

Marketing for Start-ups

Part 6

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Recommended Reading

Successful Marketing for the Small Business,
Dave Pattern, Kogan Page 1998.

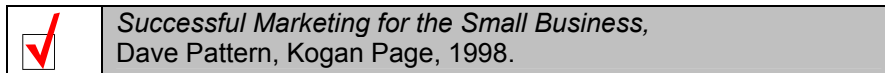
Chapter 32

Marketing

To the fury of marketing executives, the terms *Marketing*, *Public Relations*, *Advertising*, and even *Sales* are often used interchangeably by the rest of the population.

So we will start with some definitions. To quote the experts:

1. Marketing - 'is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.' Hmm!
2. Public Relations - 'is the planned campaign to establish and maintain goodwill and mutual understanding between an organisation and its *publics*.' Hmm!
3. Advertising - 'is paid for communications that aim to bring a business and its products to the attention of potential consumers, and persuade them to ultimately buy.' Better!
4. Sales - is finding out potential customers' needs, showing how your product meets these needs, persuading them to buy, and looking after your customers.



In this chapter we look at:

- ✓
 - ☐ what is marketing and the marketing mix?
 - ☐ marketing and its relationship to the product
 - ☐ marketing and the customer
 - ☐ promotion: branding, public relations, advertising and sales
 - ☐ distribution: wholesale, retail, direct response and electronic marketing
 - ☐ preparing a marketing plan
 - ☐ simple computer aides, such as mail merge, email lists, and customer databases

Most importantly, **high-tech start-ups need to be market-focused**, if they are going to become the 800-pound *Gorilla*. High-tech Start-ups have a number of distinct marketing advantages but also disadvantages.

Advantages	Disadvantages
<ul style="list-style-type: none">▪ Focus on niche market segment▪ Use of Interactive marketing▪ Flexibility to react to market changes▪ Personal touch with customers▪ Improvisation	<ul style="list-style-type: none">▪ Need to compete in global marketplace▪ Limited financial resources▪ Limited management capacity▪ Limited market▪ Compete with established players

Figure 32.1 - High-tech Start-up Marketing

In Chapter 17 we looked at *Internet Marketing*. Here look at marketing in general.

Principals of Marketing

In simple terms, marketing is the *link* between your business and your customers. You give your customers something of value (product or service) and they give you something of value (money, patronage, and endorsement); marketing enunciates the value of your products.

Customers buy for numerous (often intangible) reasons: *need* (bread); *advertising* (Andrex), *fashion* (Armani), *image* (Prada) and *peer pressure* (Nike); *fear* (insurance), *legislation* (TV licence) and *security* (uzi); *quality* (Sony) and reputation (Mercedes Benz); *price* (Hotmail), *value* (Marks & Spencer), and *guarantees* (John Lewis); *standards* (Microsoft) and *specification* (VHS).

What is Marketing?

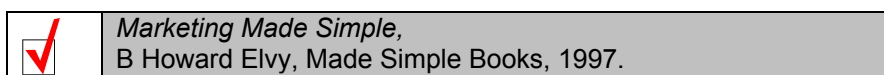
Marketing is a comprehensive set of functions from the inception of the product (design, pricing, promotion, distribution, selling) until it reaches the customer, and also the after-sales service (instruction booklets, servicing, repairs, replacements). Marketing is designed to bridge gaps between you and your customers.

Marketing Link	Your Business	Your Customers
Geographic Gap	is sited at a single location	are dispersed possibly world-wide
Time Gap	releases products at one time	want the products at another time
Information Gap	doesn't know what customers want	don't know what is available
Value Gap	values products by cost and price	value products by want and need
Quantity Gap	prefers to sell in large quantities	prefer to buy in small quantities
Product Range Gap	specialises in one or more products	want a complete range of products
Service Gap	wishes to minimise overheads	expect a full after-sales service

Figure 32.2 - Linking Products and Customers
(Adapted from R. Machado, Marketing for Small Business)

Marketing Mix

The main concept of marketing comprises the so-called four P's: *product*, *price*, *place* and *promotion*. And the so-called marketing mix – the 'Holy Grail' of marketing - is the mix of product, price, place and promotion that best satisfies the needs of the target market. (See Figure 32.3.)



1. Product – the success of a product depends on many factors: quality, design, construction, packaging, functionality, ease of use, and, most importantly, its ability to satisfy customers wants and needs.
2. Price - the price at which a product may be sold also depends on numerous factors: the production cost, the distribution cost, the desired profit margin to achieve an acceptable return on investment, and even the market reaction to the price charged. A lower price reduces the profit margin per item, but might convey 'value-for-money' to the customer. A higher price increases the profit margin and may convey 'quality' to the customer.
3. Place - the choice of distribution channels varies greatly. Channels include via an agent/wholesaler to a retailer, direct to the retailer, or direct to the customer through mail order or the Internet. Frequently, customer convenience and accessibility determines the most appropriate channel.
4. Promotion - this covers the portfolio of methods for promoting a product. These include branding, public relations, advertising, sales promotions, merchandising, exhibitions, in-store displays, web-promotion (banners, etc.), and personal selling.

Product	Price
Design	Retail price
Technical specification	Discounts and special offers
Features and USPs	Instalment and credit terms
Quality, guarantees & reputation	Wholesale price
After-sales service	
Place	Promotion
Distribution channels	Branding
Stockists	Public relations
Locations	Advertising
Availability	Sales
	Merchandising

Figure 32.3: Marketing Mix

An integral part of the marketing mix is customer care.

Customer-Care

Customers are becoming ever more demanding.

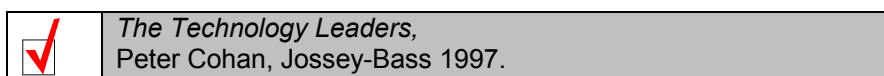
1. Customer Expectations - improved consumer affluence and improved product quality, has raised customer expectations of quality of service.
2. Staff Awareness - progressive businesses have instigated 'customer-care' policies from the board of Directors down to raise the workforces' awareness of the importance of customer service.
3. Customer Complaints - complaints from customers are one of the most valuable forms of feedback to a business and should be treated accordingly. (Nb. one satisfied customer tells five other people; one dissatisfied customer tells thirty!)
4. Satisfaction Checks - you should also survey your customers regularly to monitor their satisfaction levels. Retailers employ so-called 'mystery customers' to visit stores and report on the attitudes of sales and support staff, and also telephone various departments in the company to monitor staff responses.
5. Business Partnership - care must also be shown to your external partners and the internal staff forming the business supply chain, where personal relations can have a profound effect on efficiency and productivity. This might be referred to as the *internal marketing mix*:

Having looked at the principals, we now look at marketing from four different aspects: the *product*, the *customer*, the *distribution* and the *promotion*.

