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AN INSTANCE OF THE TRADE BETWEEN THE UNITED STATES
AND LATIN AMERICA APPLIED TO THE PLAYGROUND INDUSTRY

A Project
Presented to the
Faculty of
California State University,
San Bernardino

In Partial Fulfillment
of the Requirements for the Degree
Master of Business Administration

by
Nathalie Sandra Labre

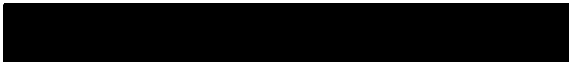
September 2001

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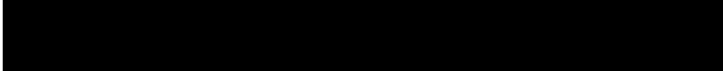
by
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September 2001

Approved by:


Dr Nabil Razzouk, Chair
Department of Marketing

7-5-01
Date


Dr Norton Marks, Committee Chair


Dr James Beckman, Second Advisor

ABSTRACT

Latin America consists of a very attractive set of marketing targets for developed countries looking for new outlets to overcome the saturation of their own market. Moreover, these developed countries already have some historical connection with some countries, such as Mexico, Argentina, and Chile, which would help their penetration.

These countries experience a development that represents a considerable growth potential and impacts favorably their purchasing power and behavior. As a result, customers are increasingly demanding of a quality and a choice in the products offered. This factor is favorable to the introduction of American products.

However, to reach and satisfy the needs of such a market, an adaptation is required, not only in terms of product, but also in terms of service and market approach. To illustrate both the potentiality of these markets and the need to fit the offer to the market, a survey has been completed, based on the Playworld System Inc.'s (PSI) case. This American playground manufacturer, is experiencing the need to adapt its strategy toward its Latin American customers by creating a new product line. Indeed, although the playground fits the new cultural and educational priorities of the targeted countries, American

manufacturers need to adjust their products to customers' visions in the design, the price, and the variety of products, shapes and colors offered.

An overview of the playground markets' differences between the United States and Latin America is given in terms of market aggregate, competition, seasonality, cultural aspects that could affect product design and budget. Added is an analysis of consumers' typology, purchasing criteria and expectations. Moreover, an environmental analysis is given, stressing on the legal aspect that is essential to playgrounds equipment. Then, according to these factors, a comparison of the marketing mix implemented in both markets is presented to emphasize the changes needed, not only in the offer itself, but also in the way products are distributed and promoted. Finally, an analysis of the benefits of the alternative solution, the "Value Line", and a description of its content is proposed.

As a result of the survey, an analysis of PSI's current and future situation on the target market is presented through a SWOT analysis and performance estimations based on the benefits to the firm of the "Value Line".

ACKNOWLEDGEMENTS

The writer wants to express her gratitude to the members of his Project Committee: Doctor Norton Marks (Chairman of the Committee), Doctor James Beckman, and Doctor Nabil Razzouk. Their guidance and assistance helped the completion of this project.

The writer also gratefully acknowledges Ms. Magali Blanc, Director of International Sales of Playworld Systems Inc., who made the application to the playground industry possible due to her cooperation. Her professionalism and availability have been the key to the success of this project.

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Thanks to the company's other distributors and the several professionals dealing with playgrounds for accepting warmly the invitation to answer my questionnaires and the many questions that followed.

The writer would like to express with all the heart appreciation to her parents who encouraged and helped question the direction of this project.

TABLE OF CONTENTS

ABSTRACT	iii
ACKNOWLEDGEMENTS	v
LIST OF TABLES	viii
LIST OF GRAPHS	ix
LIST OF ILLUSTRATIONS	x
CHAPTER ONE: INTRODUCTION	
Theme	1
Definition of "The Playground"	1
Issues	1
Purposes	2
Methodology	3
Plan of Organization	9
CHAPTER TWO: HOW WELL MARKETED ARE PLAYGROUNDS IN THE CHILDLIKE HISPANIC SOCIETY?	
Children Nomenclature and Geopolitical Data	11
Children's Place in Society	12
Playing, in the Child's Sphere	18
The Benefits of Playgrounds	27
The Symbolic of the Products Offered by Playworld Systems Inc.	27
The Symbolic of the Products Offered by Playworld Systems Inc.	33
CHAPTER THREE: IDENTIFICATION OF THE COUPLE PRODUCT/MARKET	
Segmentation by Country	37
Segmentation by Product	57

Playworld Systems Inc.'s Positioning	74
Estimated figures	87
CHAPTER FOUR: CONCLUSION	
Summary of Recommendation	95
Practical Guide	98
APPENDIX A: RELATIONSHIP PARENT/CHILD	109
APPENDIX B: FUNCTION OF PLAYING BY AGE BRACKET	114
APPENDIX C: PSYCHOLOGICAL DIMENSION OF PLAYGROUNDS	119
APPENDIX D: QUESTIONNAIRES	122
REFERENCES	128

LIST OF TABLES

Table 1.	Population Ratios	12
Table 2.	Age Brackets	13
Table 3.	Education and Expenditures	19

LIST OF GRAPHS

Graph 1.	Pyramid of Ages in Argentina (in millions)	14
Graph 2.	Pyramid of Ages in Chile (in millions)	14
Graph 3.	Pyramid of Ages in Mexico (in millions)	15
Graph 4.	Literacy Rate	20
Graph 5.	Education in Public Expenditures	20
Graph 6.	Expenditure per Student	20
Graph 7.	Playworld Systems Inc.'s International Revenue	75
Graph 8.	Playworld Systems Inc. Revenue's Partition by Zone of Presence	75
Graph 9.	Playworld Systems Inc.'s Market Share Growth Rate in Chile	88
Graph 10.	Playworld Systems Inc.'s Market Share Growth Rate in Mexico	88
Graph 11.	Playworld Systems Inc.'s Market Share Growth Rate in Argentina	89
Graph 12.	Estimated Revenue in Mexico (Thousands of USD)	90
Graph 13.	Estimated Revenue in Chile (Thousands of USD)	91

LIST OF ILLUSTRATIONS

Illustration 1.	Playground McDonald	1
Illustration 2.	Flexible Bridge	11
Illustration 3.	Slide	13
Illustration 4.	Theme Play Element	36
Illustration 5.	Ladder	86
Illustration 6.	Early Childhood Playground	88

CHAPTER ONE

INTRODUCTION

Theme

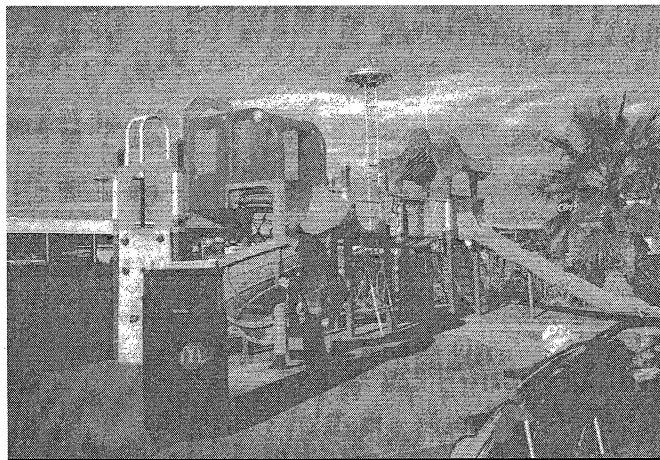
"An instance of the trade between the United States and Latin America applied to the playground industry."

Definition of "The Playground"

In this project, the concept of playground is understood as the modular play structure that consists of the play elements, the safety space around them, and the caution floor.

For a better understanding, here is a photo:

Illustration 1. Playground McDonald



Issues

- The necessity for American playground manufacturers to create a special product line intended for the Latin American market.

- The benefits for American manufacturers to produce at least one part of their product line locally.

Purposes

- The Latin American market represents an opportunistic potential, as it is experiencing a considerable growth in its purchasing power.
- There is a necessity for foreign companies to adapt their marketing strategy to the environment, the demand, the competition, and the market evolution.
- It is important to be patient while penetrating the Latin American market, as it is slowly developing and changing its consumption habits and expectations.
- Playground manufacturers have a large future market that is opening up to them, as this product fits with its cultural values and reforms in education.
- The benefit for companies to adapt to the demand right now is to assure later a full recognition of their brand, as the competition will increase because of a higher purchasing power of current and potential customers. Indeed, Hispanics are known to have a high level of brand loyalty.

Methodology

Overall Approach

In order to provide realistic and useful information, it is appropriate to build the survey on a real case, Playworld Systems Inc. (PSI), an American playground manufacturer exporting to Latin America and facing problems in increasing its sales volume and market share.

The problem analysis resulting in alternative solutions is based on the steps used in marketing strategy courses today. Thus, the first area of analysis involves the external environment in Latin America, then the internal situation of Playworld Systems Inc. (PSI), and a final recommendation proposed to PSI, which can most likely be applied to any company of the playground industry.

The marketing strategy appears to be the most appropriate method given the nature of this project. Indeed, the goal is to demonstrate how important it is for Playworld Systems Inc. and playground equipment companies in general, to adapt their products and strategy to the cultural and financial needs of the demand while exporting to Latin America. This adaptive strategy requires an analysis of the environment (legal, socio-cultural, political, economic, technological, and natural), competitors, customers, and overall market trends - and a lot of patience.

In order to conduct the analysis, it is important to focus on the selection of sample countries (Argentina, Chili, Mexico) that appear to be the most representative of the Latin American market's opportunities given its economic and cultural patterns. The samples selected seem also to offer a durable penetration of the Latin American playground market. This selection is based on the measurement of each market's potential and openness towards American playground equipment, on the economic and political situation of each country, on the analysis of the cultural values that should reinforce Playworld Systems Inc.'s efforts towards such markets, on the competition's strength and way of doing business, on the market's perception of the playground concept, and on the product attributes and consequences for the end-user.

Second, this project presents the marketing strategy that should be developed in order to be successful in the market. Therefore, it is necessary to analyze the market's opportunities and threats linked to the competition and the customers/consumers expectations by answering the following questions, "Who are the purchasers and the users? When do they purchase? On what occasion is the product used? How do they finance the purchase? What are their expectations in terms of product and service? Why purchasers would choose you as a supplier?" In addition, the appropriate four "Ps" are

described based on the market segmentation. Then, are discussed the worldwide regulations set for playground structures and the standards applied in Latin America.

The next section presents the PSI's positioning in each market of export. The SWOT analysis is used to analyze Playworld Systems Inc.'s internal situation in the Latin American market. Then, applying the four "Ps" previously discussed provides a selection of the most appropriate Playworld Systems Inc.'s products. Finally, based on the market adaptation and previous data, some statistical estimation are given to emphasize the benefits for Playworld Systems Inc. to pursue adapting its products and services to the Latin American patterns.

The project concludes with a solution to the two main "P" problems, which are price and product. First, playground companies, and especially Playworld Systems Inc., should consider the elaboration of a "Value Line" adapted to the needs and requirements of the Latin American market. Second, they should produce locally at least one part of their production chain. A guide is provided for companies willing to export or set up a subsidiary in the targeted countries. The guide discusses the following information: tariffs, taxes, free zones, customs documentation, standards and labels, and industrial and intellectual properties while exporting; and

direct foreign investment framework, incentives to investments, business law, and tax system while setting up a subsidiary.

Means of Collecting Data and Analysis

The market survey was the main tool utilized, as it is the most appropriate way to get relevant information and accurate knowledge of how to approach the target market. The project will be based mainly on qualitative research given that a good understanding of the customer and the environment is the sensitive point of a market analysis and the key to a successful marketing strategy. Indeed, a marketing strategy can only expect to be successful if it analyzes well the environment, attitude and behavior of the demand, as well as the relationship with customers between the company and its competitors; targets an appropriate segment; and analyzes in detail the demand's consumption style linked to the culture. A good understanding of these factors that determine purchasing behavior is fundamental.

Therefore, questionnaire designs were elaborated to find relevant information about the market. This enables the market researcher to come up with the most efficient strategy to apply in order to conquer market shares and increase sales. The questionnaire is considered, here, as a qualitative tool, as it offers a foundation to interviews and correspondence

over the Internet. There were two types of questionnaires: one was intended for Playworld Systems Inc.' distributors in order to get some precise information about the market and PSI's positioning in it; the other one was sent to other playground manufacturers and was composed of only questions about the market itself, without mentioning Playworld Systems Inc.

A direct approach like a questionnaire provides some very valuable and useful information; however, the audience is not always responsive. Indeed, often companies feel threatened by answering, thinking that their answers could lead the competition to take advantage of them.

In addition, specialized websites, such as playground associations' sites, standard certification organizations' sites, playground companies' sites and governmental sites featured more general data. Also, the personal experience of the writer in the United States and Mexico helped in analyzing the comparison between two of the countries studied. Publications, such as literature about education and the role of playgrounds equipment in the targeted countries further document the potential of the market. Finally, the practical guide is based on data provided by a bank firm, which is the best source of information regarding the regulation in terms of export and set-up policies in a foreign country.

However, in order to give a more concrete idea of the potential of each target market, some quantitative data have been used. This information comes from the questionnaires by gathering observations and comparing the data contained in them.

Besides, while giving a dimension of the presence of Playworld Systems Inc. worldwide, representative figures have been inserted, such as percentage of market share, sales value, and the percentage that each market represents in PSI's revenue.

Finally, to evaluate the opportunity offered by the market and the early penetration of Playworld Systems Inc. in Latin America, statistical analyses, such as the Least-Squares' Method with the regression line, are presented. The analyses enhance the benefits for the company to apply the marketing mix proposed according to the "Value Line", in order to increase its sales and market share. These data evaluate estimations of the company's future performance. This analysis is based on previous figures provided by the director of PSI's international sales.

All analyses are presented under a constant comparison of the national and target markets. Also, most quantitative information is represented by a graph.

Plan of Organization

First, it is important to understand how Latin America is growing economically in order to evaluate its potential to access most products from industrialized countries.

It is also important as far as playground equipment are concerned to realize how appropriate the Hispanic culture and family structure is to welcome this type of product. To that extent, being aware of the benefits offered by playground equipment is essential to see how the product concept is adapted to the Hispanic culture and society.

Finally, in the results of chapter II, Playworld Systems Inc. provides an example of the American offer in terms of playgrounds.

The third chapter consists of the results of the marketing survey on both markets, the United States and Latin America, in terms of environment, segmentation, and marketing mix.

Applied to PSI, these data are used to determine the company's positioning on the international and national market, as well as its strengths and weaknesses, given the threats and opportunities of the market.

The data analysis reveals the necessity for PSI to create a "Value Line" for its Latin American customers. A new

marketing mix, suitable to the adaptive strategy advocated, is provided at this step of the project.

Finally, to emphasize the benefits of that strategy, budgeted figures are given based on the environmental changes and the strategy advocated.

