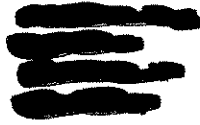


# EXAMPLE 3

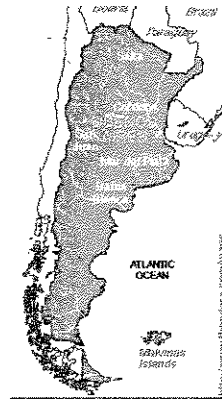
4/22

## Security Systems in Argentina



### Objectives

- Recent history
- Environmental influences
- Industry forecast
- Recommendations



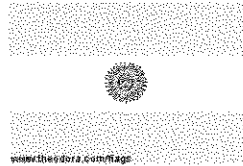
## Recent History

- In 1990, the government opened the market to the world in security systems
- The Argentina market for security equipment has become almost reliant entirely upon imported goods
- Low-scale/high-cost local production could not compete with low-price/high-quality foreign products
- Market growth in recent years has been largely attributed to:
  - Rise in crime rate
  - High levels of perceived insecurity by the population
  - Increased priority of improving workplace safety and security

Source: US&FCS Market Research Reports

## Demographics

- Population: 37,812,817 (July 2002)
- Growth Rate: 1.13%
- Age Structure
  - 0-14 26.3%
  - 15-64 63.2%
  - 65+ 10.5%
- Ethnic Groups
  - Caucasian (mostly Spanish & Italian) 97%
  - Mestizo
  - Amerindian
  - Non-white
- Life Expectancy
  - Male: 72.1
  - Female: 79.03



Source: *Flags of All Countries*

Source: *CIA World Factbook*

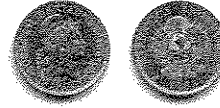
## Demographics cont...

- Literacy : age 15 and over can read and write- 96.2% (July 2002)
- Main Industries: food processing, motor vehicles, consumer durables, textiles, petrochemicals, printing, steel
- Languages: Spanish (official), English, Italian, German, French
- Legal System: mix of U.S. and Western European legal systems

Source: *CIA World Factbook*

## Health of the Economy

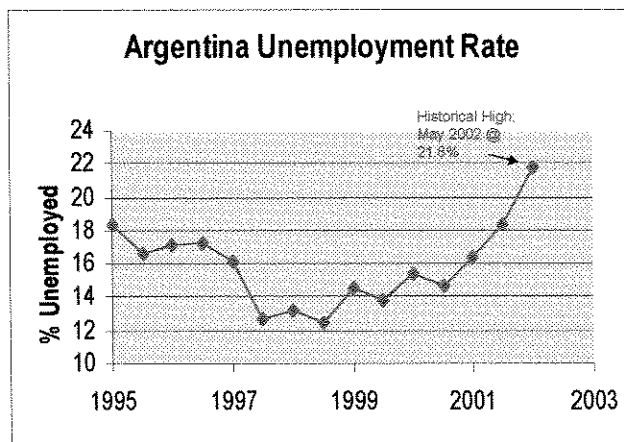
- Currency: Argentine Peso (ARS)
- Exchange rate: Argentine pesos per U.S. dollar- 2.96 (March 2003)
- GDP: \$453 billion (2001)
- GDP per capita: \$12,000
- GDP- real growth rate: -5%
- Unemployment rate: 25% (2001)
- Labor Force: Estimated 15 million (1999)
- Economic aid Recipient: IMF offer of \$13.7 billion (Jan. 2001)



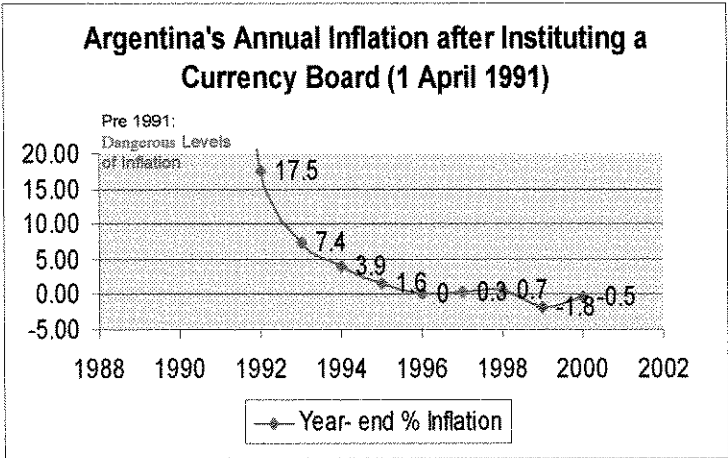
Source:  
<http://www.numismatica.it/Foto/argentin.jpg>

Sources: D & B Export Guide, CIA World Factbook

### Argentina Unemployment Rate



Source: National Bureau of Statistics and Census (INDEC)



Sources: International Monetary Fund, Argentine Ministry of Economy, Banco Central de la Republica Argentina, Lehman Brothers

## Income and Consumer Spending

- Average Income: \$8,000 per year
- Average Monthly consumer spending: \$1,008 per household (Buenos Aires)



Source: [www.tyco.com](http://www.tyco.com)

Source: Argentina Business

## Political Environment

- President: Eduardo Duhalde
- Vice President- Carlos Alvarez- resigned
- Government- Republic
  - Revised constitution has Executive Branch, Bicameral Legislature, and Independent Judiciary
  - Each province has its own constitution



*Source: BBC News*

For current situation see: Exhibit A

*Source: Argentina Country Commercial Guide 2002*

## Political Issues Affecting Business

- Social Instability
  - High unemployment rates
  - Inequalities in economic development of regions
  - Inadequate social services
- Unfair enforcement of laws for U.S. companies