Marketing and the Product

Most high-tech Start-ups launch themselves with a new innovative product. Therefore, new product development is one of the key methods that a small business can use to market itself and develop a reputation as an innovator, ensuring it has a future.

A good starting point is to look at how phenomenally successful high-tech companies like Intel, repeatedly innovate.



Product Development

Obtaining new product ideas for a business is an on-going process. The first step is to generate candidate ideas. As illustrated by Figure 32.4, ideas can come from a number of external and internal sources.

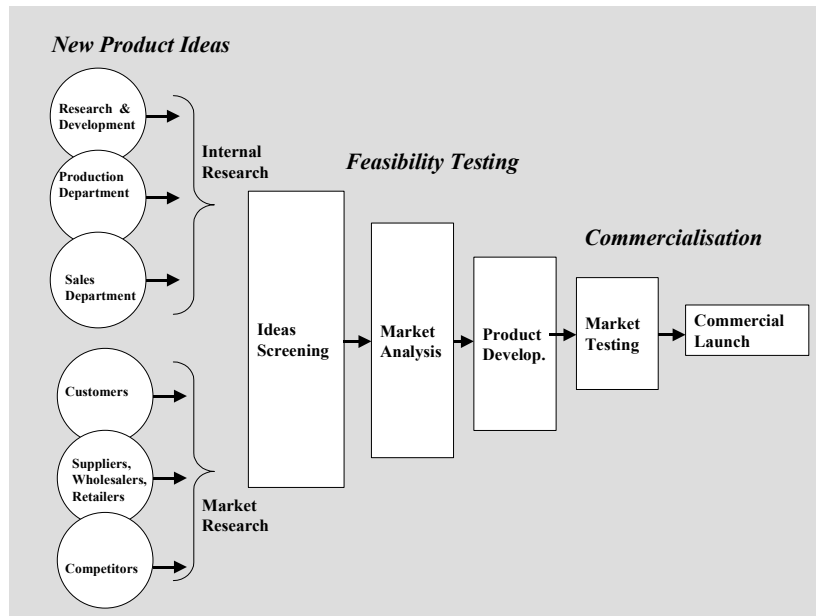


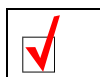
Figure 32.4 - New Product Development Process

The process involves:

1. Idea Generation - one popular method is *brainstorming*: a method of creating product ideas where a group of people uninhibitedly propose and discuss ideas.
2. Idea Screening - candidate product ideas are screened for viability, including your financial, marketing and manufacturing capabilities.
3. Market Analysis - the potential business and market is analysed.
4. Prototype Development - actual prototypes of the product are developed.
5. Market Testing - the product is launched in a small area to judge consumer reaction.
6. Product Launch - the product is launched as fully as your business resources allow.

Product Pricing

Price is a major element of the marketing mix. In Chapter 21, *Forecasting and Pricing*, we looked at the factors affecting price, and how to calculate the basic price level for your product to achieve your desired profit level. Here we briefly look at pricing from a marketing mix viewpoint. The three basic choices are: firstly, to increase profits, secondly, to increase market share, or thirdly, to increase sales volume.



Marketing for Small Business,
Ricardo Machado, Juta & Co., 1996

Typical pricing strategies include:

1. Cost-oriented Pricing - with this strategy you set your price high enough to cover your costs and make a profit. Three variants of this strategy are: *cost-plus* a percentage, *rate-of-return* on investment, and *breakeven analysis* where sales equals costs.

2. Customer-oriented Pricing - with this strategy you set your price so it is perceived as competitive, or 'value for money', by your customers. There are a number of variants: *backward* – what the customer is prepared to pay, *prestige* – to imply quality, *odd-number* – e.g. £2.99, *price lines* – a range of economy, medium and quality product prices, and *bundled* – the price combines two or more products.
3. Competition-oriented Pricing - with this strategy you set your price depending on your competitors. Variants include: *above market* – to emphasise quality, *below market* – to increase sales volume, *at market* – to match the competition, *skimming* – to maximise profits where you have few competitors, and *penetration* – price set to gain market share.
4. Market Capitalisation Pricing - this is a strategy unique to electronic commerce, where you give away free your product to gain customers (subscribers) with the goal of ramping up the valuation of your business.

Product Life Cycle

As a new company, one of the fundamental laws of business you need to be aware of is the *product life cycle*. Every product and even business has a birth, a rapid growth, maturity and a subsequent decline. Laura Ashley and the Body Shop are examples.

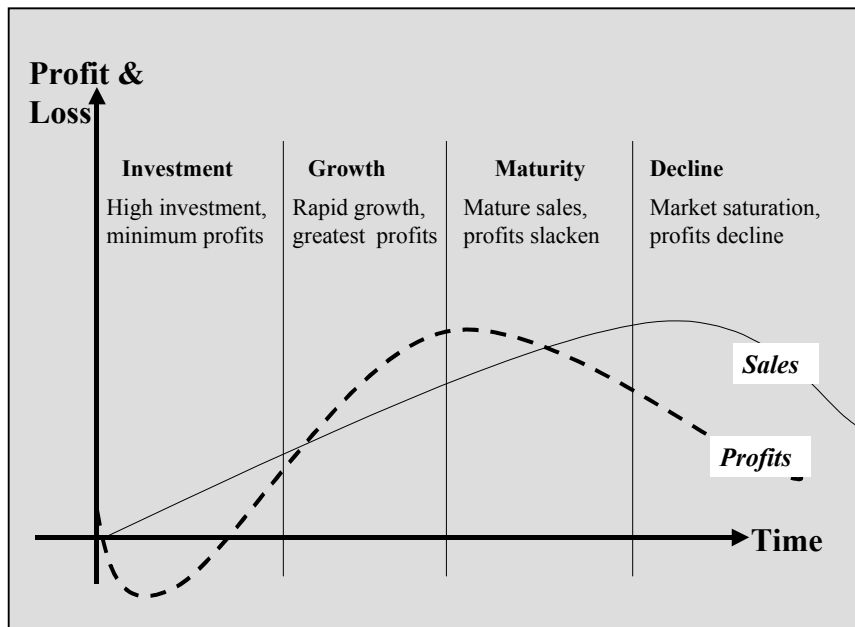


Figure 32.5 - Product Life Cycle

To quote Andy Grove, Chairman of Intel, 'only the paranoid survive'. A company who can innovate and bring new products to the market will survive (this includes modifications to existing products to stop them rolling over the 'peak' into decline).