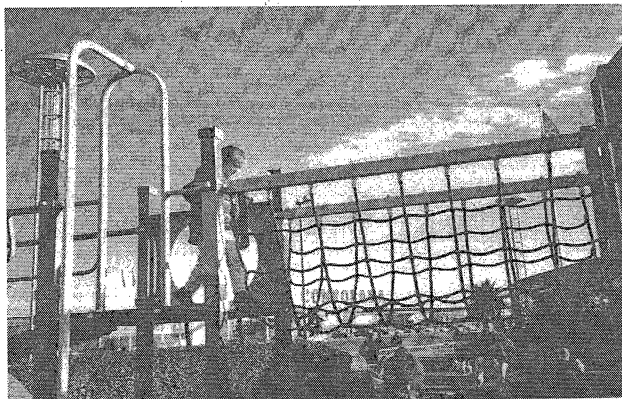
The conclusion summarizes the recommendation, and provides legal and financial information for companies willing to choose either the export or the implantation strategy based on their recognition by the target markets.

CHAPTER TWO
HOW WELL MARKETED ARE PLAYGROUNDS
IN THE CHILDLIKE HISPANIC SOCIETY?

The selection of the three countries is based on the interest each of them represent in terms of ultimate sales. They are characterized by a cultural and economic proximity with the three industrial poles (the United States, Europe and Japan). Cultural proximity is due to immigration waves of Europeans and Asians towards Chile and Argentina, the geographical situation of Mexico with the United States, and the economic proximity due to the liberalization of their economies in the early 80's.

The selection is also based on the educational and cultural needs of these countries and how playground equipment may benefit them in terms of physical, social and mental development.

Illustration 2. Flexible Bridge



Children Nomenclature
and Geopolitical Data

Main Population Ratios

Table 1. Population Ratios (CIA, 1999)

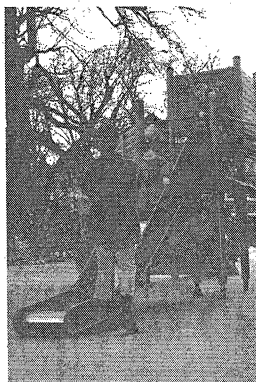
ARGENTINA	CHILE	MEXICO
• Total population: 36,737,664	• Total population: 14,973,843	• Total population: 100,294,036
• Population growth rate: 1.29%	• Population growth rate: 1.23%	• Population growth rate: 1.73%
• Birthrate: 19.91 births/1,000	• Birthrate: 17.81 births/1,000	• Birthrate: 24.99 births/1,000
• Infant death rate: 18.41 deaths/1,000 births	• Infant death rate: 10.02 deaths/1,000 births	• Infant death rate: 24.62 deaths/1,000 births
• Fertility rate: 2.66 children born per woman	• Fertility rate: 2.25 children born per woman	• Fertility rate: 2.85 children born per woman

Distribution by Age Bracket

Table 2. Age Brackets (CIA, 1999)

ARGENTINA	CHILE	MEXICO
<ul style="list-style-type: none"> • Aged 0-14: 27% 	<ul style="list-style-type: none"> • Aged 0-14: 28% 	<ul style="list-style-type: none"> • Aged 0-14: 35%
Men: 5,124,087	Men: 2,137,255	Men: 17,987,500
Women: 4,932,060	Women: 2,044,605	Women: 17,289,875
<ul style="list-style-type: none"> • Aged 15-64: 62% 	<ul style="list-style-type: none"> • Aged 15-64: 65% 	<ul style="list-style-type: none"> • Aged 15-64: 61%
Men: 11,457,300	Men: 4,845,523	Men: 29,610,813
Women: 11,469,346	Women: 4,885,328	Women: 31,216,342
<ul style="list-style-type: none"> • Aged 65 and over: 11% 	<ul style="list-style-type: none"> • Aged 65 and over: 7% 	<ul style="list-style-type: none"> • Aged 65 and over: 4%
Men: 1,553,158	Men: 440,010	Men: 1,873,986
Women: 2,201,614	Women: 621,122	Women: 2,315,520

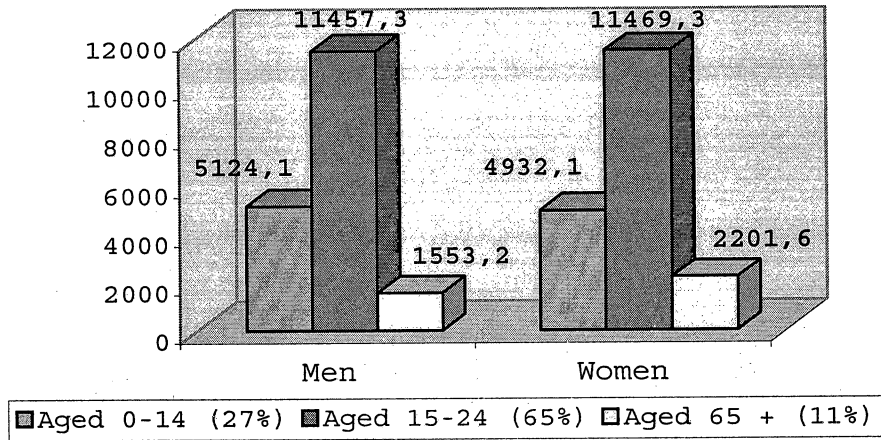
Illustration 3. Slide



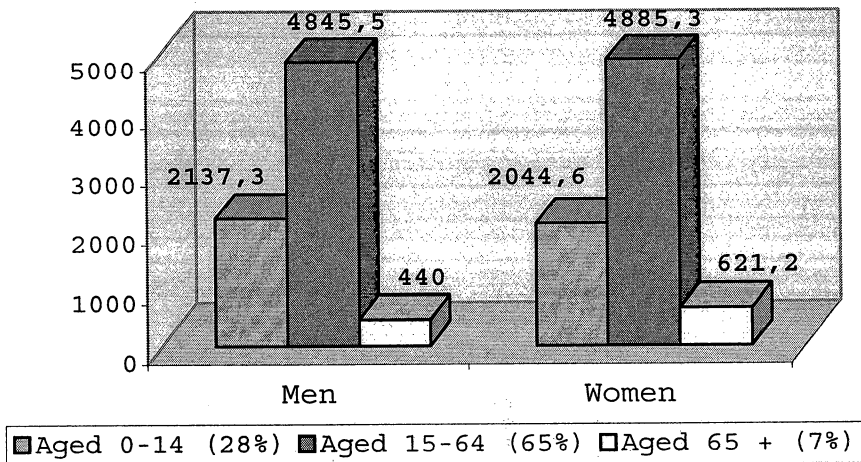
Age Brackets per Country

The following graphs are an illustration of the data from Table 2 (CIA, 1999).

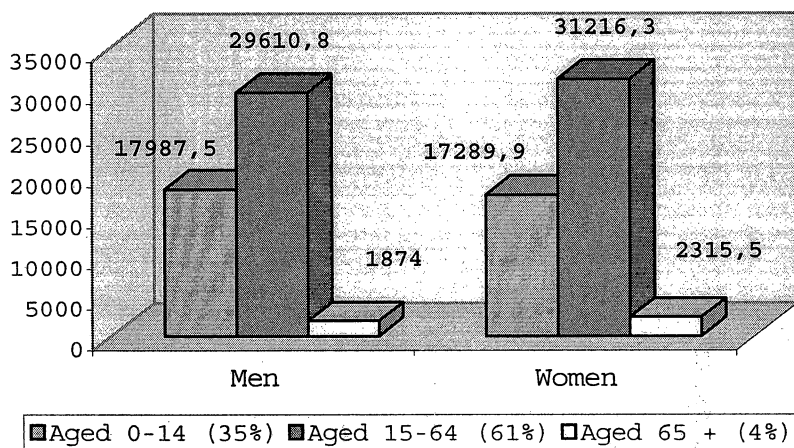
Graph 1. Pyramid of Ages in Argentina
(in millions)



Graph 2. Pyramid of Ages in Chile
(in millions)



Graph 3. Pyramid of Ages in Mexico
(in millions)



The Selected Countries come under a Strategic Choice

Argentina is a very Europeanized country, due to several waves of immigration - mainly Italian - after its independence, which assisted the nation in its economic prosperity and development. This makes marketing negotiations more potentially profitable and feasible. This country represents opportunities to approach other Latin American nations, due to its membership in free-trade zones, such as MERCOSUR (including Brazil, Uruguay and Paraguay). Finally, Argentina has the indices of a developed country. Indeed, its GDP per capita has reached USD 8,300 (LatinTrade flier, 2000). The country maintained its stability with an inflation rate of only 0.4% in 1998. Chile is the first country to have changed its economic orientation, going from economic

self-sufficiency, adopted by most Latin American countries between the crises of 1929 and 1973, to the free trade policy led by President Pinochet. The liberalization, notably added to a control of the inflation, led the country to an economic take off by 1985. Thus, in 1998 Chile had an inflation rate of 3.7% and a GDP per capita of USD 4,922, representing USD 699 more than for Mexico. Finally, its exports, characterized by very diversified destinations, are proof of a certain stability. Except for Brazil, Mexico is the first nation in Latin America to reach a GDP of USD 414.1 billions (1998) and exports in value reaching USD 144.2 billions compared to imports of USD 153.4 billions. Its trade power is emphasized by its entry in two free-trade zones: NAFTA with the United States and Canada that came into effect in 1994; and an agreement with the European Union that came into effect in July, 2000, which will be operational in 2007.

Otherwise, the figures presented on Table 1 show the level of economic development of Argentina, Chile and Mexico. This development supports the importance of education in these countries, aiming at extending and maintaining over time their economic growth. On one hand, the birth and infant mortality rates, relatively low, demonstrate a certain level of development of these countries. A durable development depends necessarily on the education and the training of the new

generation to be efficient in the ongoing global economic system.

In fact, all around the world there is a real economic competition in order to expand "know-how", efficiency and adaptability that will enable the emerging countries to reach the level of the industrialized countries. On the other hand, the growth rate of the population, higher than for the industrialized countries, shows a young population. This younger population reveals a potential purchasing power that exporters may take into account, especially because the standard of living in each of the three countries is getting closer to that of the industrialized countries.

The higher birthrate of these nations is powerfully motivated by their culture and religion. In Argentina, in Chile, and in Mexico the dominant religion is Catholicism. All three countries are more than 90% Catholic. This certainly supports the importance of the family in their values. Education becomes an important issue for parents as they prepare their children for the future. Government also plays an important role in education, as it is the chief financial support for the school system. Indeed, the entire development of the educational system depends on the government, which sets up the guidelines to ensure standard quality, and grants

the financial resources to support school operations and the training of teachers.

Children's Place in Society

Children Status

The following table and graphs are based on data provided by INEGI (1999) and CEPAL (1999).

The interest of these three countries to invest in education is simple. As emerging countries, their economic growth demands an educated and qualified work force. This explains the efforts given by these countries in their budget allocation to education. Argentina, Chile and Mexico are well aware of the importance of education in development beyond its intrinsic value, such as preparation for citizenship. UNESCO defines education as "the axe of the productive transformation with equity".

In order to reach that objective, it is indispensable to improve the educational system, and that is what Argentina, Chile and Mexico are doing.

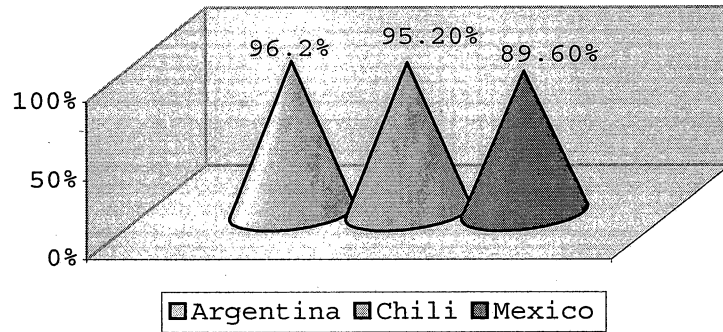
The analysis of the literacy rate in each country reveals that Mexico is lagging behind the two others. This is due to its large population and also to its neighbor the United States as an employment and educational resource.

Table 3. Education and Expenditures

Definition of the literacy rate: Population aged 15 and over, knowing how to read (1995).

ARGENTINA	CHILE	MEXICO
<ul style="list-style-type: none"> • Literacy rate: 96.2% Men: 96.2% Women: 96.2% 	<ul style="list-style-type: none"> • Literacy rate: 95.2% Men: 95.4% Women: 95% 	<ul style="list-style-type: none"> • Literacy rate: 89.6% Men: 91.8% Women: 87.4%
<ul style="list-style-type: none"> • Government investment in education (1995-1996): - Education budget (in % of the GDP): 4.2% - Public expenditure in education (% of total public expenditures): 12.6% - Expenditure per student (primary): USD 1,158 	<ul style="list-style-type: none"> • Government investment in education (1995-1996): - Education budget (in % of the GDP): 5.6% - Public expenditure in education (% of total public expenditures): 15.2% - Expenditure per student (primary): USD 1,807 	<ul style="list-style-type: none"> • Government investment in education (1995-1996): - Education budget (in % of the GDP): 5.6% - Public expenditure in education (% of total public expenditures): 23% - Expenditure per student (primary): USD 1,015

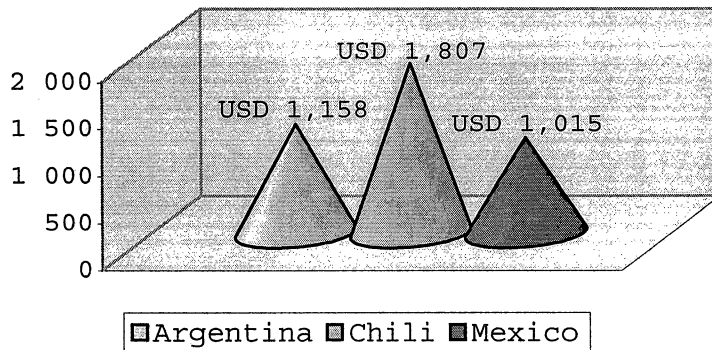
Graph 4. Literacy Rate



Graph 5. Education in Public Expenditures



Graph 6. Expenditure per Student



Mexico experiences a large non-literate economy represented by the "population of the streets", or street selling; this population typically avoids the educational system.

However, Mexico is ahead among the three regarding aggregate GDP and public expenditures allocated to education. As far as Chile and Argentina are concerned, a smaller population explains a larger investment per capita in education. Chile has the highest investment per student, due mostly to the current reform, which aims at making education a useful tool to improve the country's productivity.

Education Guidance

It is important to be aware of the educational principles and values in Latin America in order to understand how appropriate the playground is to this market by meeting the educational requirements.

Education Principles.

Argentina (Villagra de Burgos, 1994). Education is based on knowledge, know-how, and behavior (recognition of identity and management of action). Education favors confrontation of ideas through group assignments. It aims at motivating students' productivity in a competitive way. Education also aims at training students to analyze and question the information and ideas they encounter. This represents the process of construction of their personality.

The goal is to offer equity in the access and acquisition of education. Teachers must offer some activities that are complementary and connected to an educational project, encouraging creativity and personal aptitudes.

