
| Outdoor | | | | $ - | | | | $ - | | | | $ - | | | | $ - | $ - |
| Radio | $ 1,000.00 | $ 1,000.00 | $ 1,000.00 | $ 3,000.00 | $ 1,000.00 | $ 1,000.00 | $ 1,000.00 | $ 3,000.00 | $ 1,000.00 | $ 1,000.00 | $ 1,000.00 | $ 3,000.00 | $ 2,000.00 | $ 2,000.00 | $ 1,000.00 | $ 5,000.00 | $ 14,000.00 |
| Television | $ 5,000.00 | $ 2,000.00 | $ 2,000.00 | $ 9,000.00 | $ 5,000.00 | $ 2,000.00 | $ 2,000.00 | $ 9,000.00 | $ 5,000.00 | $ 2,000.00 | $ 2,000.00 | $ 9,000.00 | $ 7,000.00 | $ 6,000.00 | $ 10,000.00 | $ 23,000.00 | $ 50,000.00 |
| | | | | $ - | | | | $ - | | | | $ - | | | | $ - | $ - |
| | | | | $ - | | | | $ - | | | | $ - | | | | $ - | $ - |
| **Web** | $ 500.00 | $ 500.00 | $ 500.00 | $ 1,500.00 | $ 500.00 | $ 500.00 | $ 500.00 | $ 1,500.00 | $ 500.00 | $ 500.00 | $ 500.00 | $ 1,500.00 | $ 1,000.00 | $ 1,000.00 | $ 750.00 | $ 2,750.00 | $ 7,250.00 |
| Development | | | | $ - | | | | $ - | | | | $ - | | | | $ - | $ - |
| Pay-Per-Click Marketing | $ 500.00 | $ 500.00 | $ 500.00 | $ 1,500.00 | $ 500.00 | $ 500.00 | $ 500.00 | $ 1,500.00 | $ 500.00 | $ 500.00 | $ 500.00 | $ 1,500.00 | $ 1,000.00 | $ 1,000.00 | $ 750.00 | $ 2,750.00 | $ 7,250.00 |
| SEO | | | | $ - | | | | $ - | | | | $ - | | | | $ - | $ - |
| | | | | $ - | | | | $ - | | | | $ - | | | | $ - | $ - |
| **Market Research** | $ 500.00 | $ - | $ - | $ 500.00 | $ 500.00 | $ - | $ 2,000.00 | $ 2,500.00 | $ 500.00 | $ - | $ - | $ 500.00 | $ 500.00 | $ - | $ 3,000.00 | $ 3,500.00 | $ 7,000.00 |
| Surveys | $ 500.00 | $ - | $ - | $ 500.00 | $ 500.00 | $ - | $ - | $ 500.00 | $ 500.00 | $ - | $ - | $ 500.00 | $ 500.00 | $ - | $ 1,000.00 | $ 1,500.00 | $ 3,000.00 |
| Impact Studies | $ - | $ - | $ - | $ - | $ - | $ - | $ 2,000.00 | $ 2,000.00 | $ - | $ - | $ - | $ - | $ - | $ - | $ 2,000.00 | $ 2,000.00 | $ 4,000.00 |
| | | | | $ - | | | | $ - | | | | $ - | | | | $ - | $ - |
| **TOTALS** | $ 24,700.00 | $ 7,700.00 | $ 7,700.00 | $ 40,100.00 | $ 22,700.00 | $ 7,700.00 | $ 9,700.00 | $ 40,100.00 | $ 22,700.00 | $ 17,700.00 | $ 7,700.00 | $ 48,100.00 | $ 43,700.00 | $ 45,200.00 | $ 28,950.00 | $ 117,850.00 | $ 246,150.00 |