Marketing and the Customer

Identifying the needs and aspirations of your customers is a continuous process. Fortunately, for a high-tech Start-up, mass consumption and the US domination of the global media, has brought about a standardisation in habits and tastes of the vast majority of consumers. It is therefore possible to analyse the purchasing habits of a whole market by conducting tests on a small sample of potential customers. Popularly called consumer or market research, and covered in Chapter 7, *Market Research*.

Consumer Research

To help analyse customer profiles and purchasing behaviour, markets are segmented. Four typical factors used for market segmentation are:

1. Geographic - you segment the market according to where customers are located. Post codes in the UK give a good guide to customer socio-demographics.
2. Demographic - you segment the market according to factors such as age, sex, marital status, occupation, income and expenditure, etc.
3. Lifestyle - you segment the market according to customers' activities, interests and opinions.
4. Behaviour - you segment the market according to how customers respond to the product, such as when or where they buy the product, what benefits do they seek, and the frequency of use; are they 'impulse' buyers.

Just as important as customer research, is researching your competitors.

Competitor Research

It is often surprising - one might even say shocking - how little some businesses know about their competitors. Do not be fooled into thinking that because you have a new, innovative, or technological product, that you do not have any competitors.

The sorts of questions you should be able to answer are:

1. Competitors - who are your strongest competitors and is their business growing or contracting? As a starting point you can get hold of their annual accounts from Companies House.
2. Products - how does their product range compare with yours in terms of price and quality? Buy their products and reverse-engineer them.
3. Management - are they well managed? Ask ex-staff and customers for their opinions.
4. Marketing Strategy - what is their marketing strategy and which sectors are they targeting?
5. Customer Service - do they provide good customer care and what is their reputation in the marketplace?
6. Strengths/Weaknesses - do a SWOT analysis on your competitors and then one on your own business.

Marketing and Distribution

Distribution is the 'place' part of the marketing mix; the system that gets your product to the place where the customer wants to buy it. Two important aspects are firstly the *distribution channel* and secondly (*physical*) *movement* of the product.

Issues to be considered when selecting your distribution system are:

1. Intensity of Distribution - the properties of the product: *intensive* – all possible outlets including the Internet, *selective* – suitable for selected outlets, *exclusive* – expensive and appropriate for special outlets.
2. Product Characteristics - the level of exclusivity and technical complexity of the product will influence where it can be successfully sold. For instance, expensive, technically complex products require special sales and servicing requirements.
3. Types of Intermediaries - these are middlemen handling distribution between the producer and the consumer. *Brokers* – who bring buyers and sellers together, such as eBay (www.ebay.com), E-Trade (www.e-trade.com) and LastMinute.com (www.lastminute.com). *Agents* -

these help a producer sell to wholesalers, charging a commission. *Wholesalers* (Reseller, US) - these buy in bulk and distribute to retailers, and *retailer* - these sell directly to consumers.

Distribution channels

Channels of distribution can be broadly classified as:

1. Direct - distributed directly from the producer to the consumer, such as interactive and mail order.
2. Indirect - distributed via an intermediary, such as brokers and agents etc.

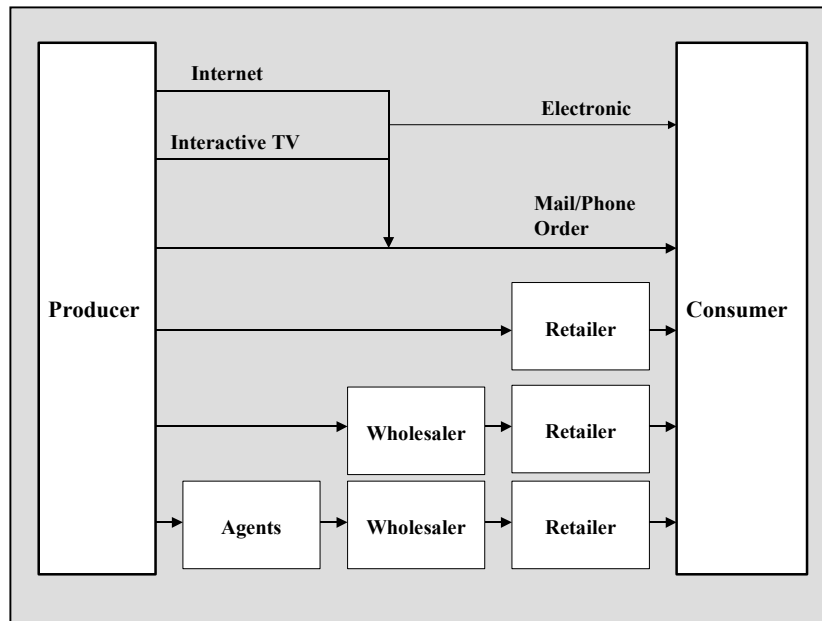


Figure 32.6 - Distribution Channels

Direct (Response) Marketing

Sophisticated communications, such as the Internet, and reliable courier services, like DHL, allow small firms and high-tech Start-ups to market directly to consumers, even on a global basis. The area is called direct response marketing. Mail order is the principal sector with 90% of the market being dominated by the major catalogue companies, GUS, Littlewoods, Freeman's, etc. However, in the past few years, many leading retailers have introduced mail order catalogues and home delivery, seen as an obvious prelude to Internet and interactive television shopping.

There are a number of direct marketing channels available:

1. Internet - supports global direct marketing, either through electronic catalogues and electronic mail.
2. Mail Order - is the major fulfilment mechanism whether customers are shopping by catalogue, over the telephone or the Internet.
3. Direct Mail - this is an increasingly popular form of directed advertising. However, it is important to target your market effectively to avoid impersonal and in some cases puerile communications.
4. Telephone Sales - we tend to think of telephone sales as someone phoning to sell you double glazing when you are just sitting down to dinner. However, if you are calling the MD

of a prospect company it is also telephone sales. Customers calling you to make a purchase after reading your mailing piece are also phone-sales.