Chile (Eugenia Letelier, 1998). Chilean education experiences a constant reform that focuses on the country's economic competitiveness. Students are trained from an early age to be competent in order to be efficient and competitive. The educative system is made to meet the needs of the working world. Education uses economic concepts over educational didactic. By its impact on the economic dynamism, education is a key factor in the improvement of the standard of living in the nation. In Chile, children are obviously a symbol of the future. Therefore, the "educative community" (Ramírez, 1999) is trying to sensitize parents in their role as first educators to offer their children the best chances in life.

Mexico (Infante Núñez, 1998). Instead of an "educative institution", school must be an "educative community", a place of participation of teachers, parents and the school system itself. This is the best way to make each of them aware of their responsibility in the education of children. It is important that parents do not delegate all the responsibility to the school. Education at home must go on in association with the education received at school. Appendix A

shows the importance of parent/child relationships in the early age as a condition of the child's success in education. Both are complementary and must be associated. The educational team must favor a coherent relation in the teaching offered. This becomes possible due to each class level specifying its objectives and controlling the linearity of the teaching.

Education Values.

Argentina (Lempp, 1984). The essential notion of primary education is based on the physical, space, and temporal dimensions. The physical dimension is a psychological unit that is formed during the human development due to the interaction children maintain with other children and their external environment. That is how children end up having a dynamic and objective image of their own body. Children get to know the world surrounding them because of the action that they exert over objects in a given time and space. Walking, children discover three space dimensions: environmental, limitative, and relational. The last variable is "time". The understanding that the child has of "time" is directly related to their experience of "space" through their body and the socio-affective relation that they have with their environment. This rhythm is essential to their future learning.

Chile (Eugenia Letelier, 1998). School education must lead students to be: Creative and active; Capable of interpreting and anticipating, operating in the abstract, and thinking logically; Imaginative and communicative; Prepared to face cultural differences and to share information and be persuasive in order to be efficient in group assignments; Capable of organizing and properly using their knowledge to solve problems, and analyzing unstructured problems in order to make decisions; Capable of taking initiative, and be independent and organized.

Mexico (Infante Núñez, 1998). Educational values are only feasible with motivation: Motivation comes from the child's personal satisfaction in its achievements. These efforts and achievements must be encouraged by rewards and affection from parents and by signs of appreciation from teachers. However, rewards should not be frequent so that the efforts of the child will not be reduced. Threats by educators are dissuasive in the long run and are even sometimes an invitation to repeat a bad action. Education by threat often results in the withdrawal into oneself, especially if the child is insecure by nature. To force a child to promise is not source of motivation either, as it may result in encouragement to lie. To ridicule a child will only close him to group assignments by giving him a feeling of inferiority.

The goal is to establish dialogue and interaction between educators and children. This way their teaching will be welcomed.

Play, as a Link between
Educators and Children

Playing, children practice the basic concepts of space, time and body. Once experienced, these notions offer them a harmonious development. The effect of applying these concepts is important in all countries.

Huertas de Quirantes (1987) notes that by playing with toys and being aware of its power over them, children explore subjective and objective, entire and partial, static and dynamic space. Repeating gestures, children acquire more precision in being aware of their physical environment. In fact, educators use games based on body contact to get to know children individually and receive their trust.

Moreover, using selective games, children learn to discover, recognize and name the different parts of their body, as the body moves. The educator favors knowledge of body language. Games enable the child to put names on actions, and to implement them. This develops the coordination between thinking and action. The objective is to know oneself before meeting others.

The imitation game allows children to put into practice what has been observed by Cabrera (1994). Therefore, children play with their imagination, their artistic and creative aptitudes, language and thinking. Thanks to imitations, children handle their actions, interpret and reproduce them. This is a way of learning and gaining self-confidence through self-esteem. As mentioned by Huertas de Quirantes (1987), the objective is to know yourself through others, to read the messages expressed by the attitude of others, and to create a symbolic language with others.

Through singing and dancing, the child also acquires a sense of rhythm (Cabrera, 1994). Rhythm discovery is favorable to children's vivacity, internalization and graphic expression. Playing is a way for children to discover the time concept, which is different between cultures.

The time concept is distinctively different in the United States and in Latin culture. In the United States, punctuality and planning are common practice, whereas in Latin America, time is more flexible, the objective being to devote to each task a reasonable but not pre-set time.

Playing, in the Child's Sphere

Play structures, such as those sold by PSI, and toys, have a universal function. That is to say, the benefits brought to the child's development are independent of culture.

According to Suzanne Thompson (1994), the play structure is an important factor in children's development and growth towards adulthood. A balanced play experience gives children the means to build social, emotional, physical, and intellectual bases for their future life. Many adults have memories of building sheds in trees, castles of sand, and of going in search of nature and its secrets. Through games, children learn to know their inner self, their body, their peers and the environment. This information is structured by the cognitive process used by the child to receive and interpret it. Playing gives birth to complex behaviors and to an analysis of these behaviors leads the child to become an adult. To see the different phases of child development, please refer to Appendix B.

The Benefits of Playgrounds

It is in pre-school and the primary grades that playground equipment find their essential role in education. At that stage, symbols and imitation are, for children, the most familiar ways of learning. Through them, children

communicate, experiment, and grow until acquiring their independence. Appendix C goes further into the psychological dimension of playgrounds to help understand how useful they are to child's development.

Educative Dimension

Playgrounds have a function of interaction. Thus, located in a public park, they offer a collective approach of encouraging interaction and mutual recognition. Indeed, playgrounds open children's minds to the external environment. This way they can make comparisons with others, exchange ideas, and learn to be tolerant.

Playground equipment enable children to feel achievement not only through the recognition by others, but also through reaching their own goals, because of the challenges offered by each element of a play structure. Both achievement and recognition lead them to become aware of their own performance at a physical and mental level: physical, because they realize that they are growing up and better controlling their environment; mental, because they mobilize their psychological strength to face obstacles. As Mike Works, director of a large American playground company, said "Thanks to its diverse functions articulated around various play elements such as slides, swings, climbing, construction, symbol and balance notably, playgrounds enable children to point out their

preferences and personal abilities" (personal communication, March 14, 2001).

Playground equipment play an important role in physical development through the acquisition of balance. Balance gives children the ability to control their movements and strength, to efficiently coordinate their visual and motor activities, to move certain parts of their body independently of others, and to control their gestures. Thanks to the benefits of play elements, such as swings, slides, balance beam, and suspension elements children learn to move smoothly in limited space.

Playing has a dominant educative dimension in contemporary societies. It is an pedagogic alternative that gives to children an opportunity to explore and learn using the multiple features offered by play elements.

According to Suzanne Thompson (1994), playground designers have to make sure that the use of play structures produces the expected behavior relative to the child's development stage:

- 1) At the motor stage (age zero to two) of development, the playground should consist of:
 - Elements stimulating the senses, such as bright colors, different textures, and sound effects.
 - Unlimited materials, such as water and sand.

- Support elements, such as buckets, spades and movable figures.
 - Parental supervision spots by inserting adult seats or swings.
 - Equipment, such as swings, slides, climbing walls, towers, ladders, and supports stimulating imagination.
- 2) At the pre-operational stage of development (age two to seven), the following are advised:
- Play elements offering a physical challenge and an opportunity to take risks by climbing, sliding, swinging, jumping, crawling, and stepping over obstacles.
 - Elements encouraging interaction and creativity, such as tables and counters, for instance, or swings with several seats and unlimited materials.
- 3) At the concrete operational stage of development (age seven to 11), there may appear:
- Equipment offering greater physical challenges, such as trees and racks for climbing activities; slides and poles for sliding activities; apparatus requiring

physical endurance, such as tractions and turnstiles; and a surface for sport games.

- Elements developing children's autonomy through a distant supervision.
- Closed elements to encourage imagination, intimacy and socializing.

4) At the abstract operational stage of development (11-over), the following elements are appropriate:

- Attractive shapes and colors for teenagers more than for little ones.
- Play elements offering an opportunity to develop a friendly competitive atmosphere with physical challenging apparatus.
- Structures encouraging gathering, featured with observation spots enabling teenagers to take casual postures.

Financial Dimension

The amount of money spent on playground equipment for children is, in Latin America, much less than in the United States and in Europe.

Even if, in Argentina, Chile, and Mexico, parents are aware of playgrounds' benefits to their child's development, they normally cannot devote a significant family budget to that matter. Parents do not yet consider it a duty to be able

to offer to their children play equipment in order to fulfill their need for discovery, creativity, imagination and transformation. They expect their child to use their imagination to enjoy the few toys offered and create new play elements with what is around.

Playgrounds are usually the property of public parks where families enjoy going on their traditional weekly gatherings. However, with the economic growth of these countries, the growing appreciation of children, and urban employment reducing both parents' free time and children's playing space, playgrounds offer an alternative solution.

Therefore, playground equipment have good growth prospects in public parks, and later in individual backyards. Fitness centers, hotels and restaurants understand that. That is why they invest in play structures in order to bring in families. This type of customer has a growing purchasing power and represents for that reason a potential target for the tourist sector. This phenomenon, a consequence of city planning and economic growth, provides favorable potential for the playground industry.

In the United States, on the contrary, most parents consider it a duty to be able to provide their kids with all possible means for their personal fulfillment. Often, parents are busy with work and simply appreciate staying home on

weekends to be around their family and rest. Therefore, it is common practice to have a playground structure in their backyard. It is also a compensation for kids so that they are active and still play with others even if they stay home. In fact, American kids like to go to a neighbor's house to play.

For many American parents, this type of investment is considered almost normal. Therefore the question is not "Should I get a playground structure?" but "What kind of play equipment would be the most appropriate?". The price for many is not so much an issue, as their concern is more based on the safety, durability, accessibility, and their children's fulfillment.

However, playgrounds in public parks still have an important role as they offer children the opportunity to interact with a group of kids representative of social diversity and parents wish their child to be the most prepared to face life in society. Public organizations do not question anymore the necessity to offer playgrounds; it is almost considered as a first need.

The Symbolism of the Products
Offered by Playworld Systems Inc.

Playworld Systems Inc. is an American playground manufacturer located in Lewisburg, Pennsylvania. Each product

in its catalog has a specific function favoring children's harmonious motor, intellectual and social development:

- Playgrounds' benefits, when they are properly supervised, teach kids how to slide, use poles, climb towards platforms, play safely, and interact with others. While playing they build their self-confidence, their feeling of achievement, and their sociability that will influence their everyday life. Once fulfilled and confident, because of the playground, children are able to make decisions. While playing, a child has to make decisions: "Which of my favorite play elements do I want to go to next?", "Which one should I not choose for safety reasons?", "When should I rest?" and so on. Each element offered is adapted to a certain age bracket and it is essential to respect this hierarchy to prevent the child from feeling insecure.
- Swings teach children to synchronize their gestures (Swings, bouncers)
- Slides teach them how to control their reception and speed (Slides, rides)
- Panels, theme elements, and unlimited materials stimulate their imagination and creativity

(Panels, enclosures, castle panels and themed play)

- Climbing walls, ladders and bridges enable children to find their balance and build the muscles of their arms and legs (Climbers, Skytowers, bridges)
- Tubes help kids become aware of their body and the surrounding space (Crawl tubes)
- Elements with animal shapes have the positive effect of familiarizing kids with the natural environment, getting to know animals and naming them (Slides, rides, Spring mates).
- Suspension elements teach agility and coordination (Overhead events).
- Play elements such as the Chatterbox stimulate the hearing.
- Panels consisting of geometric shapes and the alphabet enable kids to have an introduction to math and reading while playing (Number sequencing panel, Shape/color sequencing panel, play telescope).
- Sports equipment to play collective games such as basketball, and volleyball, for instance, teach the

necessity of respecting rules and having strategic planning (Shootout).

More and more, playground manufacturers have the tendency to create new products offering more intellectual functions introducing children to math and reading using moving pieces on panels. Thus, playground equipment could make it possible for teachers to have an outside class.

I have presented the target countries, described the function of playgrounds in each of them and analyzed the benefits of playing especially with play structures in child development. Now, I will compare these markets to point out their differences and similarities in order to characterize customers' expectations. Moreover, I will study customers' psychology, which because of their culture and life style, impact greatly the products offered.

Illustration 4. Theme Play Element



CHAPTER THREE
IDENTIFICATION OF THE COUPLE
PRODUCT/MARKET

In this chapter it might be useful to refer to Playworld Systems Inc.'s website: <http://www.playworldsystems.com>

Segmentation by Country

This analysis is based on the questionnaires (Appendix D) that I elaborated and used as a foundation while interviewing the international sales director of PSI and its distributors in Mexico, Argentina, and Chile.

Playground Market

Market Size.

The United States. Between USD 400 million and USD 410 million. The market is extremely large and mature. Therefore, it is a very competitive market.

Latin America. Overall, the market size is difficult to determine. However, it is obviously growing if we consider the educative measures undertaken by the governments and the increasing demonstrations favoring the new concept of learning through playing. In Chile, the web site of each hotel, restaurant and park promotes their playground (*juegos infantiles*) to attract family customers. Playgrounds are also heavily used in commercials directed to children, that include

milk, cookies, and ice cream. This proves a symbolic meaning of playground equipment in the child's environment.

Main Competitors.

The United States. GameTime and Miracle are public corporations. They have a revenue between USD 60 million and USD 70 million. Playworld Systems Inc. represents the closely held sector.

Latin America. Miracle Corp. (MC), GameTime Corp. (GTC), and Playworld Systems Inc. are found in Argentina. In Mexico, the leaders are Triana, PSI., and Childlife. As for Chile, the national leader is Fanhen. Chile, opposed to Mexico and Argentina, has more local playground manufacturers putting more pressure on foreign competitors willing to penetrate the market. Besides the local manufacturers, the Americans Playworld Systems Inc., MC and Little Tikes are present on the market.

Sales Seasonality.

The United States. Sales peaks usually occurs between June and August. That period matches with summer vacation. In the United States, the requirements in terms of time and deadlines are very important to good business relationships. Time is money, and this illustrates very well the American business mentality of efficiency.

Latin America. April and May are the beginning months of the purchasing period in expectation of the new school year for schools and in expectation of vacations for hotels and restaurants. In Argentina and Chile, it is usual to wait six to 12 months until intentional behavior turns into purchase because of the frequent delays in administration. In Mexico, customers often are perceived as demanding in terms of deadlines, as they are not always aware of the time needed to import and manufacture the products.

General Characteristics of Products Regarding Morphology and Ergonomics.

The United States.

- 1- *General Trend.* Children are growing taller in the new generation, and this requires adaptation of play structures. That implies more use of materials and a greater sturdiness in order to sustain the weight of several children.
- 2- *Accessibility.* Each element must be adapted to a defined age bracket in order to include the youngest children. Little children, older children, and disabled children must be able to play together on the same playground. Consequently, the adapted elements must be

assembled in a harmonious way to offer that accessibility and interaction to everyone. In the United States, accessibility is a very important concern for playground manufacturers, as very precise and strict standards exist related to disabilities and the safety of each age bracket. The goal of these standards is to ensure the best social integration to any child.

Latin America.

