



Small Wonder

IT MAY HAVE A POPULATION OF JUST TWO MILLION, BUT **SLOVENIA** HAS A GREAT LOCATION, A STRONG ECONOMY AND SOME IMPRESSIVE COMPANIES, WRITES MARK MOBIUS



BRIDGE THE GAP

FROM TOP

Triple Bridge in Ljubljana in Slovenia; Zmajski, also known as Dragon's Bridge

SLOVENIA IS A COSMOPOLITAN PLACE. That's hardly surprising: during the country's history, all or some of it has been part of the Roman Empire; the Ostrogothic Kingdom; the Byzantine Empire; the Lombard Kingdom; the Frankish Kingdom; the Holy Roman Empire; the Republic of Venice; the Kingdom of Hungary; the Habsburg Monarchy; the First French Empire; the Austro-Hungarian Empire; and the Kingdom of Serbs, Croats and Slovenes, later renamed the Kingdom of Yugoslavia and then the Socialist Federal Republic of Yugoslavia.

The country's location in the south of Central Europe also makes it a melting pot: Slovenia borders Austria, Italy, Croatia, Hungary and the Adriatic Sea. So, although the majority of the population is ethnically Slovenian, there are also Hungarians, Italians, Croats, Serbs, Bosnians, Macedonians, Montenegrins, Albanians and others living there. Slovene is the official language but many Slovenians are multilingual, with Italian,

Croatian, English and German the most common second languages.

The population of about two million is wealthy, with a GDP per capita of more than US\$27,000. The excellent infrastructure and good housing indicate a wealthy country, one often compared to Switzerland not only for its high living standards but also for the beautiful mountains and plateaux that cover most of the north of the country. It's also a tech-savvy nation: more than 60 per cent of Slovenians between the ages of 10 and 74 are internet users – above Europe's average.

The modern Slovenian state was born in 1991 after a referendum in which 88 per cent voted for independence from Yugoslavia. In 2004, the country joined NATO and the European Union; in 2007, it adopted the euro. Recently, like other countries in Europe, Slovenia's economy was hit by the sub-prime crisis. Its GDP contracted by 8 per cent in 2009 after a rise of 3 per cent in 2008 and almost 7 per cent in 2007. This year, however, we expect a modest recovery, with an

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increase of about 1 per cent. Inflation has fallen from a 2000 high of 9 per cent to a little more than 1 per cent this year. Trade, including both exports and imports, equals about 120 per cent of GDP; roughly two-thirds of Slovenia's trade is with EU members. During the past decade, privatisations have been carried out in the banking, telecommunications and public-utility sectors.

Slovenia's stock exchange is fairly small, with 80 listed companies, a market capitalisation of US\$10 billion and daily turnover of about US\$3 million. Like other Central and Eastern European markets, it has suffered in recent years. In January 2008, the MSCI Slovenian index was above 100, but it crashed to 40 in early 2009. After a short recovery to 60 at the end of 2009, it is now back to 40. A sign of its integration with the rest of Europe was the 2008 purchase of the Ljubljana Stock Exchange by the Vienna Stock Exchange.

Slovenia has a number of excellent companies that have expanded far beyond the borders of their own country. In Ljubljana, Slovenia's capital, we visited Studio Moderna, now the dominant home-shopping retailer in Central and Eastern Europe. The company operates a multi-channel sales strategy using TV, the internet, retail and wholesale operations to sell products across 20 countries in the region. Studio Moderna started in Slovenia in 1992 and has since expanded to Croatia, Macedonia, Bulgaria, Serbia, Montenegro, Slovakia, Poland, Hungary, Bosnia, the Czech Republic, Russia, Kosovo, Lithuania, Latvia, Estonia, Albania, Romania, Ukraine and Turkey. It markets and promotes itself through 300 TV channels including its own five home-shopping channels, and through more than 100 websites. Since 2005, revenues have been growing at a compound annual rate of 32 per cent. I was impressed by the company's sophisticated data systems, which cover all the 20 countries and track every product sold, providing cross-selling opportunities and allowing offices in different countries to share information and the head office to track media costs and sales by each country. The system has more than eight million customer records.

At home-appliance manufacturer Gorenje, we saw some of the latest stylish appliances being produced by a company that is celebrating its 60th anniversary. The Gorenje story is an unusual one for a world-class company; it started in 1950 in the tiny village of Gorenje as a blacksmith's shop



making wood- and coal-burning stoves. It diversified in the 1960s into refrigerators and washing machines. What put the company on the world stage was its emphasis on quality, and in particular, sophisticated design values. The company has won a number of design awards, with its line of retro-style refrigerators in a wide range of colours which are particularly popular. The company has also forged partnerships with world-famous designers such as Pininfarina, the coachbuilder for Ferrari sports cars; and French designer Ora-Itto. Gorenje's newest appliance range, a fusion of minimalism and colour, is the work of New York designer Karim Rashid and features an innovative LED stripe that allows the user to select one of seven light hues to decorate each appliance.

The company exports all over the world, including Hong Kong. Its first shop in mainland China opened in Wenzhou in Zhejiang province; with a population of seven million, the city is three-and-a-half times bigger than the whole of Slovenia. In Hong Kong, Sun Hung Kai Properties will furnish 377 residential units in its elite Lime Stardom residence with Gorenje's Pininfarina kitchen-appliance collection. The range includes a number of unique products such as a table that comes with a remote-controlled refrigerator integrated into its central cylindrical foot to keep food and drinks cool. One refrigerator includes iPod connectivity, and another line features Swarovski crystals.

Well-run, internationally competitive companies such as Studio Moderna and Gorenje show that while it might be a tiny country, Slovenia punches well above its weight. **T**



STANDING TALL

FROM TOP
Mark Mobius by a statue of Boris Kidric, a Slovenian political leader; Gorenje home appliance manufacturer