5. Door-to-Door - selling door-to-door is an alternative to direct mail and selling, but may be inappropriate for a high-tech company.
6. Networks - there are a number of direct marketing 'schemes' for developing a personal relationship with your customers, such as clubs, party plans and multi-level marketing.

Next, we will look at the 'promotional' element of marketing.

Marketing and Promotion

The final 'P' is *promotion* - the area of the marketing mix dealing with how you are going to make your target market aware of your product.

There are many ways of doing this, each covered by a separate chapter:

1. Branding - Chapter 33.
2. Public Relations - Chapter 34.
3. Advertising - Chapter 35.
4. Sales - Chapter 36.

And also;

5. Merchandising - a term used in marketing to cover all those sales promotion activities used to rouse a customer's interest in your product, excluding conventional press and television advertising, and public relations.

Marketing Plan

To be successful you need a marketing plan to set out what the business wants to achieve through its marketing, how it will achieve this and how much investment this will need.

The main components of a marketing plan are:

1. Executive Summary - a summary of the main goals, market analysis, decisions and recommendations that are in the marketing plan.
2. Current Marketing Situation - this section covers the current market: the market description, product review, competition review, distribution review, and a business environment analysis.
3. Market Analysis - a realistic analysis of your business compared to your competitors in the marketplace. A common way of doing this is a SWOT (strengths, weaknesses, opportunities, threats) analysis:
4. Objectives of Campaign - this sets out the objectives for the campaign. These objectives should be quantifiable, ranked in order of importance, given a time deadline, and be achievable.
5. Marketing Strategy - this identifies your target market, your positioning and your marketing mix for the target market.
6. Action Programmes - this is the specific programme of work to achieve the objectives of the campaign. It answers the questions: *what*, *when*, *who* and *how* much it will cost.
7. Budget - this sets out the budget for the campaign, including a projected profit/loss statement and projected sales forecast.

8. Controls - this monitors the performance of the plan, measuring and evaluating the results and taking any remedial actions to ensure that the objectives are achieved. This includes: sales analysis, profitability, and market research.

Executive Summary (one to two pages)	Main Goals Market Analysis	<input type="checkbox"/>	Marketing Strategy Action Programme	<input type="checkbox"/>
Current Market Situation (two to three pages)	Market description Product review Competition review	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Distribution review Business environment analysis Market trends	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Market Analysis (one page)	Strengths Weaknesses	<input type="checkbox"/> <input type="checkbox"/>	Opportunities Threats	<input type="checkbox"/> <input type="checkbox"/>
Objectives of Campaign (as necessary)	Quantifiable Ranked in order of importance	<input type="checkbox"/> <input type="checkbox"/>	Time deadline Realistic and achievable	<input type="checkbox"/> <input type="checkbox"/>
Marketing Strategy (one page)	Target market Positioning/Message	<input type="checkbox"/> <input type="checkbox"/>	Marketing mix Marketing communication	<input type="checkbox"/> <input type="checkbox"/>
Action Programme (one page)	What will be done When it will be done	<input type="checkbox"/> <input type="checkbox"/>	Who will do it How much it will cost	<input type="checkbox"/> <input type="checkbox"/>
Budget (one page)	Budget for the campaign Profit/loss statement	<input type="checkbox"/> <input type="checkbox"/>	Projected sales forecast	<input type="checkbox"/>
Controls (one page)	Sales analysis Profitability	<input type="checkbox"/> <input type="checkbox"/>	Customer research	<input type="checkbox"/>

Figure 32.7 - Marketing Plan Checklist

Finally, we look at simple computer-based aides a Start-up can use to support its marketing activities.

Computer-based Aides

Simple marketing aides include:

1. Mail Merge - using a word processing package, such as MS WORD, to prepare name and address tables and then generate letters for mail shots.
2. Fax and Email Lists - using a fax or electronic mail package to prepare name and address lists and then generate fax or email mail shots.
3. Customer databases - starting to construct a customer database system, using for instance MS Access, to track customers.
4. Slide Presentations - using a presentation package like MS PowerPoint to prepare slides for customer presentations.

Below, we briefly introduce these computer-based aides.

Mail Shots and Mail Merge

Central to your marketing campaign is building an increasingly sophisticated customer address list. The starting point can be a simple MS Word *Table* containing customer names and addresses.

Create an MS Word **T**able of names and addresses, prepare a form letter, then use **M**ail **M**erge (in the **T**ools menu) to generate a personalised letter for each entry.

Mail shots can also be sent automatically by fax and email.

Fax and Email Lists

Most people assume faxes are important and therefore read them. So companies, especially it seems those selling personal computers and office supplies, have resorted increasingly to 'fax mailshots'. Fax mailshots can be a highly efficient, automated and cheap way of communicating with customers, but should be used carefully to avoid antagonising them. More importantly new laws are being introduced to outlaw unsolicited fax (and email) mail shots.

Most PC fax and email packages support mailing lists and the more advanced ones interface with database packages. With fax packages look for the **Phonebook** entry in the menu bar to create groups of recipients, and with email packages look for the **Address Book** entry.

Email is the cheapest way of interacting with customers across the world. However, so-called *Netiquette* -Net etiquette - is hostile to unsolicited email and people who have abused the Internet by sending junk email have received thousands of complaints and have found themselves disconnected by their Internet Service Provider. So be warned, use it carefully!

Customer Databases

If you require a more sophisticated database, this can be created in a package such as MS Access. Just load MS Access and use the wizard to create your customer database. It's quite simple.

Presentation Slides

Having made contact with a potential customer, you need to present your company and products in a professional way. Here, a presentation tool such as PowerPoint can be used to create a professional offering. PowerPoint is a powerful tool for preparing slides for presentations. Once prepared the slides can be printed in black&white or colour for over head projector (OHP) transparencies, for notes or output from your PC to an on-line video projector.

PowerPoint is remarkably easy to use and provides a number of facilities to enhance your slides, including backgrounds, clip art, and animations.