- 1- *General Trend.* Hispanics are, on average, a little smaller than Americans, but the difference is not sufficient to impact the basic size design of play elements and play structures.
- 2- *Accessibility.* The concern is essentially centered on the youngest so that they do not feel excluded. Therefore, age-adapted play elements are very welcomed. Regarding disabled children, no strict regulations have been established in Latin America at this point. Very few systems are arranged to help their integration into society.

Budgets Usually Granted for the Purchase of Playgrounds.

The United States. Budgets vary too much from one type of customer to the other to be able to give a representative estimation. Both the public and the closely held sector can have considerable financial means. For instance, the municipality of New York City has a huge budget allocated to parks and schools. Small municipalities would not have the same kind of budget. The budget size depends also on the number of children in the area. In the closely held sector, catering trade chains, such as Mc Donald's and Burger King invest a lot in playgrounds, as they represent a competitive advantage to them, considering that their clientele consists mainly of families with children.

Latin America. The playground budget is estimated from USD 2,000 to USD 5,000 for schools and municipalities. As far as hotels and restaurants are concerned, their budget scale is between USD 10,000 and USD 20,000. The extensiveness of investment in playground equipment depends on the target market of the organizations whether they target families with children or children only. If their target is children only, the investment will be, of course, more important.

Consumers Typology

Market Segmentation.

The United States. Playgrounds are not only present in parks, schools, hotels, restaurants and fitness clubs, but also and increasingly in private homes. Therefore, the market is shared between public and private customers. On one hand, in the United States, most people live in the suburbs for a better quality of life and usually own a backyard, which allows them to welcome a playground structure. This enables children to have fun at home and enables parents to appreciate the opportunity to stay home without having to drive to the park. Moreover, the interaction with other children is still feasible, as American neighbors are very friendly with one another and invite each other easily to play. On the other hand, with playgrounds incorporated into fitness centers, mothers can safely leave their children to play with others while they are exercising. This allows mothers to pursue activities that they would not be able to with the charge of children. With this formula children can safely enjoy all the benefits that playground equipment offers, as supervisors are provided to watch and interact with them. Besides, hotels and restaurants use playgrounds as a competitive advantage. It is really a competitive advantage as parents can, this way, go out to eat and keep a social life even if they have young

children. Indeed, when the children are finished with their meal, they can go play while their parents are enjoying some time together. Also, parks are still a place that get parents' attention, as they are convivial and give all the family the opportunity to meet with other people. Parks represent also an option for mothers to play with their children after school or during the daytime for the youngest. However, the notion of family time is not so related to parks as it is in Latin America. The standard of living being higher in the United States, family activities are usually more diverse and require a greater budget. On weekends, parents will wish to do activities that they cannot do during the week. Finally, schools and day cares are investing more and more in playgrounds for educational purposes. But they also value the classic use of playground, which is to expend children's energy during recess so that they can concentrate more in class. Indeed, teachers value playgrounds for their concept of learning while playing. This is often more efficient than studying straight on a chair. Playground equipment consists more and more of panels introducing math and reading/writing basics.

Latin America. In Argentina, Chile, and Mexico, the public sector is the main playground equipment purchaser. Public parks, schools, or condominiums owned by municipalities

represent at least 65% of the sales in Mexico and Chile, and 80% in Argentina. Mexico is the most influenced by the American culture, which encourages hotels and restaurants to own playgrounds as a competitive service. A few individuals have even begun to follow the American fashion of having their own play structure at home. In Latin America, it is a tradition to go to the park with the family on weekends. Therefore, it is usual to see playgrounds in parks. Parents and children enjoy the time shared together. Parents are pleased to see their children happy to interact and play with others. Children enjoy their fun time in nature and try to impress their parents through their performance. It also provides for parents the occasion to offer a greater variety of play elements that they are not always able to afford. But overall, parents appreciate that social dimension of playgrounds that offer a great interaction. To that benefit we can add the physical and mental dimensions even if parents in Latin America are not always aware of these benefits compared to American parents. At school, teachers aware of those benefits use play structures to sensitize children to the development of their body, mind and interaction capacity. Play structures are also used for leisure time during recess. For financial and space reasons, parents are seldom the buyers, but they are important initiators. However, in the future this

trend may change, as the standard of living is increasing and as the influence of the American manufacturers have a favorable impact the evolution of the market. Finally, in Chile and Mexico especially, more so than in Argentina, restaurants and hotels chains increasingly invest in playground equipment, at least to face the American and European competition that already offer playgrounds to their customers. Fast-foods, such as Mc Donald's, KFC, and Pizza Hut, or catering trade in general, and hotels, such as Holiday Inn., differentiate themselves from local chains by offering playgrounds. Thus, the Mexican and Chilean markets seem the most dynamic. In these two countries, playgrounds appear in more diverse sectors than in Argentina. In addition to the public sector, restaurants, and hotels are tourism centers and sports and fitness clubs.

Purchasing Criteria.

The United States. The *initiators* are engineers and architects of parks, fitness centers, hotels, and restaurants that offer designs and furnishing suggestions. Related to hotels and restaurants are the marketing directors in charge of the promotion of products and services. At school, the initiators are the teachers always in search of new learning tools, aware of the necessity of interaction and learning by playing. Day care assistants are also important initiators as

they wish to help their children to be the most alert possible. Children also influence their parents by asking them to buy the last play element they saw either at their neighbor's house or in a store or toy catalog. Also, it often happens that parents recommend the playground they just bought to others. The buyers are the parents, school directors and teachers, the purchasing department of the school district, city managers for parks, and managers for hotels and restaurants.

Latin America. The *initiators* are the same as the United States. However, children do not have that much influence on parents in the buying process. In Latin America there is not that notion of "king kid", ambitious and entrepreneurial. Parents are the initiators for schools and day cares. They wish their children to have the best opportunity to fulfill their needs in that type of environment. They also impact hotels and restaurants indirectly just by choosing to go in the ones that offer playgrounds. Even if parents rarely buy play structures, it happens frequently that they rent them for a birthday party. Indeed, individuals cover 80% of the rental market. The buyers are the schools, the parks, and some hotels and restaurants.

Consumer Expectations.

The United States. The American consumer's expectations are: durability, sturdiness, and accessibility. The customer has a psychology of profitability. He wants the best quality for the best price, so that "it is worth their money", as the American expression says. The market maturity explains the concern that customers have about quality issues. This concern is related to safety, which is an obsession in American society, especially when it is about products for children. The notion of safety includes sturdiness, which is itself related to durability to reach a better quality and therefore profitability. American parents want a play structure that will last for the entire childhood of their children. They are ready to make an important investment if the product is warranted through out its period of use (life warranty). Organizations also have that concern of safety, durability, and accessibility, as they want their customers to be fully satisfied with their service. They are also concerned about quality to prevent injuries and their legal consequences. They also want a structure that has the highest capacity and profitability. The last criterion especially considered by architects is the design in both its esthetic and practical benefits.

Latin America. Customers are not as demanding in Latin America as they are in the United States. Purchasers try to satisfy their needs without having any special knowledge about the options available. They generally do not know what to expect. Because of a lack of knowledge of the market, they easily rely on the distributors, taking their advice on the choice of a play structure and on the location to install it. However, they are concerned about the safety of the products and search for the best quality at low price. In other words, price is the first purchasing criterion. The needs are there, but the resources available are not always sufficient to buy the quality that would be expected by an American customer. Purchasers also pay attention to the adaptability of equipment to children's age. Their decision to buy is based on the wish to see the children happy and safe; that is why they become involved in the choice of the structure to gain a better knowledge of the products. This involvement added to the growing purchasing power can allow playground manufacturers to estimate increasing expectations from the demand.

Supplier Selection.

The United States. Besides the criteria mentioned earlier (quality, sturdiness, safety, durability, and accessibility), buyers choose their supplier for their service quality, price, reputation, innovation and team spirit. Some

services maybe expected in terms of advice but certainly in terms of means of financing, warranty, space design, and installation. The product range is important, but in a mature market like the United States, competitive products are very similar. In order to differentiate the competition, the product line and the color range must offer the maximum choices possible.

Latin America. The first supplier selection criterion is the price because of limited budgets. To this can be added the reputation of the distributor and its product line. The reputation helps to establish trust in the quality of the products and services as well as a complete satisfaction in the business relationship. The product line must be attractive and offer a large choice of products. The choice of colors does not have to be as wide as for Americans because Hispanics appreciate the basic primary colors. Having too wide of a range of colors or products would only end up confusing the customer.

Regulation/Standards

The information about the standards internationally applied are according to the following web sites of the following organizations:

- Detroit Testing Laboratory, Inc.
- Consumer Product Safety Commission

- American Society for Testing and Materials
- The British Standards Institute
- Fawns Recreational Services Ltd.
- Quality Management Institute
- International Playground Equipment
Manufacturers Association
- Canadian Standards Association

List of Standards.

The United States. According to each country safety criteria can vary; that is why firms must meet the standards and keep themselves well informed of the regulation evolution. Products showing a benchmark logo guarantee conformity to the related standards' criteria:

- 1- *The American Standard F1487 issued by ASTM (American Society for Testing and Materials).*

This standard applies to the manufacturing process of playgrounds designed for public areas. Its purpose is to reduce the risk of injury. It covers mainly the play structure designed for the 5-12 age bracket regarding the height of playgrounds and the materials used for the surface and poles. ASTM standards also cover individual playgrounds (F1148) and accessibility issues.

2- *ADA (Accessibility for Disabilities in Play Areas) Measures.* These measures have been established to ensure an easy accessibility to the different play elements for disabled children. A playground meeting the ADA measures is a structure that does not have any access barriers (need of ramps), that provides a route (5' wide) and safe play elements and surfaces using Cushion Play®. Playgrounds must offer accessibility to wheel chairs and exterior help. For tower playgrounds, half of the elements must be equipped for disabled children. Half of the adapted equipment include count ramps and the other half must include stairs with a height of 8". Regarding ground level elements, half must have surfaces facilitating accessibility. Therefore, the ASTM PS83 and the F1951 standards require surfaces made with wood fibers and rubber tiles.

3- *The CPSC (The US Consumer Product Safety Commission) standards.* These standards cover safety issues. The CPSC guidelines include equipment utilization specificities and

booklets of recommendations on the design of play elements by age bracket.

- 4- *The SCPE (Soft Contained Playground Equipment) standard of CPSC.* This standard covers safety related to the materials used for surfaces on and around the structure (wood fiber, rubber) and on the poles. The materials must absorb the shocks from a height of 5' to 6.5'. That standard also involves the thickness of surfaces (3") and poles.
- 5- *The CSA (The Canadian Standards Association) standards.* The Z614 standard for children's equipment and playgrounds, updated in 1998, involves design safety, surfacing, and maintenance issues. This standard applies to play elements for children from 18 months to 12 years. The criteria considered by that standard are: the minimum intervals and maximum gaps, the height of protection barriers, and the falling height and surface protection. In order to benefit from the certification of these standards, playground manufacturers must submit their products to tests provided by approved organizations, such as the IPEMA (International

Play Equipment Manufacturers Association) for the United States. The IPEMA is an association connected to the Testing Laboratory Inc. in Detroit, which performs the tests of certification, notably for the ASTM F1487 standard.

Latin America. Standards vary in Latin America according to their respective country of influence. Argentina recognizes and favors European standards, given its cultural background (French and Italian). Chile also has a preference for European standards, given a German dominant immigration wave. Mexico, for proximity and agreement reasons with the United States, has adopted the American standards. Therefore, these countries do not have their own standards. Generally, the standard recognition depends on the origin of the imported products that influence the market trends. Thus, for the Argentinean and Chilean markets the required standards are as follow:

- 1- *The German DIN 7926 standard about equipment safety.* Equipment meeting the DIN7926 standard are certified by the TÜV Rheinland test center. This center provides firms with the GS (German Safety) logo, which guarantees to customers

conformity of the products to the German safety standards.

- 2- *The EN (European Norms)*. These standards apply to safety and are certified by the same organization as the DIN 7926. The EN1176 standard deals with playgrounds but was replaced in 1999 by the EN1177 standard that improved upon the previous one by adding some criteria related to surfacing and its para-shock attribute. These standards apply to some particular play elements, such as swings, slides, platforms, carrousels, and climbing walls. The EN1176 standard also includes recommendations on how to install, inspect, and maintain playground equipment. For children below 36 months of age, the play elements must have some protection against the risk of falling, such as barriers, stairs, ramps, and special measurements to prevent little heads from passing through rods. The play structure must also leave a free space around the playground called "fall space", which is the space between the playground and the impact space. In the United Kingdom the EN1177

standard replaced the BS5696 that had the same purpose before the European harmonization.

- 3- *ISO (International Standards Organization)* initiated by Europeans . ISO is a necessity to penetrate the Chilean market and highly recommended to approach the Argentinean market. The ISO 9000 standard consists of five sub-norms: ISO 9000 dealing with quality management and quality insurance; ISO 9001 dealing with quality systems applied to design, development, production process, installation, and service; ISO 9002 dealing with quality systems applied to production, installation and service; ISO 9003 dealing with quality systems applied to final inspection and tests; ISO 9004 dealing with quality management and quality of systems' elements; ISO 9004-2 is similar to 9004 but has been established for service industry in relation with 9001 and 9002 for the checking system. ISO 9002 is the standard appropriate for playgrounds and tests the calibration. The certification for this standard can be obtained in the United States in the Detroit Testing Laboratory, Inc.

Why these Standards? Each year more than 200,000 children are injured while playing in playgrounds that do not meet the safety standards. That is why the IPEMA wants to help end these accidents. Therefore, the association created a challenging, imaginative, distractive but safe play environment.

The IPEMA submits a questionnaire that each manufacturer/distributor should take into consideration:

- 1- Is the surface of my playgrounds cushioned?
- 2- Did I keep enough space under and around the play structure?
- 3- Are my playgrounds appropriate for the targeted age bracket?
- 4- Do my playgrounds represent a risk for children to be impaled?
- 5- Do my playgrounds represent a risk of strangulation?
- 6- Did I keep enough space around the play structure?
- 7- Are there any spare parts that could pinch children's fingers?
- 8- Is there anything that could make a child fall over?
- 9- Are my playgrounds well maintained?
- 10- Have my playgrounds been renovated since 1993?

American's products aiming at being exported must not only meet the American standards but also the targeted country standards.

Segmentation by Product

Characteristics of the Products

The following analysis is based on PSI catalog and the benefits of playground equipment.

The United States. Customized playgrounds are very appreciated by Americans who have a certain experience of play structures, being a mature market in that regard. Thus, they can let their imagination run and create their own playground on request. Therefore, they decide on the different play elements they wish to incorporate, on the overall design of the structure, and appropriate shape according to the space available in their backyard. They also can choose from various colors. As for the product use, the attributes consist not only of the educational function discussed in the second chapter, but also of the design and the materials utilized:

- Regarding slides, the design can emphasize the speed sensation, favor the sitting position, and enable two people to slide together. It can have a spiral, angular, rounded or tube shape. Sliding can also be done on poles.

Slides can be made of plastic or metal and are linked to platforms or towers.