*Source: Argentina Country Commercial Guide 2002*

## Technological Environment

- Telephones (Main lines): 7.5 Million
- Cell Phones: 3 Million
- Radio Broadcasting:
  - AM: 260 stations
  - FM: 1,000 stations
- Televisions: 7.95 million
- Television Stations: 42
- Internet Service Providers: 33
- Internet Users 3.88 million



Source: [www.adf.com](http://www.adf.com)

Source: *CIA World Factbook*

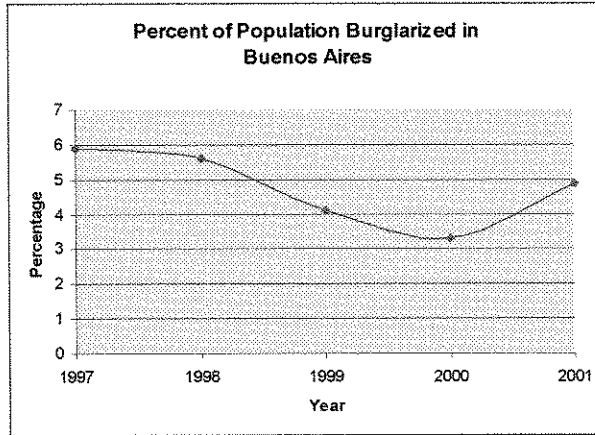
## Competitors -Top 20

- |                               |                          |
|-------------------------------|--------------------------|
| • Tellex                      | • Detcon                 |
| • Sensormatic                 | • Simicro                |
| • Galaxi Entertainment        | • Halliburton            |
| • Checkpoint Systems          | • Matafuegos Donny       |
| • Getterson                   | • Segumarket             |
| • Detection Systems           | • Sky                    |
| • Siderca SAIC.               | • Panosonic              |
| • Telearte                    | • SIF Card International |
| • Draft                       | • Cerberus Mac Keon      |
| • DR Imports Security Systems | • Xiden                  |

For market share distribution see:  
**Exhibit B**

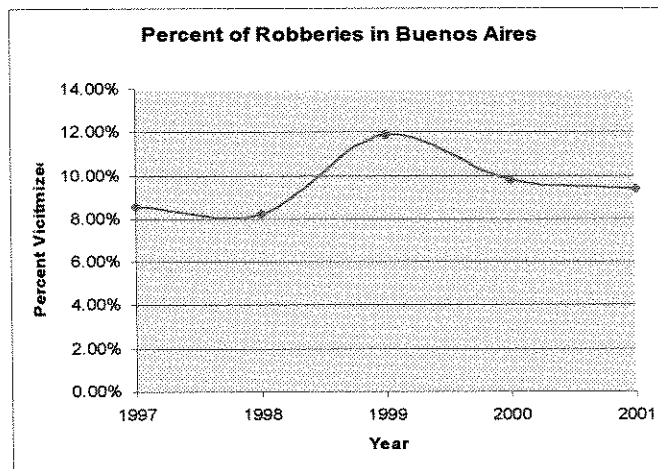
Source: *STAT –USA Internet, US & FCS  
Market Research Reports International*

## Crime Rates



Source: *Victimization Studies*

## Crime Rates



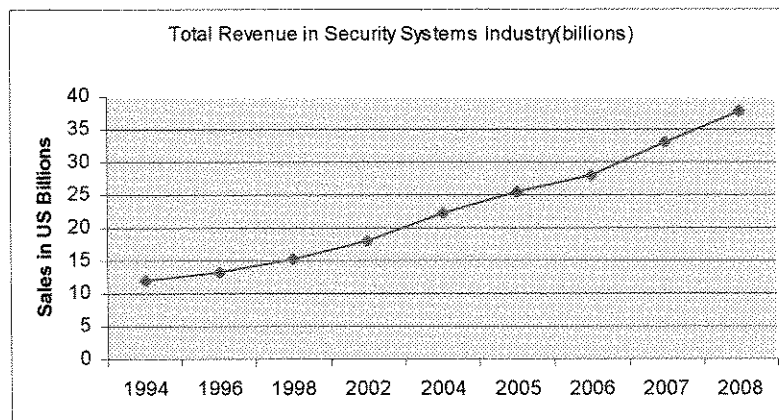
Source: *Victimization Studies*

## Crime Rates

- Only 25.6% of all crimes are reported to police
- Total number of crimes has increased 574% over last 10 years
- 2.2 million weapons in Argentina
  - 14% owned by Security Forces
  - 83% owned by individuals

Sources: *Fire, Police & Security Market in Argentina Country Report*

## World Financial Forecast



Numbers are accurate through 2002. Numbers are estimated based on sales history and market averages from 1994-2002.

Source: *Pockets of Strength*

## Recommendation

### Market Entry Opinion:

- Yes, we believe that Argentina shows a promising potential for a new entrant for security systems.
- Argentines show great concern for personal security and safety
- Concentrate on Buenos Aires because that is where the majority of the population resides
- Outlook for the security system industry is growing due the fact that 7 of 10 Argentines would be robbed
- US imports account for 30% of all imports

### Target Market:

- Industrial and commercial facilities
- Banks
- Private homes

### Primary Research:

- Conduct focus group studies
- Survey target markets

## Additional Marketing Research

- To Purchase for a Fee:
  - Economic Intelligence Unit: London.  
*Argentina Country Report, 2002-2003.*
    - \$489.00 for a one year monthly review
  - Mindbranch.com
    - They believe that the fastest growth for security systems is in the world's developing regions.
    - For printed copy \$4,800 will give everything from revenues forecasts through 2011 to current crime rate

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