Summary

In this chapter we looked at:

- ✓
 - ☐ the principals of marketing and the so-called marketing mix: *product, price, place* and *promotion*
 - ☐ marketing and the product: *development, pricing* and *product life cycle*
 - ☐ marketing and the customer: *consumer research, market segmentation* and *competitor research*
 - ☐ Marketing and distribution: *wholesale, retail*, and *direct response*
 - ☐ Marketing and promotion: *branding, public relations*, advertising and *sales*
 - ☐ preparing a marketing plan
 - ☐ computer aides, such as mail merge, email lists, customer databases and presentations using PowerPoint

Finally, before embarking on your marketing campaign I recommend you read 'The Popcorn Report', described by *Fortune* as 'the Nostradamus of marketing'. A delightful book.



The Popcorn Report - Revolutionary Trend Prediction,
Faith Popcorn, Arrow, 1991

Sources of Help

References

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- Marketing Made Simple.** B. Howard Elvy, Made Simple Books, 1997.
- Popcorn Report, The - Revolutionary Trend Predictions for Marketing in the 90.** Faith Popcorn, Arrow, 1991.

Running Your Own Mail Order Business. Malcolm Breckman, Kogan Page, 1992.

Successful Marketing for the Small Business. Dave Pattern, Kogan Page, 1998.

The Complete Small Business Guide - sources of information for new and small business. Colin Barrow, BBC Books, 1997.

The Technology Leaders. Peter Cohan, Jossey-Bass, 1997.

Professional Bodies

British Promotional Merchandise Association. Bank Chambers, 15 High Road, Byfleet, Surrey, KT14 7QH, tel. 01932 355660/1, fax. 01932 355662, email bpma@martex.co.uk, www.martex.co.uk/bpma

Chartered Institute of Marketing. Moor Hall, Cookham, Maidenhead, Berks., SL6 9QH, tel. 01628 427500, fax. 01628 427499, www.cim.co.uk

Direct Mail Information Services. 5 Carlisle Street, London, W1V 6JX, tel. 0207 494 0483, fax. 0207 494 0455, www.dmis.co.uk

Direct Marketing Association (UK) Ltd, The. Haymarket House, 1 Oxendon Street, London, SW1Y 4EE, tel. 0207 321 2525, fax. 0207 321 0191, email dma@dma.org.uk, www.dma.org.uk

Direct Selling Association. 29 Floral Street, London, WC2E 9DP, tel. 0207 497 1234, fax. 0207 4971344, www.dsa.org.uk

Institute of Sales Promotion. Arena House, 66-68 Pentonville Road, Islington, London, N1 9HS, tel. 0207 837 5340, fax. 0207 837 5326, www.isp.org.uk

Mail Order Traders Association. 40 Waterloo Road, Birkdale, Southport, PR8 2NG, tel. 01704 563 787, fax. 01704 551 247, www.adassoc.org.uk

Market Research Society, The. 15 Northburgh Street, London, EC1V OJR, tel. 0207 490 4911, fax. 0207 490 0608, www.marketresearch.org.uk

Marketing Society, The. St Georges House, 3-5 Pepys Road, London, SW20 8NJ, tel. 0208 879 3464, fax. 0208 879 0362.

Newspaper Society, The. Marketing Dept., Bloomsbury House, 74-7 Great Russell Street, London, WC1 BDA, tel. 0207 636 7014, fax. 0207 631 5119, www.newspapersoc.org.uk

Women in Direct Marketing. Royal Mail House, 148-166 Old Street, London, EC1V 9HQ tel. 0207 2502365, fax. 0207 2502021, email lopa.patel@dms-direct.co.uk

A comprehensive list of useful addresses is given in **Part 7: Information Sources**.

Chapter 33

Branding

Successful high-tech Start-ups are by definition good at *branding*. A brand is the all-pervasive 'image' of your product or company. It conveys the qualities of your product and company. It is the lifeblood of the organisation, starting with a meaningful or memorable company name, then dovetailing in the names of its innovative products and services. Not all brands travel well. My favourites are *Super Piss* (a Finnish product for unfreezing car locks) and *Pocari Sweat* (a Japanese sports drink)!

In this chapter we look at:

- ✓
 - ☐ the principals behind brand names
 - ☐ global branding for high-tech companies
 - ☐ the processes of creating and evaluating your brand
 - ☐ brand exploitation through licensing, franchising and sales

For an excellent introduction to branding in general I recommend:



Brands - the new wealth creators,
Susannah Hart and John Murphy, Macmillan Business, 1998

We normally associate *branding* with products: *Coca-Cola*, *Heinz Baked Beans* or *Kellogg's Corn Flakes*. However, in the marketing-driven world of high-tech Start-ups it increasingly means international company branding, which is the focus of this chapter.

The function of a brand is to distinguish a company, product or service from its competitors. *Branding* is a marketing 'jigsaw puzzle'. In terms of a high-tech company, it develops a name with a coherent set of attributes and values that are focussed, distinctive and appealing to potential customers, employees, partners, investors and the media. International branding provides companies with a mission statement (and coherence) for their international activities.

Trademarks, design rights and copyrights allow you to protect your 'brand' and exploit its financial value. A high-tech Start-up typically starts out by focusing on a niche market. Having established its brand reputation it can then extend, or *leverage*, the brand into other markets. Brand extension reduces the risk and the cost of developing new products and services, increases the visibility of the brand, and, through being the market leader, gives reassurance to customers. A good example is PeopleSoft (www.peoplesoft.com), who established themselves as a client/server software company initially through the market niche of human resources. Having 'built their brand' in human resources, PeopleSoft were able to catapult themselves into the more mainstream and lucrative markets of financial, order processing and manufacturing systems.

Principles of Branding

We will start by looking at the main issues of branding, namely brand name creation and brand name evaluation.

Brand Names

Brand names typically fall into a small number of categories:

1. Founder's name - the name is associated with the person who establishes the business, product or service. The *creator*, Walt Disney, the *entrepreneur* Michael Dell, the *shopkeeper* Marks & Spencer, or the *inventor*, Dyson.

2. Place name - the name is associated with the place where the company was established. British Telecom, Kawasaki motor bikes, 'Mars' bars!
3. Scientific name - the name is an 'invented' scientific name often based on Latin or Greek; popular with pharmaceutical products, for example, Xerox is associated with the Greek word for 'dry'.
4. Quality name - the name has an association with 'quality', for instance Excel or Pioneer.
5. Artificial name - the name is made-up to be simple, memorable, and 'trademarkable' internationally. Classic examples include Kodak, Sony and Zeneca.
6. Descriptive name - the name loosely describes the products or services of the company. For example, Coca-Cola based on the product's two principal ingredients - *coca* leaves and *cola* nuts, and Microsoft - *micro* computer *soft* ware.
7. Provocative name - the name is chosen to grab the attention of potential customers. For example Virgin when it was launched, French Connection's FCUK, Hotmail or Demon Internet.
8. Abbreviated name - the name is an abbreviation, typically the initials, of the company. Classics include IBM - International Business Machines, NCR - National Cash Registers, BT - British Telecom etc.