- For panels, the appeal consists in the theme represented and the variety of mobile parts. Double-faced panels encourage group interaction. The appeal also consists in the large choice of multiple colors and of figurines on panels, such as numbers, geometric shapes, and letters that offer educational benefits. Panels can be made of plastic or metal.
- Castles are made of many kinds of bridges and panels that induce imagination and a variety of activities. The chains of the draw bridges are generally made of vinyl to avoid any hand injury.
- Climbing elements, such as suspended stairs requiring children to hold on to chains (vinyl or galvanized), flexible (chains) or sturdy ladders, arches, trees, and mountains are generally linked to a platform. The playground market has launched a new product, the climbing wall with real holds adapted to children' hands. It is a product that introduces children to the sportive and adult world.
- Balance activities such as small trampolines, balance beams, and seesaws enable children to practice their sense of balance and coordination and

provide them with a feeling of challenge. These products are part of the ground level play elements.

- Bridges are a fun way to go from one activity to another. They can be made of wood or metal, and can be sturdy or flexible with chains (vinyl or galvanized). They are part of ground level or tower play structures.
- Suspension play elements are appreciated by children for the challenge they offer. This way children practice the extension capacity, strength, and flexibility of their body. Suspension equipment can be rings or horizontal bars. This play equipment is essentially found at the playground's ground level in order to avoid any major injury in case children fall.

Latin America. This market is not yet mature enough that customers are prepared to create their own structures. Indeed, it would not be either a pleasure or a game but a chore, a panic: "What to choose? How? Why? What is appropriate?", etc. Latin American customers, in playground decision-making, need to be informed about the products and their characteristics and functions. They also need to be advised and guided in order to be confident and willing to share the playground adventure. In Latin America, product

appeals consist essentially of the educational benefits that justify such an investment. Designs and materials are quite inconsistent in the market. Any imported product can be compared in quality to American products, whereas local products utilize less materials and very basic shapes. Their purpose is to keep a simple and short production line that maintains low costs, which helps them meet the first purchasing criterion: the price. Moreover, Latin cultures are more sensitive to simple designs without any artifice. They do not have that tendency to initiate innovation as they are not yet aware of the diversity of the existing products and the multiple combinations possible in assembling play elements. Another difference with the United States in the product concept is the color. In Latin America the primary colors are the most appreciated. Customers are not especially attracted by fancy colors and designs. This expresses a simple relationship with the playground. However, it is important to keep a balanced structure. Even if customers are looking for small play structure for financial reasons, distributors should make sure that the structure has at least a play element from each category: one ground level, one platform/panel and one tower in order to ensure a harmonious development of the child and to avoid boredom. The Latin American market is not accustomed to have a large choice. But

this trend is changing with the increase of purchasing power and the opening markets that force an alignment on the leading markets (US and EU). Therefore, within few years Argentina, Chile, and Mexico will be offering products very similar to current leading products in terms of choice and complexity. The differences between the products will remain strictly cultural. These differences will be based on the colors and shapes of the play structures. Until then, exporters should adapt to these markets in order to build a clientele and get their loyalty. This would ensure a strong market share once that clientele is familiarized with the product concept and once its purchasing power satisfies higher expectations. An adaptation is required primarily in terms of price. That is why it seems inevitable to create a product line specific to the Latin American market's needs.

Price

The following data are based on the analysis of PSI's catalog, companies' websites and personal knowledge about international business.

Elements to Take into Account while Considering the

Price.

The United States.

- 1- *Manufacturing Process.* The process represents a huge investment. Big

production machines are needed: sewing machines, hole machines, assembling machines for plastic, welding stands, paint lines, etc. The manufacturing process becomes more expensive than the materials themselves.

- 2- *Materials*. The price evaluation depends on the quality, sturdiness and durability expected. The you sturdier a structure is required to be, the more important the quantity of materials will be, for instance making poles thicker.
- 3- *Range Length*. Price also depends on the range length offered, as the manufacturer must be able to cover its investment in capital (machine). To stay competitive in that sector, manufacturers must be innovative, and innovation often means new designs requiring new machines. The American customer likes to have numerous choices in terms of product, size, and colors. Children enjoy many and fancy colors.

- 4- *Competitive Pressure.* To remain competitive, it is also important to follow the trend and to always bring in the most precision in the product definition. This requires a constant technical watch, generally involving new investments.
- 5- *Price Scale by Product Line.* Market prices vary regarding the company mission, whether they target individuals or organizations. In addition, prices of complete play structures vary, not only in the number of play elements, but also in the type of elements chosen:
- "Ground level" playgrounds: 9 play elements are from USD 6,500 to 11,000.
 - "Platforms/Panels" playgrounds: five play elements are from USD 7,000 to 8,000; seven play elements are from USD 8,000 to 10,000; 8 play elements are from USD 10,000 to 13,000; and 10 to 12 elements are from USD 11,500 to 18,500.
 - "Towers" playgrounds: 12 play elements are from USD 17,000 to 19,000; 18 play elements are from USD 27,000 to 30,000.

- Combinations can be made with all three different playground types presented above. In that case, prices can go from USD 30,000 to 55,000.
- "Early child" playgrounds: five play elements are from USD 3,500 to 7,000; seven play elements are from USD 4,500 to 7,500; 11 play elements are from USD 7,000 to 8,500.

Latin America.

- 1- *Manufacturing Process.* Manufacturers must consider the same manufacturing costs as the United States. The costs are usually less, as playground equipment has a lower quality and less complexity. Price is the first purchasing criterion before quality; therefore, firms have a smaller production line and use cheaper machines and materials.
- 2- *Materials.* Materials are usually less sophisticated than in the United States. Playgrounds are not constructed to be durable in order to limit the selling price. However, attitudes are changing, and

customers having the financial capacity to access quality make it a priority.

- 3- *Range Length*. The Latin American demand being less expanded and demanding than in the United States, range length is more narrow. For cultural and life style reasons, Hispanics prefer simple designs and colors. However this trend is also changing, as the increasing competition from foreign companies offers a high quality and a diverse selection, which will end up increasing customers' expectations.
- 4- *Imported Products*. Because most playground equipment are being imported, costs to consider besides the buying price are: customs (tariffs), taxes related to the product availability to consumption (TAV), the distributor margin and the exchange rate.
- 5- *Market Price*. Prices do not appear on company web sites. In Latin America, prices are rarely ever indicated, as inflation risks are hardly predictable and affect prices directly. Therefore, companies

cannot print prices in catalogs, as they might change the next day. Moreover, importers suffer from exchange rate variations. Therefore, customers must contact directly the distributor so that they provide them with a quotation of their possible purchase. Customers usually invest in playground equipment pricing from USD 2,000 to 5,000. They consist of ground level and platform/panels play elements, for local products. However, customers tend to invest a little more for imported products because of the quality and mostly because of the service added in terms of installation. Thus, the average investment can reach USD 15,000 for an imported play structure.

Distribution

The following information is based on the questionnaires and personal knowledge about international business.

The selection of a distribution channel and of a type of intermediary is the same in the United States as in Latin America:

Type of Channel. The distribution channel is a short network essentially made of distributors. This enables them to limit the accumulation of profit margins going from one intermediary to another and therefore avoid reaching prices heavily leveraged compared to the local market prices. A short network also offers a better control by the manufacturer over its own products, due to a more direct relationship with its vendors. Finally, a short network enables the manufacturer to be closer to the end-users and be more aware of their needs. However, that depends on the contract negotiated with the distributor in terms of information feedback. Thus, if the contract is not well negotiated, the distributor can become an obstacle between the market and the exporter.

Sometimes, the distributor can be a screen that prevents the manufacturer from knowing and adapting to the market. That is the case when the vendor or distributor applies its brand name on the imported products. That results in preventing the manufacturer from being recognized through its brand and from being able to change the type of channel in the future.

Reaching a direct sales type of distribution would make it possible to access a closer contact with the consumer. The manufacturer would also be able to control its sales evolution by evaluating directly the impact of its promotional campaign and other efforts towards the customer.

A short network also enables the manufacturer to keep higher inventories, to assume an important customer risk, and to implement larger sales efforts and promotional actions. This type of network also represents an advantage for the distributor to eventually benefit from much help in terms of promotion and discount on a large volume. The exporter should stimulate its partners to undertake some promotional campaigns. In that regard, the exporter can help the distributor or vendor by displaying its experience. Its help can be formulated by suggesting some "competition games", helping the organization of trade shows providing some promotional means: exhibition and demonstration tools, or providing some personnel for animation operations.

Type of Intermediary. Distributors seem to be the most appropriate intermediary for the playground industry, as people appreciate having the opportunity to see what they consider buying and to imagine how they will associate the play elements together to make their own structure. Therefore, it is important for the distributors to have a show room so that the customer can touch, feel, and evaluate the products. Another option would be to have a playground set up where children can test a few play elements while the parents are deciding on which structure or play elements to buy. This in the case where customers are mainly individuals. A distributor

also offers the advantage for the exporter to delegate market research and distribution operations. Therefore, the exporter only assumes the non-payment risk from the distributor, the goods being purchased by the latter. On the contrary, the distributor has to assume the non-payment risk from all the final customers.

An agent would not have such an opportunity to attract customers, as agents usually do not provide show rooms for customers to touch and see the structures or some of its elements. The agent handles the promotion of the products but is often alone and overwhelmed by the management of all its contracts. This option does not guarantee the exporter a good penetration of the market. The exporter has to handle order fulfillment, deliveries, and billing to customers. He also assumes the non-payment risk from all the final customers. Thus, the administrative and financial implications are large. Despite this, there is a serious advantage, which is the control over the products and brand image that the agent option offers the exporter. However, for the playground industry, an agent does not seem to be the best solution, even if it used to be. The main difficulty is to choose the right distributor.

Until now in Argentina, the agent has been the intermediary preferred, but exporters are questioning that

choice as the results have been very poor. That is the case of PSI that has adopted the distributor option. That is also what its main competitors, such as Little Tike, MC and GTC are considering. Indeed, the distributor seems to be the most appropriate choice in the United States and in Latin America in the first step. However, once established in the Latin American market, it would be wise to consider a direct implantation with a representation office, first in order to get familiar with the market's cultural aspects and to acquire a certain recognition. Later, exporters will be able to consider the creation of a production subsidiary to reduce their costs because of the less expensive materials available in these countries. This would enable the exporters to adjust to the market needs by offering a more appropriate product range. It is definitely an option to consider in Mexico because of NAFTA.

Distributors in Mexico, Chile, and Argentina devote little time and means to get to know their market deeply. This proves that the marketing concept is not yet anchored in their business system. In other words, exporters should not expect to be able to know the market through them. It is more relevant and reliable for American manufacturers to go out into the field and lead their own market survey. It is also important to be aware of the necessity, in Latin America, to

initiate and encourage the vendor to invest enough time to back up the exporter's products, as the notion of work is very different in the United States. Indeed, work is not their main concern in life as it is for most Americans. Therefore, it is important to meet with the distributors frequently and regularly to check on their advancement. It is also an occasion to go in the country and to become aware of the means invested to ensure an increase in the sales volume and to manage the fulfillment of orders. It is also advised to invite the distributors to the home office to train them about the products and help them feel more concerned about the business. They should be aware that it is advantageous to both distributors and manufacturers to unite their efforts to increase sales and pay attention to potential and current customers' needs. It is also an opportunity for them to become familiar with the products, the company goals, and the American way of doing business.

Communication

The following information is based on the questionnaires submitted to PSI's distributors.

The United States. Promotion in the playground industry uses, the Internet as a main communication tool. Each manufacturer has an interest in creating an attractive home

page, as it is usually the first place that customers go, whether they are organizations or individuals.

Moreover, trade shows and fairs are very common in the United States and generally well targeted. The most important playground Trade Show takes place in October each year, in a different state than the previous year. It is organized by the National Recreation and Park Association (NRPA). During this trade fair all manufacturers show their new products. Architects and the directors of parks come to that event in order to compare the products offered and make their selection.

In addition, it is important to be a member of the association IPEMA, which enables manufacturers to be recognized on the market. Membership offers also a certain brand image, as being member of that association means respecting the international standards. As members, companies are informed of the events in the industry and benefit from having their name and profile on the IPEMA website.

Finally, classic methods are welcomed, such as promotional inserts in magazines and press releases. This way, firms can announce their participation in a trade show and invite current and potential customers. More directly, salespeople create some door-to-door contacts. In the United States it is essential to have a dynamic and motivated sales

force because of the fierce competition. It is a very efficient way to attract new customers and maintain the loyalty of the current ones.

Latin America. Firms in Latin America increasingly use the Internet to promote their products. It is not surprising considering the dimension that this means of communication takes all over the world. Having its own website is part of the first steps of building up a company. However, not all individuals have access to the Internet; that is why it is very important to use the classic means of communication, such as the yellow pages, expensive but very efficient in Mexico, and catalogs, commonly used in Mexico, Chile and Argentina. In Latin America, to get in touch with public organizations and private companies, the sales force is a major means in terms of direct marketing. Thus, the face to face contact is a condition that cannot be bypassed.

For Argentina essentially, can be added, the announcements in professional newspapers and magazines. Bimonthly publications, such as Tecnología Urbana specializing in the playground industry, are mostly appropriate. The market is just emerging in terms of trade fairs in Argentina. The "Urbatec" trade show has taken place twice a year for the last three years and other kinds are being planned for the future.

In Mexico, because of the American influence, trade shows are more common with "Abastur" for hotels and restaurants, and "Exposiac" for playground manufacturers. These are the most important events and occur once a year in Mexico City. Other events exist in which the playground industry can participate, such as tourism events; but the impact is less important as the main subject is not the playground itself. However, manufacturers should still consider these events, as many hotel and restaurant representatives attend.

In Chile, there are no trade shows for the playground industry. Instead, distributors sponsor commercials for other products related to children, such as yogurt, milk, cereal bars, and so on.

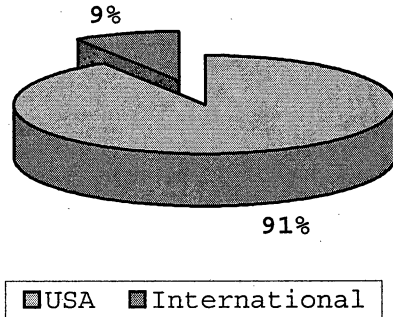
Playworld Systems Inc.'s Positioning

Playworld Systems Inc. ranks third in playground manufacturing in the United States and seventh worldwide. Nine percent of its revenue is realized in the international scene but the company's objective is to reach 20% within five years.

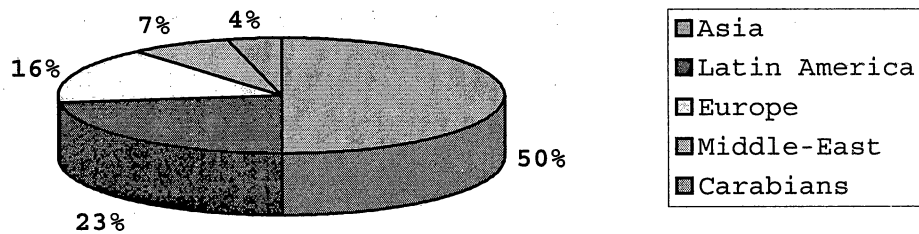
Playworld Systems Inc.'s Positioning by Zone

The following part is based on interviews of the international sales director of PSI and Playworld Systems' catalog.

