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Going abroad

A small Portland retailer finds success in one of the new EU countries

BY BILL LASCHER

Poland's accession to the European Union could not have come at a better time for Merry Lynch, owner of Papier Gourmet in Portland.

Lynch's interest in Poland may seem surprising, as she operates a small stationery store nestled between the tourist bustle of Portland's Old Port and the office buildings surrounding Monument Square. Lynch spends hours at a broad table in the back, consulting with well-heeled customers in search of just the right invitations to their weddings, birthday parties and other events.

Lately, though, she has been spending much of her time overseas. In January 2003, Lynch took the unusual step of opening her second store in the Polish city of Lodz, the home town of her husband, Zdislaw Pavlak. The store, which on the inside is nearly identical to the Portland establishment, was given a boost on May 1, when — along with nine other nations — Poland became a member of the European Union. The country immediately became a lucrative destination for American investors looking to expand upon their presence in Europe.

Lynch and Pavlak, however, had different reasons for expanding abroad. "This is a good

Continued on page 6

ALSO INSIDE

Going abroad

Continued from cover

transition time for us," Lynch said, explaining that since their children are fully grown, she and Pavlak hope to move permanently to Poland to spend more time with their family and friends there.

Lynch also hopes to use the store in Lodz — located about two hours west of the Polish capital of Warsaw — as a beachhead for further expansion in Europe. She's already working to realize plans for a third venture, a retail collaboration with a London designer that is slated to open this fall. "It's a good place to be," Lynch said of the EU market. "In Europe right now, we don't really have a Martha Stewart. If we can get into the English market, then it will be easier to get into the other markets."

Of course, Papier Gourmet isn't the only small Maine company to do business overseas. Last year, Maine exported \$335.5 million worth of goods and services to the European Union, according to the Maine

ard Coyle, president of the MITC. "A lot of risks are removed because [the accession countries now] have to adhere to EU regulations."

Open invitation

However, that doesn't mean that Eastern European bureaucracies and workers are fully prepared for the onslaught of western-style capitalism. The building housing Lynch's Lodz store is state-owned, so Lynch had to apply to the Polish government to open it. The process took seven months. And Lynch didn't receive approval to hang a sign in front of the store until just last month.

Once the store opened nearly 18 months ago, new challenges arose. The Polish employees did not know how much authority they had when they needed to restock their inventory. Meanwhile, the staff

had to be convinced that it was okay for customers to browse the store and handle the merchandise before making a purchase. Afraid that customers would steal the store's products, the staff would put merchandise behind the counter and out of reach — a frustrating problem for an American retailer.

Such cultural issues are difficult to resolve by e-mail or fax, Lynch's preferred methods for communicating with her staff overseas, which is part of the reason why Pavlak, who has a diplomatic background, has left to spend the next year in Europe. He is currently in Poland, and will head to London by the first week in June to get that store off the ground. "An American influence will help them understand what they're doing," Lynch said. "The mindset isn't the same over there."

Though the Poland store — also named Papier Gourmet — had a rough start, it's

now rivaling the Portland location. According to Lynch, in the past two months the Lodz location has grown by an average of 50% a month. "They're still behind [the Portland store], but if they keep doing what they're doing they'll surpass us," Lynch said. (In the eight years the Portland store has existed, it has grown by an average of 12% each year, though Lynch declined to disclose specific revenues.)

Another bright spot has been Lynch's ability to expose Polish shoppers to Maine-made products, such as the stationery produced by Kennebunk-based manufacturer William Arthur. Sean Tabb, marketing director for William Arthur, said the company's primary focus is on domestic distribution, but that Lynch's choice to carry its product at the Lodz Papier Gourmet is welcome. "It's certainly very exciting to see our product succeed outside the U.S.," he said.

Since Lynch already has a foothold in Poland, where prices remain about one quarter of what they are in the rest of the EU, the country's accession will allow her more flexibility with pricing when she begins doing business in London. "The prices that can be offered will really shake up the invitation world," she said. "For the next year or two, it will be a really good market for us to break into."

However, an expensive labor market and a pre-existing invitation industry have made London a prohibitive market to break into directly. Lynch said she can't go into detail about her plans for the new store because its design is in the process of being copyrighted; it will, however, differ dramatically from the two existing Papier Gourmet locations. Originally scheduled to open this June, the London store is now unlikely to open before August because Lynch has not had a chance to be there to get the ball rolling.

Afterwards, another transition will be underway; Lynch said it is simply a matter of time — and the right buyer — before she sells the Portland store. "It could be soon, it could be tomorrow, it could be five years from now," she said.

In the meantime, Lynch has a few words of advice for fellow Mainers thinking of expanding overseas: "First, do your homework on [European] customs and traditions," she said. "Americans tend to think their way is best and are very arrogant. You can get much more done in Europe with honey than you can with vinegar. And you must remember things do not move as fast, so you must leave additional time for their system to work." ■

PHOTO/JAN HOLDER



Pushing the envelope: Merry Lynch of Portland's Papier Gourmet has opened a store in Poland, with a London expansion in the works

International Trade Center, whose June 10 International Trade Day will feature delegates from each EU member country. By comparison, the state exported \$7.7 million worth of goods to the 10 new accession countries combined, with just \$1.3 million traded to Poland. (Of the current EU member countries, the United Kingdom is by far the greatest recipient of Maine goods, tallying \$133.1 million of Maine imports.)

"These countries now represent new markets for Maine companies," said Rich-