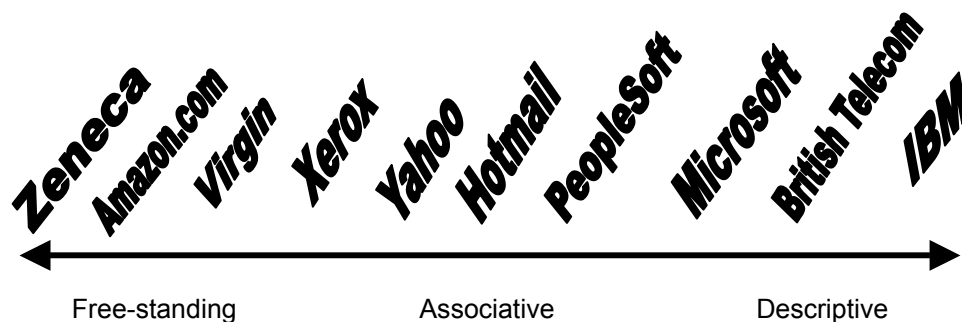


Figure 33.1 - Brand Name Spectrum
(Adapted from Susannah Hart, Brands: the new wealth creators)

Brand Name Creation

The key to success of a high-tech Start-up is not only identifying the market opportunity, but also developing a product or service that is different, relevant and appealing to potential customers and investors. Branding is the 'packaging' that brings this all together. In most Start-ups the company, and its launch product or service, is one and the same thing. So a brand name needs to be chosen carefully so it conveys the correct message and can be used (and protected) internationally.

The role of the brand name is to:

1. Identify - to uniquely identify the company, and its product(s) and service(s).
2. Communicate - to communicate the company vision and focus to all 'stakeholders'; customers, employee, partners, and investors. This is the association of your 'message' with your brand.
3. Protect - to protect the company's intellectual property.
4. Expansion - to allow expansion of the company into foreign markets, and into new products and services.

Amazingly, Start-ups select names with profound marketing, organisational and legal defects. The most elementary is not being able to use the same brand name for your company and your Internet domain.

International Branding

High-tech Start-ups, especially those in computing and media, are by definition global with an 'export or die' attitude.

Fortunately, customers and investors are also becoming increasingly international. This leads to global markets with consumers craving similar products, services and wealth creating opportunities. Globalisation is most evident in the twenty-to-thirty age group in Europe and also Asia, where English has become the *lingua franca* for an entire generation who watch MTV, CNN, SkyNews and BBC News 24, or read TIME, Newsweek, Business Week and the FT. Well over 50 per cent of all people under 35 in Western Europe speak English (or, more accurately, American). For international brands there is significant marketing overlap between countries. One company, one product, one service, and one message is the nirvana.

But as graphically illustrated by the European Union, there is as yet 'no single market in branding'. Consumer preferences vary considerably from Germany to Greece. The differences between Europe, America and Asia are even more pronounced:

1. Taste - national tastes differ, most notably in foods, primarily influenced by differences in climate and agriculture.
2. Attitude - national attitudes differ, for instance in respect to the law, with implications for the safe delivery of international mail order products, and also religion.
3. Lifestyle - attitudes to high-tech products and services, international purchasing, family structures, even eating out, vary markedly even within a single country. One only needs to note the difference between central London and the regions.
4. Language - different languages and comprehension dictate the perception of a brand, its advertising and packaging. Certain brands do not travel, like *Pocari Sweat*. Concepts associated with a brand have different psychological and physiological impact in different countries. And global products and services may require multilingual packaging and instructions, even though consumers dislike these.
5. Income - levels of income shape the market segments, determine the level of investment in new technology by business and the disposable income of consumers.
6. Competitors - yes, even the competitors in a local market will shape the brand. What may be seen as a luxury in one market needs to be re-branded as a necessity in another.

Fortunately, in the high-tech arena, American culture is all-pervasive, even to the extent that many Israeli and British companies relocate to Silicon Valley, so they can pass themselves off as US companies.

Brand Name Evaluation

Interbrand (www.interbrand.com), the leading branding consultancy, has a proprietary technique called *Nometrics*, which can be used both qualitatively and quantitatively:

1. Memorability - how easily will customers in the key international markets be able to remember the name?
2. Pronounceability - how easy will the name be to pronounce in key markets?
3. Scriptability - how easy is the name to write, particularly relevant to prescription pharmaceuticals.
4. Imagery - the mental image conjured up by the product.

5. Association - does the name attract any negative associations (e.g. Burroughs sounds like donkeys in Spanish).
6. Similarities - positive and negative similarities to existing companies, products and services (e.g. Polo clothes, Polo cars, Polo sweats).
7. Coherence - fit to brand concept (e.g. Microsoft).
8. Focus - likely company, product and service areas suggested by the name (e.g. e-trade).

So, how do you go about creating a brand name?

Creating your Brand

High-tech Start-ups (e.g. Yahoo) and the most well-managed brands (e.g. Virgin, Body Shop, Microsoft) share two major attributes: they are highly-focused and inextricably linked with the personality and vision of their founders.

The Process

In designing your brand name, ideally you want to use the same name globally, use a common packaging, target a broadly similar customer segment in each market, and use the same marketing mix.

Hence, your branding strategy is a 'jigsaw puzzle' of tangible and intangible components.

Firstly, the 'tangibles'. You need coherent branding of:

1. The corporate name both as a registered company name and as a trademark.
2. The registered Internet domain name, including Web site and email.
3. Potential product trademarks giving an integrated set of product and service names. A good example is Microsoft's office products MS Word, MS Excel, MS Access, etc.
4. Possibly even the building name and address.

Secondly, the 'intangibles'. You must bear in mind the brand name's multiple roles:

1. It identifies and advertises your product and service to your customers.
2. It communicates your vision, mission or message to customers, employees, partners and investors, as well as your competitors.
3. It protects your valuable intellectual property.