Graph 7. Playworld Systems Inc.'s International Revenue



Graph 8. Playworld Systems Inc. Revenue's Partition by Zone of Presence



What Product?

For the United States. PSI's star product line is "Custom Design"; customers design their own structure. PSI has adapted its offer to each target segment. For instance, in cities where vandalism happens frequently, Playworld Systems Inc. developed a product line essentially made of heavy gauged metal. This is the "CityScapes™" line. The mission chosen by PSI is to be always more global and innovative.

For Latin America. For price and space availability reasons PSI's star products consist of small and medium sized play structures. The range that has the best success is the "Challenger®" line as it is more accessible in terms of price. The "Playmakers®" line is a little too expensive for advantages that do not catch buyers' attention: poles made of heavy gauged metal or recyclable aluminum, for example. Buyers and users in the Latin America market are not very sensitive to the protection of the environment and to the durability of products in terms of purchasing criteria.

For Other Markets. In developed areas such as Europe and the growing Asian countries, the needs are very similar to the American market. However, the space availability maybe a variable that will impact the structure size, essentially for individual buyers. In developing areas, such as the Middle-East and the rest of Asia, the needs are similar to those of Latin America. But contrary to Latin America, The Middle-East in particular has higher financial means, which represents an easy access for American firms, PSI presently is experiencing a nice penetration of this market. Therefore, it is probable that products from the "Playmakers®" line will generate some interest. Thus, identical needs do not necessarily mean similar buying behavior. No special product line needs to be intended as for these particular countries specifically for

Middle-east because they enjoy the American products just as they are.

What Product for What Segment?

In the United States, the segmentation product/market is as follows:

1- Age:

- From 0 to 4 years old: the product line "Play Designs" has been designed for school and daycare usage. This line is characterized by an adapted size, design, and benefit focus for young children. This product line encourages the physical, mental and social development of the child. The brands forming the line are *FunCenters* and *Explorers*[®].
- From 5 to 12 years old: the product line "Playworld Systems'[®]" has been designed for school, park and business (hotels, restaurants) usage. This line is characterized by a large selection of colors, styles, and play elements. This line consists of the following brands *Playmakers*[®] and *Challengers*[®].

2- Educational benefits:

- The "GroundZero[®]" line's main object is to encourage the physical development by

helping children learn how to control their body balance and coordination in space and helping them build muscles by using suspension elements.

- The "Post & Platform®" line's main object is to encourage mental development by providing geometrical shapes, the alphabet, and some logic, with play elements soliciting imagination and coherence. This product line also covers the physical benefit aspect by the incorporation of climbing play elements.
- The "SkyTowers®" line's main purpose is to help children become more mature by reaching a global perspective that towers offer. This line enables children to have a certain control over their environment by having an overview of it. This line also has some physical benefits essentially based on the notion of balance.

3- Type of environment:

For hostile environments characterized by vandalism, Playworld Systems Inc. has designed the especially resistant "CityScapes" line.

4- Product complementarities:

Playworld Systems Inc. diversified its offer, suggesting to its customers some backyard equipment from the "SiteAmeties" line: benches, tables, and swings for adults, etc.

5- Buyer types:

- Private buyers, such as individuals, hotels, restaurants, private organizations and real estate companies.
- Public buyers, such as public schools, parks, and condominiums.

6- Fabrication costs:

Both brands, *Playmakers*® and *Challengers*®, differ essentially in the materials used. In the *Playmakers*® line the poles have greater durability and sturdiness, which explains the higher price.

7- Distribution:

The distribution channel has been established by zone at both the national and international levels. Playworld Systems Inc. has chosen two types of penetration: sales offices with warehouses or distributors.

In Latin America, the products offered are the same as the United States until implementation of the "Value Line".

This line will enable PSI to offer consumers specific products more appropriate to their needs. However, we can observe a difference in terms of type of buyer, as individuals are not part of the target group for Chile, Argentina, and Mexico. Moreover, Argentina concentrates essentially on the public sector. The distribution intermediary chosen by PSI in these countries is the distributor.

In other international markets the segmentation criteria remain the same again as the United States although the distribution channels are different. Indeed, in Japan the distribution is made through licenses, in Great Britain through representation offices, and for the other European and Asian countries through distributors. To the type of buyer, can be added hospitals for the Middle East and military bases for Europe. At the international level PSI is represented in the following countries:

- Asia: Japan, Singapore, Hong Kong, the Philippines, China, Malaysia, Taiwan, and Thailand.
- Europe: Great Britain, Italy, Spain, Denmark, Portugal, Holland, France, and Germany.
- The Middle East: Israel, Saudi Arabia, Kuwait, United Arab Emirates, and Bahrain.
- The Caribbean: Puerto Rico, and Trinidad and Tobago.

Percentage of Playworld Systems Inc.'s Revenue.

The United States. The United States represents 91% of PSI's revenue. It is a huge and highly competitive market that tends to be saturated. That is why, since 1992, PSI started to conquer new markets world wide.

Latin America. Latin America represents 23% of PSI's export revenue. This is its largest foreign market after Asia. It is a market with poor competition, slow growth, but huge potential because of a culture focus on children.

Other Countries. Asia represents 50% of PSI's export revenue, Europe 16%, the Middle East 7%, and the Caribbean 4%. The Middle East is an easy market with low competition in which PSI has the advantage of the language, as business people often speak English. Europe is a highly competitive market requiring a linguistic adaptation. But it is also a market with huge potential growth in the east.

SWOT Analysis of Playworld Systems Inc. in Latin America

- Strengths:
 - Good coverage: Argentina, Mexico, Chile, Colombia, Venezuela, and Uruguay.
 - Quality product, warranties, superior design, safety certifications, sturdiness of materials, and deep product lines.

- Great services, such as design of space or assistance for installation.
- Personnel in the international department speaking Spanish and having a certain knowledge of the Latin American culture.
- Catalogs and installation manuals in Spanish.
- Weaknesses:
 - Essentially the high price justified by a quality unparalleled with local products. Prices are also affected by the distributor margin, transportation costs, and tariffs that can increase the original price by over 45%.
 - Some markets, like Argentina, privilege local products over foreign products.
 - Difficulties with PSI's Chilean distributor for non-payment or delay-in-payment reasons led PSI to question this partnership.
- Opportunities:
 - American firms are welcome in these markets for their image of quality products, safety, and sophisticated designs.
 - A relative geographic proximity with the United States in comparison to the European products.

- Markets with huge growth potential and few competitors. Some markets have not been yet penetrated by PSI, such as Central America, Brazil, and Peru.
- No standard requirements that PSI does not already meet.
- Threats:
 - Delivery time quite long (5-6 weeks) because of the distance and logistics delays.
 - Lack of financial means and small budget size allocated to playgrounds.
 - The American competition in Argentina, Chile, and Mexico is fierce in the way American companies came up with lower prices by producing part of their product locally.
 - The recession experienced by Argentina for the last two years, the volatility of exchange rates, and the American stagflation revealing a slow down in the economy affecting other foreign markets. Because of its high dependence on the United States, Mexico will probably be deeply affected.

The Opportunity of the "Value Line"

Financial Dimension. Regarding standards, creating a "Value Line" does not raise any problem, as the American

products exported meet already the European standards required by Argentina and Chile. Therefore, no supplementary costs will be supported by PSI in that regard. However, PSI must reduce its prices to gain some market shares and reach economies of scale. To succeed, many options are available:

- 1- Reducing fabrication costs by using cheaper materials while keeping a standard quality. Manufacturing more basic products by reducing the number of elements and colors available.
- 2- Reducing the current product lines width to offer more targeted products to satisfy customers' needs without making it a too expensive of an adaptation to the firm.
- 3- Diminishing transportation cost, tariffs, working force and raw materials costs by completing part of the manufacturing process locally.

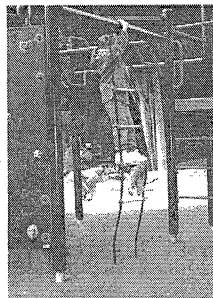
Other advantages of the "Value Line" by manufacturing a part of the products locally:

- 1- Reduction of delivery time
- 2- A closer contact with the distributors
- 3- A direct control of the company image
- 4- A better adaptation to the market needs
- 5- A better positioning to face the national preference of certain institutional buyers.

Cultural Dimension. In Latin America, children have an important role in the family, but the fulfillment of their leisure needs does not represent a necessity as in the United States. Parents are not very confident about tall play structures, as they are perceived as unsafe for the higher risk of falling and suffering injuries. This attitude leads the market to prefer smaller structures that allow a better supervision. On the contrary American parents, perhaps more aware of the measures taken regarding safety, stimulate in their children a spirit of challenge by allowing them to face growing difficulties in their own environment. Therefore, at the time of penetrating the Latin American market, it would be strategic to include in the "Value Line": "GroundZero®" (suspension, stairs, and ladders, etc.) structures and "Post & Platform®" (platforms and panels) structures of small and medium size. Indeed, these structures have the advantage of featuring most of the educational benefits that play structures offer: mental development through creative elements (sand, water, etc.) and primary learning elements (panels with the alphabet, numbers, geometric shapes, etc.); physical development through suspension elements (rings and ladders overhead) and balance elements (slides and tubes with small slope and balance beams, etc.); and the spirit of challenge through climbing elements, for instance.

Later on, PSI could add some *SkyTowers*[®] structures to the "Value Line" to suggest to users and their parents the spirit of challenge associated with tower elements. Thus, manufacturers have the responsibility to influence the market and initiate innovation. However, to ensure a good acceptance, manufacturers should prepare their customers to welcome that innovation by communicating it before launching the new products on the market. The company recognition will help to open customers to that change based on their trust. That trust needs to be earned. Once earned it enables the company to get the customer's loyalty and to influence somewhat their purchasing decision. PSI, however, should be aware that getting Hispanics' trust and loyalty takes time because of their culture, but once obtained, it lasts. Therefore, a long term strategy should be planned, heavy communication efforts should be implemented including a lot of face-to-face contacts, and a lot of patience is required while penetrating these markets.

Illustration 5. Ladder



Estimated Figures

The following estimations are based on the data provided by PSI for the years 1992 through 2000.

Estimated Market Share

Playworld Systems Inc.'s Market Shares in 2000.

- In the United States: 14.5% or 5.8% more than in 1999 and 23.9% more than in 1998.
- In Chile: 9%
- In Mexico: 5%
- In Argentina: 4%

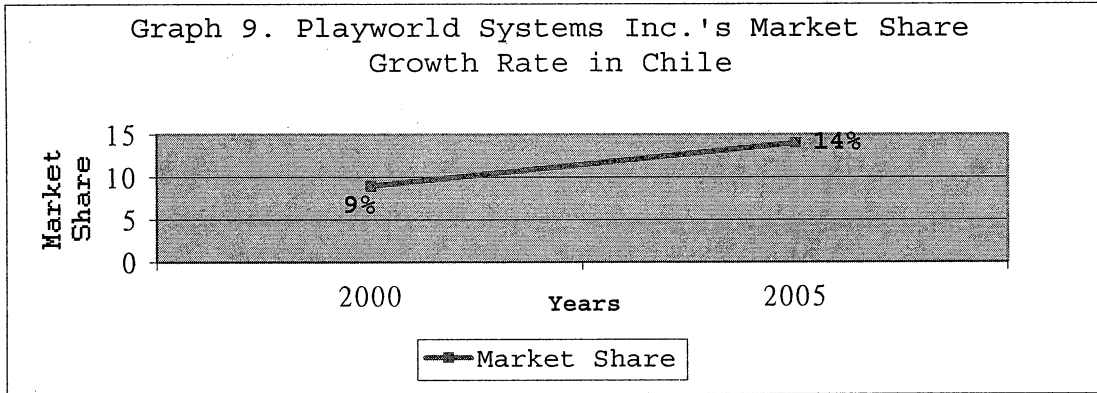
Playworld Systems Inc.'s Estimated Market Share for the Year 2005.

- Estimation criteria:
 - 1- Competitive forces
 - 2- Markets potential
 - 3- Predictable interest of the demand for the "Value Line"
- Market shares:
 - 1- In Chile, PSI can foresee a market share of 14%.
 - 2- Mexico, PSI can expect a market share of 12%.
 - 3- In Argentina, PSI's market share should reach 9%.

Estimated Growth Rate of Market Shares

Estimated growth rate in Chile between 2000 and 2005.

Estimated at **55.5%**



Estimated growth rate in Mexico between 2000 and 2005. It is multiplied by **x1.5**

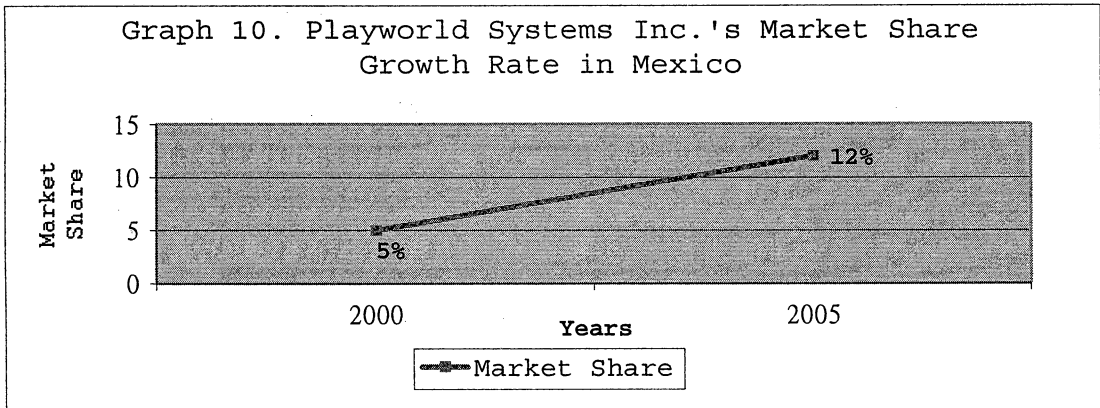
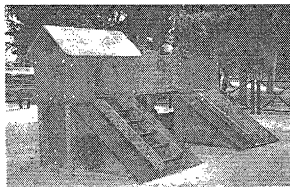
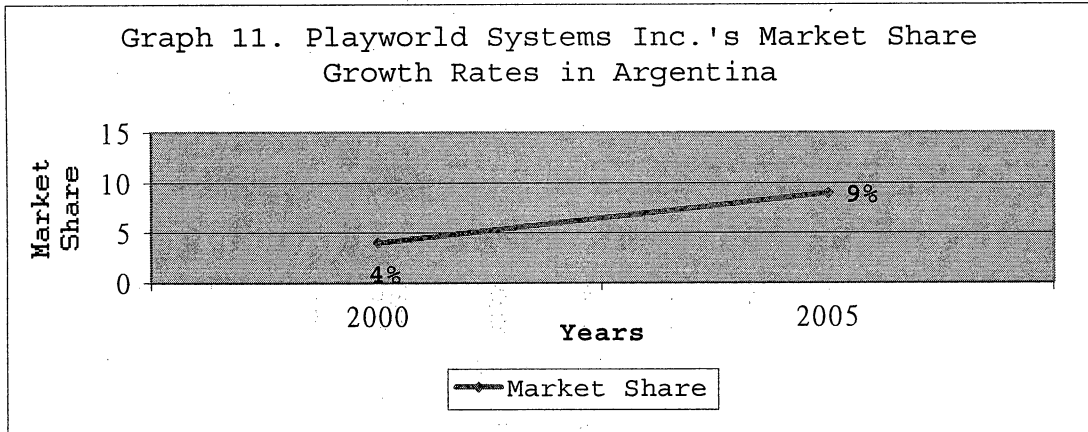


Illustration 6. Early Childhood Playground



Estimated growth rate in Argentina between 2000 and 2005.

