

POLAND



LIFE'S Survival Strategies

Roman Wlodkowski (*romek-wl@inetia.pl*), director of Life Publishers International in Gdynia, Poland, describes challenges of Marketing.

The political and economic changes that swept through Poland between 1989 and 1990 had a profound impact on the country's publishing industry, creating opportunities but also introducing new threats.

The end of Communist rule, the liberalization and privatization of the economy, and freedom of speech allowed hundreds of new independent publishing houses to begin. Many hoped to contribute to Polish culture and also sought business success.

Formerly state-run publishing houses also came back to life. After overcoming some initial problems of moving from government ownership to private control, they grew.

Poland's newly opened economy also attracted international attention. Huge international publishing companies entered the market. This helped infuse much needed capital investments into the publishing industry.

However, soon two trends threatening to the industry—particularly to

the medium and smaller independent publishers—began to surface. The first trend was monopolization of the market by the bigger publishing companies. The formerly state-owned houses and the newest international companies began to consolidate their positions by devouring smaller competitors. In 1995, big publishers controlled 51 percent of the market, but by 1998 they had seized a 64 percent market share. This trend continues.

The second trend that threatens medium and small publishers is a decline in the number of unit sales. In 1990, the total number of units printed was 1.76 billion. Today, this has dropped to 85 million. Even so, during the same period, the total number of new titles published went up from 10,242 to 16,462. The average print run per title dropped from 17,000 to 5,000. Therefore, production and distribution costs have sky-rocketed.

These two trends—competition from bigger

companies and increased costs due to declining unit sales—caused many publishing houses to close. The ones that remain, such as Life, are continually devising new strategies for survival.

Life strategies

Though Life Publishers International is one of the biggest evangelical publishing companies in the country, it is a very small publisher by industry standards. The chances of Life becoming a bigger company are limited by the environment in Poland.

Officially, 95 percent of Poles are Catholics. The Protestant market is quite small. To make things worse, though this is a "Christian" country, not many Poles think Christian books are interesting, so even Catholic publishing companies are not as large as they could be.

To survive in this environment, Life has devised several strategies. First, it has chosen to incorporate using the most favorable organizational structure

available. Life began as a for-profit enterprise at the time when there was optimism in industry. It soon became apparent that this was not the best structure for a variety of reasons including tax requirements and the ability to accept donations. Life was then reorganized as a non-profit foundation.

The second strategy adopted by Life is to reduce costs. One possible cost to cut is salaries. In Poland, companies have to pay taxes of almost 70 percent on the cost of salaries and benefits provided to employees. To avoid such taxes, Life does not hire many employees. Instead, it contracts writers, translators, editors, designers, proofreaders, and typesetters, who each have independent companies. This practice is quite popular in many Polish industries, as it reduces taxes to a great extent.

Of course, there are some negative aspects to this approach. For example, contracted personnel may not strongly identify with the publisher and

can easily change companies, choosing to work for those who pay the most. There is also the danger that the work done by contractors, especially in editing and prepress, may be of lesser quality than that done by in-house employees. Thankfully, in Christian circles in Poland, it is still possible to find talented people who treat their work as service to the Lord. Publishers must be careful that they do not pay such people less just because they are Christians.

Another area where costs can be cut is in printing. There are many printing presses in Poland and the current economic situation has left many of them operating below capacity. Therefore, many printers are now open to negotiating prices and payment arrangements. Nevertheless, publishers must still be careful to avoid printers who offer lower prices but deliver poor quality work.

The third strategy used by Life is to *not* cut promotion. Reductions in promotion efforts can be very dangerous. A basic principle of marketing is that promotion leads to sales. Publishers should always keep an eye on the costs of promotion, and know what it costs them to gain a single customer. The per-customer cost of mass promotion—such as advertising on television,

national newspapers, magazines, billboards, etc.—is very low, but most small and medium-sized publishers cannot afford such promotion. They must limit their advertising to local or Christian media, where per-customer costs are high and information is provided to only a few people. Promotion remains one of Life's biggest challenges—but this is one area where the company tries to maintain or increase its efforts and investment.

Publishing for a niche market

The final strategy used by Life is to identify and focus on a niche market. There are two different groups of consumers in the Christian market in Poland. Though there are some exceptions, mainly Bible study tools such as dictionaries and lexicons, most titles appeal only to one segment of the market. Catholics rarely read Protestant, or evangelical, publications, and evangelicals tend to avoid Catholic books.

Both Catholic and evangelical publications have problems in reaching the general market. Many wholesale and retail vendors have a negative attitude toward Christian books. They regard them as unprofitable and, sometimes, controversial. Considering the number of new titles, and the lim-

ited display space now available, most bookshop managers choose only titles which guarantee them good turnover. Thus evangelical titles, and to a great extent Catholic books as well, are practically eliminated from general interest bookshops. As a result, publishers have sought to create alternatives.

Attempts to build a network of Protestant and evangelical bookshops in Poland have failed, even when funded by foreign Christian organizations. There is only one distributor of evangelical books in Poland, and he sells water pumps and technical equipment on the side to survive. There are two active CLC bookshops in Poland, as well as a network of tiny kiosks existing in Evangelical and Protestant churches. There are not many of them; the estimated number is around 100. Generally their costs are minimal. Likewise, the profit they earn is very small. Though distribution costs are low, amounting to only 10 to 20 percent of a book's retail price, the small size of the market makes sales a challenge. At present, Protestants comprise less than one percent of the Polish population.

Catholic distribution channels are far better. Thousands of small bookshops operate inside

church buildings. They accept the same profit margin as evangelical bookshops. Sales in this network are considerable, especially at the time of

Promotion remains one of Life's biggest challenges.

feasts and celebrations such as First Communion. There are also Catholic bookshops outside church facilities. Some belong to publishers; others are part of Veritas, a Catholic bookstore network started during the time of Communist rule.

This environment makes it clear that as an evangelical publisher, Life's niche is very small. Nonetheless, focusing on this market allows Life to explore marketing tactics that work. For instance, the internet—though still in its infancy in Poland—is, for Life Publishers, a channel of increasing importance. Additional survival strategies will be developed in response to changing market conditions. Though the future for Christian publishing looks to be very difficult, Life hopes to survive—and even grow. ❖