Thirdly, when designing your brand name, you need to quantify its attributes and objectives with respect to the target market:

1. The opportunity you are addressing.
2. The potential of your product or service to be leveraged.
3. The attitudes of your customers.
4. The dynamics of the marketplace.
5. The response of your competitors.

Interbrand summarises these 'intangibles' as:

	Consumer Values	Brand Values
Central Values	What kind of <i>life</i> do I want to lead? (i.e. success, fulfilment, stability)	What the brand and the consumer <i>share</i> (ex. Body Shop, Virgin, Nike)
Expressive Values	What kind of <i>person</i> do I want to be? (i.e. active, socially responsible)	What the brand <i>says</i> about the consumer (ex. Porsche, Apple)
Functional Values	What kind of <i>products/services</i> do I want to have? (i.e. convenient, money-saving)	What the brand <i>does</i> for the consumer (ex. Amazon.com, Yahoo)

Figure 33.2 - Brand Creation

(Adapted from Susannah Hart, *Brands: the new wealth creators*)

Specialist brand name companies are increasingly being used to develop national and international brand names. However, as a Start-up, high on enthusiasm and low on cash you will probably get together the founders and 'brainstorm' it.

Firstly, list the objectives of the name. Secondly, make a list of 20-30 names. Thirdly, use the objectives to cull the candidate names. Fourthly, you need to do 'due diligence' on the candidate names for 'registrability': company name, domain name, international trademark, etc.

Exploiting your Brand

The commercial value of brands is increasingly being upgraded. Not merely the customer value, where the brand acts as a guarantee, but more importantly the financial value, measuring its dollar worth. For a high-tech company this might be its valuation or market capitalisation. (The sum of the company's value calculated by multiplying the number of shares by the price of each share, or its *P/E (Price to Earnings) ratio* - the ratio is calculated by dividing the stock's price per share by the earnings per share for a 12-month period.) For a product or service the two approaches are *economic use* - based on the discounted value of future brand earnings, or *royalties* - the amount royalties the company would notionally have had to pay if the brand was owned by another company.

So what does 'exploiting your brand' mean to an average high-tech Start-up? It might mean a number of things:

1. Trade Sale - sell the 'branded' company (and its associated products and/or services) to another company (e.g. Hotmail sold to Microsoft for \$400 Million, ICQ sold to AOL for \$??? Million).
2. Flotation - floating the company on a stock market such as NASDAQ (e.g. Yahoo worth \$35 billion).
3. Globalisation - taking the brand from a niche national market to a number of other foreign markets (e.g. e-trade) or alternatively from a global market (e.g. Yahoo.com) to niche national markets (e.g. Yahoo.co.uk).
4. Brand Expansion - using an established brand to move into a new adjacent market (e.g. Amazon.com's move into music).
5. Brand Franchising - is a partnership between the owner of a branded business system and a network of individuals each selling the branded product or service through branded operating units which they own and run (McDonald's being the classic).
6. Brand Licensing - this covers the licensing of intellectual property, historically like copyrights, patents and designs, but more recently, trademarks. Whereby the owner allows the licensor to make use of the intellectual property. For instance, Japan's JVC licensed (without charge) its VHS video recorder technology to establish an international standard.

Summary

Branding is the lifeblood of market-driven high-tech Start-ups. The role of the 'brand' is to identify the business, communicate the company's mission, protect IPR and provide a springboard to enter new markets. In this chapter we have looked at the principals of choosing an international brand name given the differences in taste, attitude, lifestyle, language, and income, even across Europe.

High-tech Start-ups, like Amazon.com and Hotmail, are all about international 'brand building' to force up your valuation or market capitalisation. As we have seen, this is a marketing jigsaw puzzle of tangible and intangible components; the company name, Internet domain name, an integrated set of products and services, trademarks, possibly even your company address. Finally, we looked at the commercial value of brands, and brand exploitation through licensing, franchising and sales.

In this chapter we have looked at:



- ☐ the principals behind brand names, brand name creation, international branding and brand name evaluation
- ☐ the process of creating a brand for your high-tech company
- ☐ brand exploitation through licensing, franchising and sales

Sources of Help

References

Brand Spirit. Hamish Pringle and Marjorie Thompson, Wiley, 1999.

Brands - the new wealth creators. Susannah Hart and John Murphy, Macmillan Business, 1998.

Business Names and Business Ownership - and five other leaflets produced by the DTI. Companies House, tel. 0 388 588, www.companies-house.gov.uk

Store Wars. Judith Corstjens and Marcel Corstjens, Wiley, 1995.

The World's Greatest Brands. Nicholas Kochan (ed.), Macmillan, 1996.

World Class Brands. Chris MacCrae, Addison-Wesley, 1995.

A comprehensive list of useful addresses is given in **Part 7: Information Sources**.

Chapter 34

Public Relations


Getting your face on the cover of TIME, Newsweek or Business Week is the PR goal of every aspiring high-tech entrepreneur. It is the ultimate accolade. Achieve this and your company's market cap will go into orbit.

Public relations is about promoting your company and yourself in the media. Creating goodwill and understanding, and improving the reputation of your business. Major companies spend large sums on both in-house PR and on using specialist PR companies. However, as Richard Branson regularly shows, if you have an interesting story (with a *spin*) the media are happy to promote you for free. Fortunately, high-tech and entrepreneurship are popular topics with the media.

In this chapter we look at:

- ✓
 - ☐ the principals of public relations and its 'publics'
 - ☐ dealing with the broadcast media and the press
 - ☐ campaign planning, measurement and evaluation
 - ☐ selecting your *channel*; the press, television, and the Internet
 - ☐ communicating effectively through press releases and interviews

For a high-tech Start-up public relations are as equally as important as advertising. It elicits praise from the technology enthusiasts, attracts customers and venture capital, and ultimately drives up the valuation of the business. And it is free. Good PR ensures that your branding, advertising and sales are effective.

 *Teach Yourself Public Relations*,
J. Harvey Smith, Hodder & Stoughton, 1997.

Principals of PR

The Institute of Public Relations defines PR as: 'Public relations practice is the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its publics'. So now you know!