It is multiplied by **x1.25**



Considering the criteria used to estimate the forecasts, Mexico, Chile and Argentina could be ranked as follows:

- 1- Mexico is first, as the demand has a growing purchasing behavior, and the "Value Line" will make play structures more accessible in terms of price.
- 2- Chile is second because it is a competitive market, but it is still looking for a better quality/price ratio, a need met by the "Value Line."
- 3- Argentina is third, as the playground market is in its growing phase but still has not gained sufficient recognition.

Playworld Systems Inc.'s
Estimated Revenue in Latin America

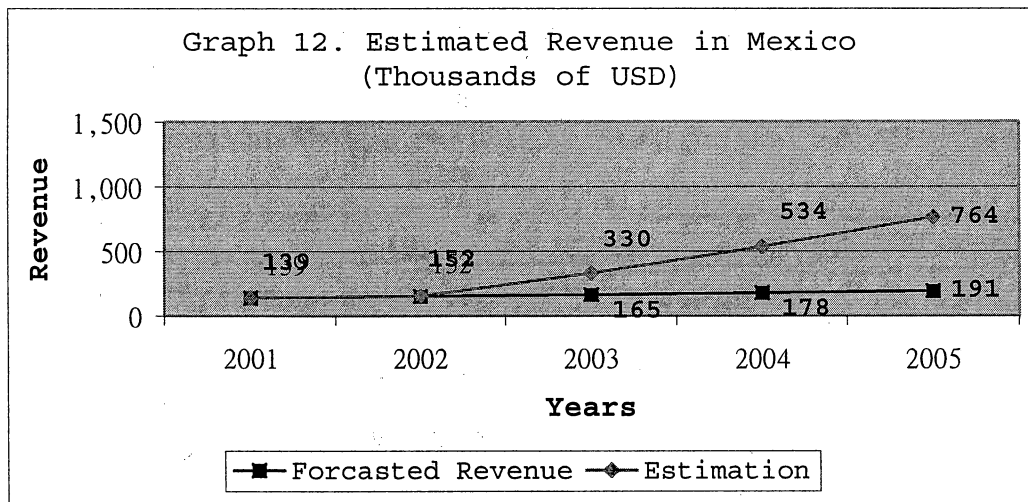
The following graphs represent two curves:

- 1- Estimations according to the Least-Squares Regression Method.
- 2- Estimations based on the Least-Squares' Method affected by the factors influencing the market, as mentioned earlier.

Revenue in Mexico in thousands of USD for the last six years:

Year	1995	1996	1997	1998	1999	2000
Revenue	174	8	0	36	186	152

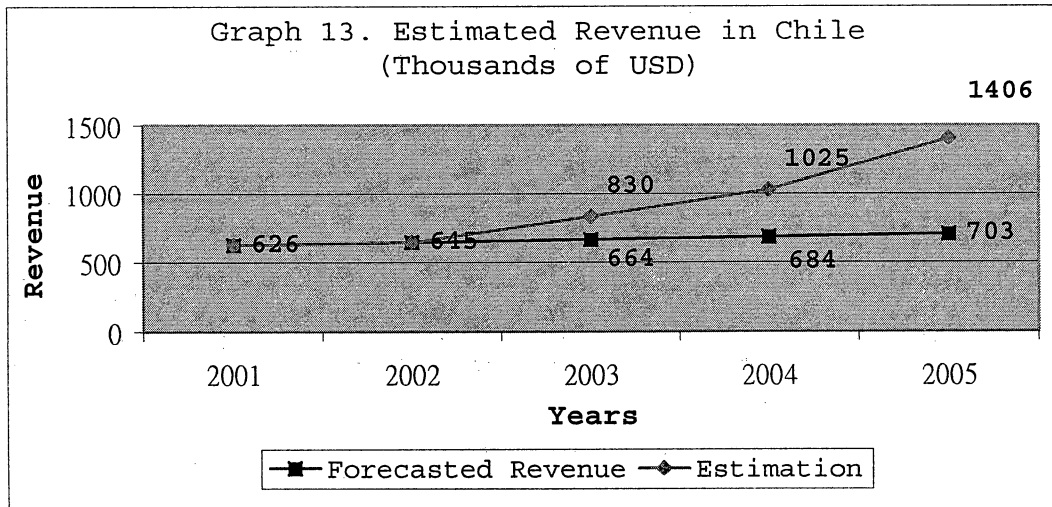
Estimations: Equation: $y = 13,14x + 46,67$



Revenue in Chile in thousands of USD for the last six years:

Year	1995	1996	1997	1998	1999	2000
Revenue	82	667	927	908	366	401

Estimations: Equation: $y = 19,23x + 491,2$



Revenue in Argentina in thousands of USD for the last three years:

Year	1998	1999	2000
Revenue	53	92	6

Estimations: Exports to Argentina are too recent to make any relevant estimation on, especially given the fact that the economic crisis of the year 2000 greatly affects any calculation.

Comments on the Revenue's Estimations of PSI in Latin America. The hypothesis which impacts the original estimations is the elaboration of the "Value Line" and the set-up of a production subsidiary in Latin America between 2001 and 2002 in order to offer the new product line during the year 2002. Then, PSI's revenue should reflect the benefits of that adaptation in comparison with the original estimation within the year 2003. The factors that evolved in a better increase than expected in the company's revenue on these markets in normal conditions are:

- The emergence of a price advantage.
- The adjustment of the products and services to customers' needs.
- The general trend of the market that pays increasing attention to playgrounds.
- Competitive forces that can affect the favorable evolution of sales.
- The positive attitude towards the "Value Line."

Mexico has the most growth potential for two main reasons: the rising influence of the United States on the Mexican consumption trends and the increasing interest that the educational community shows in interacting with and teaching children by playing. Mexico also has reached a certain economic and political stability, since the economic

crisis of 1996, which explains a drop in sales for that particular year and the next. This variable affects, therefore, the estimations of growth. More objectively, the revenue growth rate should double each year. Moreover, PSI, in this market, has only to face foreign competition that should be more or less threatened by the price advantage resulting from PSI's direct implantation. The benefits of the new line meeting the cultural identity of the market adds to this advantage.

Chile ranks second in terms of growth potential, as local and foreign competition limits the expectation of a major improvement in the company's revenue growth rate for this country. Chile's playground market is actually the most mature and competitive of the three presented. Due to the "Value Line", PSI should reach a considerable quality/price ratio advantage, which will allow both its market share and its revenue to increase. Moreover, in Chile, PSI must get recognition. Therefore, it is essential to set up a promotional campaign emphasizing its market positioning. PSI desires to be perceived as the foreign playground provider that pays the most attention to its Chilean customers' needs by offering the best quality available for a reasonable price.

Argentina is lagging behind Mexico and Chile in its enthusiasm for playgrounds. However, PSI's penetration of the

Argentinean market only started two years after having entered the Mexican and Chilean markets. There is a real potential, but the economic difficulties experienced in 2000 with the dollarization and the recession affected the company's penetration of the market. However, since the cultural and economic profile of the country is similar to Mexico and Chile, estimations will be more optimistic once the economic problems are over. The company will have to launch the "Value Line" with a great promotional campaign. This campaign should be led by the company itself in collaboration with its distributors.

CHAPTER FOUR

CONCLUSION

Summary of Recommendation

The "Value Line" seems the most appropriate solution to PSI in order to gain market shares and increase its sales in Latin America. This product line offers a double interest: a special product line adjusted to the characteristics of Latin American customers and a partial local production that represents a path to a deeper implantation in the long run.

The "Value Line" will be directed to public or large organizations, such as schools, public parks, condominiums, hotels, and restaurants.

In terms of distribution, this product line represents the opportunity to develop perspectives of larger implantation in the local market. Indeed, the set-up of a production unit is the first step for a direct penetration of a foreign market. Then, after gaining sufficient recognition, American playground manufacturers could think about investing more heavily by creating points of sales locally. This would help firms to have a better control over their brand image, product distribution, and related services that are important factors of success and loyalty. Then, later on, when the company and product brands will be established and if the Latin American

market accepts the original American lines, firms could consider direct selling from the United States. This would reduce firms' investment considerably and enable them to compensate the shipping and customs costs with their gains. Furthermore, this distribution alternative, being only possible in the long run, may benefit from the emergence of free-trade agreements among the United States, Chile and Argentina that would reduce or even cancel customs costs. Regarding Mexico, firms should be able to choose that alternative sooner due to NAFTA, which is regularly being expended.

In terms of communication, the "Value Line" will enable American playground manufacturers to enlarge their distributor network and limit the risk of dependency. Indeed, adapted communication means are required to succeed on the Latin American market, and having an accessible product line will help partnerships. Whether dealing with partners or with customers, direct contact and time sharing is essential. Both need to test how much the manufacturer can be trusted, contrary to the American culture where trust is taken for granted. Therefore, while dealing with Latin Americans, it is important to take the time to know each other professionally and personally. This is why Hispanic customers' loyalty, once gained is worth gold, as trust takes long to gain, but once

obtained, lasts. Trade shows are an appropriate place to find new contacts and receive good feedback on possible negotiations. Even if trade shows are not well established in Argentina and Chile, they are growing. Door-to-door sales is also a good approach; however, representatives must be referred by someone. One must keep in mind that everything is about networking in Latin America. Besides direct contact, the Internet is now a very useful and appreciated tool that can draw attention if the messages appear to be worth reading by including prizes, colors and animation. Even if Latin American culture is based on strong traditions and values, it does not prevent them from enjoying appealing and innovative technology. Publications, including the yellow pages, are also a current and traditional way of promoting a company or products. In the case of playgrounds, professional newspapers and magazines are the most suitable to target public or large organizations. The use of such media depends also on the media mix of firms' advertising strategy. It is a very interesting means to increase the public's knowledge about the benefits of playground equipment in order to give the perception they are essential in children's development. The readers of this project will agree there after reading Chapter Two of this project and the respective appendices.

In a nutshell, the adaptation described above is necessary to reach customers' satisfaction in terms of marketing mix. Moreover, it helps to adjust the level of complexity and technology of products to the customers' expectation, as right timing is essential to the acceptance of innovation. However, the advantage of American over local playgrounds is the availability of elaborated products that may draw customers' loyalty. In that sense, American manufacturer can pull the market by slowly introducing new and innovative products. After time, the target market may reach the level of expectation of the American market, which would lead American manufacturers to offer a very similar, if not unique, line. This symbolizes the advantage of globalization and intercultural acceptance.

Practical Guide

The following is a guide to firms exporting or setting-up a subsidiary in the three Latin American countries discussed in this project. The goal of this guide is to provide relevant and useful legal and financial information depending on firms' distribution strategy.

To Export

Argentina (Crédit Lyonnais, 1998).

- Tariffs:

Unique tariff applied to nonmembers of the Mercosur free-trade zone: from 0 to 20% of the CIF value.

- Taxes:

A rate of 21% is applied on the sum of the CIF value, plus the tariffs, and the statistic tax (3% of the CIF value).

- Free Zones:

La Plata in the province of Buenos Aires. The state planned to develop a free zone in each province.

- Customs documentation:

Required fret documentation are basic and meet the international regulation.

- Standards and labels:

Argentina has signed the "Standard Code" by NATO.

However, it is recommended that the exporter follows the distributor's advice, as some specific rules exist for certain products.

- Industrial and intellectual properties:

Argentina signed the inter-American agreement in 1946, to the universal agreement on industrial property in 1952 and to the agreement of Bern. The

management of the intellectual property depends on the National Institute of Industrial Property. The application procedure is centralized in Buenos Aires.

- Patents are granted for a period of 5, 10 or 15 years renewable.
- Brand protections are valid for 10 years renewable. The cost is about ARS 300 for registration and publication.

Chile (Crédit Lyonnais, 1996).

- Tariffs:
Unique rate of 11% based on CIF value.
- Taxes:
Tax of 18%. For imports, the value of reference is the CAF value including tariffs. For equipment there is a possibility of seven-year delay.
- Free zones:
Two free zones: *Iquique* (ZOFRI) and *Punta Arenas* (PANZON).
- Customs documentation:
The import application must include the name of the importer, the country of origin, payment terms, a description of the goods, and transit terms. All imports must contain an import certificate, five

copies of the invoice in Spanish, and the ticket or bill of loading.

- Standards:

Certifications are performed by the *Instituto Nacional de Normalización* (INN), member of the ISO (International Standard Organization). There are six Chilean sub-standards for ISO 9000.

- Industrial and intellectual properties:

Chile signed the agreement of Paris.

- Patent of innovation: Invention patent is protected for 15 years non renewable. The limit of validity depends on the first application. The patent number must appear on each product and package, and mention *patente de invención* or initials "PI".
- Patent of idea: Ten-year validity, non renewable starting on the delivery date.
- Brands: Ten-year validity starting on the registration date. Trade names are not recognized in Chile.
- Industrial designs and models: Ten-year validity, non renewable.

Mexico (Crédit Lyonnais, 2000).

- Tariffs:

Considering the NAFTA agreement, rates can go from six to 20%.

- Taxes:

The tax rate at the border is 10%. Taxes are computed "ad valorem".

- Free zones:

Since 2001 the free zone is expanded to all the country according to NAFTA.

- Customs documentation:

Three documents are required for imports:

- Invoice in Spanish: value, description of goods, and address of receiver and sender.
- Certification of origin
- Ticket or bill of loading
- Certification to technical standards

- Standards and labels:

Mexican Official Standards (*Normas Oficiales Mexicanas*, NOM) and certification for labels from organizations approved.

- Industrial and intellectual properties:

Mexico is a member of the World Organization for Intellectual Property. Nationally, there exists an

industrial property law (see the *Instituto Mexicano de Propiedad Industrial*, IMPI).

- Patents: Granted 20 years, non renewable. Costs about USD 793.
- Utility models: Ten years, non renewable.
- Brands: Ten years, renewable. Costs about USD 137..

To Set-up a Subsidiary

Argentina (Crédit Lyonnais, 1998).

- Direct foreign investment framework:

The executive order #1853 of 1993 specifies that foreign firms are subject to the same conditions as local firms. Argentina joined the OECD's directives for direct foreign investments. In addition, three laws have to be considered: Consumer protection, law 24.240; competition and price policies, law 22.262; Exchange of financial flows.

- Business law:

- Step up a subsidiary:

Registration application must be written in Spanish, be certified by a notary, include the headquarters' charter and by-laws. No minimum capital is required. The representative should be local. Management statements must be sent to

the Legal Inspection and registered at the Trade Register.

- Set up a local business:

A corporation is advised to be able to issue shares. It takes two weeks to get the approval of the Legal Inspection about the name. Then, the firm is registered once the contract has been established by a notary.

- Tax system:

- Agreement on non-double taxation.
- Tax rates: 33% on revenues.
- Taxable revenues: deductions count the taxes paid except tax of business, transfers to affiliated units, and donations. Foreign firms are taxable on their Argentinean revenue. Annual depreciation rates vary from two to 20% linearly.
- Value-added tax: most is included in the taxable revenue and subject to the business tax. Value-added from bounds are not taxable.
- Interest tax: 13.2%.
- Charges inter-units: not deductible.

Chile (Crédit Lyonnais, 1996).

- Direct foreign investment framework:

The executive order #600 of 1974 lists foreign investor rights: free transfer of benefits, free repatriation of capital allowed starting one year after the establishment date, and free access to the official market of exchange. Investment project must be submitted to the *Comité de Inversiones Extranjeras* (CIE), in charge of issuing authorizations.

- Incentives to investment:

Programs encouraging regional development: 15% of tax reduction on the business's non financial activities and 20% premium on the investment. Special taxation system for activities developed in the south by the straits of Magellan consisting of a tax, tariffs and VAT exemption.

- Business law:

Creation of a subsidiary:

- Corporation: said "open" if quoted on the market or has more than 500 employees, said "closed" in other conditions. The "open" corporation must be registered.

- Private limited company: appropriate for partnerships, there are between two and 50 associates that can be residents or not, the starting capital is unlimited, and increases in capital are decided by the majority while diminutions are submitted for acceptance to the *Servicio de Impuestos Internos*.
- Tax system:
 - Adaptation to international standards since 1996.
 - Tax on first category revenues of 15% and additional tax of 35% applied on distributed revenues.
 - Deductions: operating costs, tax paid abroad, VAT if not credited, losses, depreciation of assets, R&D expenses.
 - Withholdings: the interest tax is of four percent and the distribution of dividends to non residents are subject to the tax on business revenues.

Mexico (Crédit Lyonnais, 2000).

- Direct foreign investment framework:
 - Foreign firms willing to set up a local company must obtain an authorization from the SRE (*Secretaría de Relaciones Exteriores*). 90% or more of the employees

must be Mexicans. This limitation does not apply to the top management.

- Incentives to investments:

Tax helps from the government, federal and local incentives, financing program for small companies with the Nafin (*Nacional Financiera*) granting credits at preferential rates.

- Business law:

Create a local company:

- Corporation: the classic corporation is chosen to go public while the corporation with variable capital offers the possibility to benefit from flexibility in the social capital.
- Private Limited Company.

- Tax system:

- Agreement of non-double taxation enabling to reduce Withholdings from 10 to 15% on dividends, interests, and value-added in capital.
- Territory: resident companies are taxed on all their revenues world wide. Non-resident companies are taxed on their Mexican revenues.
- Tax rates: 35% on taxable incomes. Reduction to 30% if reinvestment of benefits.

- Taxable benefits: taxable income is computed by deducting losses and deductible charges.
- Value-added tax (VAT):
Value-added on shares are taxable at 20% if they are totally or 50% from Mexican origin unless there is non-double taxability.
- Interest tax:
Rate of 4.9% if interests are deposited in a foreign bank registered at the Finance Ministry. Otherwise, the tax is 40%.
- Depreciations:
Linear depreciation. Annuities are from five to 30% regarding the nature of assets.

APPENDIX A
RELATIONSHIP PARENT/CHILD

Parents' Responsibility in Education

Universally, good physical, mental, and social development of a child is the result of the learning of space and time concepts.

Children's relationship to their mothers is fundamental in their physical development. Children build their own identity due to the affection, peace, and security found in their relationship with their mother. This relationship is built through a process of communication developed in a time and space defined by their mother. Physical contact is the first means of communication for children at the beginning of their life. A confident relationship with the mother is a strong support for the harmonious development of the child's identity, intellect and body. This relationship also offers the basic conditions favorable to a good approach toward social development.

Traditionally, in Mexico, this privileged relationship with the mother was emphasized because of greater attention from the mother than from the father. Indeed, the father used to play more of a role of authority to give guidance to the child, and prepare him to integrate and apply certain rules in his relationship to others. Recently, the father has become more involved in the emotional life of his child, as noticed by Sánchez-Sosa (1992). This evolution comes from the

awareness of the importance of the father's impact on the intellectual, moral, emotional, and self-esteem of the child. In Chile and Argentina, the father seems more integrated in the mother/child relationship, which gives a balance to both parents' roles.

Between the two of them, parents offer a balanced life to their child, due to a schedule providing some organizational guidelines and also due to an emotional and relational frame that prepares the child to live in society. That is why it is essential to bring children along while doing daily tasks as children learn a lot just by observing and imitating. Thus, children will be able to acquire a maturity essential to later learning, (Huertas de Quirantes, 1987).

Home is, in fact, the child's first school, and parents are the first teachers (Reinhart Lempp, 1983). Children learn more during the first five years of life than during any other period. The ability of children to learn at school depends mainly on their previous family experiences. The benefit of learning experiences occurring in the first five years will be amplified if parents stimulate the development of their child through appropriate activities, such as games.

Finally, as Infante Núñez (1998) and Valeria Ramirez (1999) explain it, in Chile and Mexico, the parental participation is not limited to the pre-school period. Schools

expect parents to cover material needs and to follow up on their child's homework and overall accomplishments. Schools also expect parents to adopt the school rules and to help in their child's general education. This relates the concept of "educative community" (Infante Núñez, 1998), which consists of the educators, the school, and the parents. This concept aims at giving an important dimension to the role played by parents in education and prevents them from leaving that responsibility to educators.

Affective Relationship

The concept of affection is common to these three countries with Latin roots. However, some variances might appear due to the influence of immigration waves that occurred through the years following the Hispanic colonization.

The affective relationship is very important in the child's search for balance. That relationship reassures the child and enables him or her to discover with confidence the surrounding world. Affection is indispensable to the personal development of a child. Parents' presence and attention through dialogue reinforce this privileged contact every day and contribute to the improvement of the child's capacity to adapt until he or she becomes independent. In Mexico especially, the relationship is warm and demonstrative.

Parents Fulfillment through the Child

Often, parents expect their children to succeed where they themselves have failed; for instance, they might desire their children to reach a level of education in order to get a respectable position that the parents were not able to obtain. Perhaps it is a way to comfort their feelings, thinking that they have been good parents, having contributed to the success of their child. This feeling is particularly observed in Latin cultures where the role played by parents is very important.

In Chile and Mexico, parents might even feel a little more involved in their child's success because of the educative community system. Therefore, they may have some expectation in return. Particularly in Mexico, parents believe that the current dynamism offers many opportunities for success.

APPENDIX B

FUNCTION OF PLAYING
BY AGE BRACKET

According to Suzanne Thompson (1994) and the WAECE (2000) there are different stages of development in which playing has a specific function.

From Birth to 2 Years Old: Motor Stage

This is the heart of human experience. At this stage, children experiment with their body and its abilities. Their actions are motivated by many questions such as "What does that object do? How does it taste? How does it sound? How does it smell? How does it feel?" or also "What will happen if I sit on it, if I squeeze it, if I take it, if I bite it, if I throw it?..." All is a game. A child's body is like an instrument of experimentation. Children learn how to move in order to reach the things surrounding their body. Thus, children start to know themselves, others and their environment by storing data. The information perceived by their senses - sight, hearing, touch, smell and taste - are combined with their body reactions in contact with objects. This stage of experience conditions the results of the next stages of development. At the end of this stage, children control their basic mental development. They are capable of assigning a symbolic value to objects and people, which will enable them to access language.

Age 2 to 7: Pre-operational Development Stage

This is the organizational stage. During this stage of fast growth and development, children confront a great quantity of information accumulated during the previous stage and their constant exploration. The pre-operational stage is characterized by more complex perceptions. This stage is a huge step towards the control of the following concepts time, space, existence, and cause and effect relationships.

Two important characteristics of this stage are also the experience of role games and the integration of motor abilities. On one hand, the experience of role games is nothing more than reproduction by imitation of what children observe in their everyday life. This enables them to put the world at their level, to express their impressions and communicate with their buddies. On the other hand, at this stage, children's bodies are finally articulated as they grab the opportunities of practicing their balance, throwing, catching, climbing, and jumping over obstacles. These repeated experiences are necessary for the development of their abilities to use their everyday tools.

Age 7 to 11: Concrete Operational Stage

Children of this age bracket are more focused on construction games, games with set rules, or games calling for

creativity. This type of game encourages a lot interaction with others. Construction games involve the use of objects in order to express ideas or processes. The question asked is not longer "What is the function of that object?" but "What can I do with that object?".

Games using creativity enable children to represent ideas or build projects. Games with set rules suggest a new level of maturity inciting children to respect a given behavior frame. Therefore this type of game has a moral function. As far as the symbolic games, they take a new dimension with the use of language (jokes, codes, nicknames). In these games, interaction is important and children start to be able to determine who they will play with.

Age 11 to Adult: Abstract Operational Stage

This is the children's mental development into their capacity to think, formulating ideas without referring to the manipulation of concrete materials. Children are now manipulating ideas with the same ease that they previously did with objects. Metaphorical images can be used to communicate by writing or speaking about a reality outside children's world of experience. The exploration goes from concrete to abstract. Considerable changes occur physically, socially and emotionally. Their group of friends take first place by the

increasing number of social activities and especially sports
that are often considered important.

APPENDIX C
PSYCHOLOGICAL DIMENSION
OF PLAYGROUNDS

According to Reinhart Lempp (1984), sufficient intellectual abilities and a good learning capacity depend on the central nervous system, which is the organ appealed to for each psychic activity. Learning capacity is based on the combined action of the sense organs and the nervous system. Consequently, deficiency in stimuli reception through sense organs must be taken into account in the evaluation of learning capacity, precisely because the stimuli reception mode is directly linked to the teaching method. A good working central nervous system and sense organs are the basic conditions for a good learning capacity. Therefore, it is essential to watch the awakening of all senses from the earliest age in order to assure a maximum understanding and learning capacity.

The first function of the play structure is to awaken the children's senses. This implies adult supervision to make sure that the senses are equally developed. We must remember that the fundamental training happens during the first six years of children's lives. During that period, children develop their mental structure and their capacity to receive and exchange information. For that reason, it is necessary to have such various activities as playgrounds offer. A good stimulation of the senses guaranties

children's recognition of their family and external environment.

The interaction with others and a constant parental supervision give children an appropriate functional development. Indeed, the attitude and orientation of the surrounding environment have a considerable impact on the pre-school intellectual development. It is a preparation to sociability, tolerance, and adaptability. Playgrounds offer great motor development due to a constant stimulation of the senses targeted for each age bracket. They also assure an intellectual development by learning how to use each element of the structure and in the use of language to communicate with other children. At last, playgrounds have a social function due to the opportunities of interaction offered and the recognition of community values linked to the culture.

APPENDIX D
QUESTIONNAIRES

QUESTIONNAIRE ONE

Cuestiones sobre el Mercado:

- 1- ¿De que tamaño es el mercado?
- 2- ¿Cuáles son los clientes más importantes de Playworld Systems en Argentina?
- 3- ¿De qué sector y actividad son?
- 4- ¿Cuál es el porcentaje del mercado cobrado Playworld Systems?
- 5- ¿Cuáles son las razones porque Playworld tiene una ventaja sobre los proveedores argentinos?
- 6- ¿Cuáles son las razones porque P. no realiza más ventas? (materiales, calidad, diseño...)
- 7- ¿Generalmente, en esa actividad, cual es el acogimiento de las empresas americanas?
- 8- ¿Cuáles son los argumentos a favor y contra las empresas americanas?
- 9- ¿Cómo se hace la promoción de los sistemas modulares de juegos en Argentina? (ferias, publicidad, revista profesional...)
- 10- ¿Cual es la red de distribución clásica por este tipo de producto?

Cuestiones sobre la Demanda:

- 1- ¿Cuáles son las exigencias de la demanda? (Producto y Servicio)
- 2- ¿Cuáles son los criterios de elección del proveedor?
- 3- ¿Cuales son sus clientes? (Sector; Actividad)
- 4- ¿Cuál es el presupuesto dirigido a los sistemas de juego por tipo de cliente?
- 5- ¿De quién viene la decisión de comprar?
- 6- ¿Quién sugiere la necesidad de compra?
- 7- ¿Cuales son los tiempos de compra? (méses del año)
¿Por qué?
- 8- ¿Cuáles son el medio precio por tipo de producto en México? ¿De qué producto o servicio se compone un proyecto?

Cuestiones sobre los Productos:

- 1- ¿Qué productos se venden mejor? ¿Porqué?
- 2- ¿Cuáles son los que se venden menos? ¿Porqué?
- 3- ¿Cuál es el papel educativo de cada tipo de producto?
(Playstructure, slides, castle...)
- 4- ¿Dimensión psicológica del sistema de juego en la educación de los niños?
- 5- ¿En qué sentido los productos de Playworld Systems deberían cambiar para adaptarse mejor a la demanda?

6- ¿La ergonomía de los niños tiene un papel en la preferencia de productos argentinos?

7- ¿Cuál es el impacto de la diferencia cultural sobre el diseño y el color de los productos?

8- ¿Generalmente cual es el espacio disponible para un parque infantil? (metros cuadrados) ¿Es algo popular de encontrar módulos de juego en los parques públicos? ¿Por qué?

QUESTIONNAIRE TWO

Questions about the Market:

- 1- What is the size of the market of playgrounds?
- 2- What is your market share?
- 3- What company dominates the American market right now?
- 4- From what sector (private/public) and activity are your customers? Name the major ones.
- 5- What future do you see for playgrounds in the US?
- 6- What is the communication network used for the advertising of playgrounds in the US? (Articles in professional magazines, press releases, fairs, associations, commercials...)
- 7- What is the distribution network commonly used for playgrounds in the US?

Questions about the Demand:

- 1- What kind of playgrounds do parents, educators and companies in direct or indirect relation with children are looking for? What are their expectations? (design, safety, options...)
- 2- What are the criterions of selection of the distributor to choose from different manufacturer?
- 3- What budget is dedicated to playgrounds for each type of final customer?

4- To whom belongs the purchase decision? (per type of customer)

5- Who suggest the need to purchase a playground? (per type of customer)

6- At what time of the year are the orders the highest?

Questions about the Products:

1- What kind of product represent your highest sales?

Why?

2- What kind of product represent your lowest sales? Why?

3- What is your inspiration while creating a new design for playgrounds?

4- Usually, what is the space available for a playground in a park? (square meters)

5- What ranges of products do you offer?

6- What is their estimated life time?

7- What is the average price for each range of products that you offer?

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