Publics

In the PR world, a company's 'publics' are the various target groups with which to communicate. These might include:

Publics	Examples	Channels	Examples
Consumers	<i>Retail customers</i>	Consumer magazines	<i>Vogue</i>
Staff	<i>Employees, Their Families</i>	Staff newspaper, Intranet	
Business Customers	<i>Suppliers, wholesalers, distributors</i>	Trade press, Internet	<i>Computing</i>
Opinion Formers	<i>Politicians, journalists, academics</i>	National papers and television	<i>BBC news, Radio 4</i>
Investors	<i>Financial Institutions, Shareholders</i>	National Newspapers	<i>Financial Times, Money Programme</i>

Figure 34.1 - Public Relations 'Publics' and 'Channels'

Each of these 'publics' has different interests and roles in the business. They hence require a different form of communication, delivered through the appropriate medium. The one deliberately missing group is *The Media*. They are the 'channels' for communicating with the 'publics'.

There are a number of excellent media guides, listing all the UK media companies by category and by area covered:

Benn's Media	<i>Comprehensive 3 volume media directory</i>
Hollis Press and PR Annual	<i>PR contacts in Private and Public organisations, PR consultancies, plus reference information</i>
PACT	<i>Listing of television production companies</i>
PIMS Directories	<i>Range of media directories</i>
PR Planner (UK and Europe)	<i>Addresses for press, radio and television; also on disk</i>
The Media Guide	<i>The Guardian's comprehensive media guide</i>
Two-Ten Communications	<i>Media directory plus investment research analysis</i>

Figure 34.2 - Press and Media Guides

These guides are available in the larger public libraries.

Broadcast Media and the Press

It is likely that you already know the types of publications and television programmes that cover your area of business. Now given the rise of interest in high-tech and the global nature of the business there is increasing opportunity to get national and even international coverage for your business.

	International	National	Local	Specialist
The Press	TIME, Newsweek, Business Week, Forbes	Financial Times, The Times, etc., Consumer Mags.	Local papers	Trade Press, Consumer Mags.
Television	CNN, Discovery	BBC, ITV, Sky	Regional Stations	FT Television, Money Programme
Radio	BBC World Service	BBC	Local Stations	
Internet	Yahoo, TradeUK	Yahoo.co.uk		

Figure 34.3 - The Range of Media Channels

Clearly, you need to target the media carefully. You need to interest a TV channel or publication in a story, where the maximum number of your target 'publics' will see it. A stock market float or innovative business product announcement to the Financial Times, Business Week or the Money Programme. A technology breakthrough to Discovery, Horizon or Tomorrows World. The opening of a new office to the local newspaper.

Campaign Planning

Public relations need to be planned on a long-term basis, not just when a journalist knocks at your door or something goes wrong with your company's products or service. PR, just like an advertising or sales campaign, needs clearly defined objectives and target publics, and quantifiable measurements of success.

PR campaign planning involves a series of questions:

1. Message - what information do we wish to convey?
 - a. What are the strengths, weaknesses, opportunities and threats (SWOT) for the business, and its products and services which will shape the campaign?

- b. From where will the information for the campaign come?
 - c. What is the key message?
- 2. Publics - to which groups is the message directed?
 - a. What are the characteristics of the Publics?
 - b. What are their interests and needs?
- 3. Channels - what Channels will we use?
 - a. What are the channels' individual characteristics?
 - b. What is the strategy for customising the message for each channel?
- 4. Analysis - what is the cost/benefits analysis?
 - a. What will the campaign cost?
 - b. How will the impact of the campaign be assessed?

Measurement and Evaluation

As far as possible PR objectives should be measurable in quantifiable terms. Three common industry coverage measurements are:

- 1. Opportunities to See (OTS) - the cumulative readership, viewing and listening figures. This spans numbers of articles, position on page, relevance of publication, circulation, and whether the coverage was favourable or not.
- 2. Advertising Value Equivalent (AVE) - this calculates the advertising cost for equivalent editorial space and broadcast media time. This includes, for instance, the column inches of coverage in a newspaper, but does not take account of greater customer impact of an editorial over an advert.
- 3. Market Shift - market research is used at the start of a campaign to establish an 'opinion benchmark' and then later to measure the 'opinion shift'.

Not surprisingly the PR industry are less than enthusiastic about the application of such quantitative measures by their clients.

PR Agencies

To retain a PR Agency, you can expect to pay £1,000 a month at the very minimum, and on a continuing basis.

For most Start-ups, the best option is to handle the PR yourself at the beginning. You have the motivation, and also the knowledge of your product or service, the publics you wish to reach and the best channels to reach them. However, there are situations when employing professionals is highly cost-effective. For instance, the launch of a major new product or service, and when things go badly wrong; for instance when a product is faulty and the public need to be informed. You will probably recall the obscure design fault in the original Pentium processor that became a PR nightmare for Intel.

Channel Selection

Traditionally, 'Channels' cover *the press*, *television* and *radio*, but should now include the Internet.

The Press

National newspapers and magazines are interested in stories with a 'spin': human interest, unusual angle and visually appealing. Regional and local media are interested in 'good news' stories in their area.

Then there are consumer magazines, company magazines and the trade press. Consumer magazines are publications bought by the public, spanning the whole range from *Hello* to special interests, such as *Investors Chronicle*. In addition, airlines, like British Airways, and credit card companies, such as Barclaycard, produce free magazines, which often feature interesting business stories.

Lastly, trade publications are particularly important because research shows that 40% of company buying decisions are based on technical articles in such publications.

Television

Television, as with the press, spans international (e.g. CNN), national (e.g. BBC, ITV, Sky) and regional (e.g. Granada, Carlton). Each covering everything from the news and current affairs to specialist programmes. Once you have selected your story, ring the television station, ask to speak to a researcher on the target programme, tell them your theme and get advice as to whom you should send the press release. Usually this will be the Editor or a named journalist.

Many television programmes are produced by independent production companies, so you can either approach the television station directly or a production company. A list of production companies and the programmes they make is given in the PACT Directory (tel. 0207 331 6000, www.pact.co.uk) in Ireland see www.iftn.ie, which gives news and info about Irish production companies.

But, a word of caution. However good your idea, TV companies are unlikely to devote a whole programme to you, but they may well build a programme around you (and also your competitors).

Radio

Radio stations are proliferating, and are often keen to cover items on local business.

Internet

Lastly we need to acknowledge the increasingly important role the Internet and company Intranets will play in PR. One popular way of promoting your company is to write a so-called 'white paper', surveying your product area and post it on the Internet. Banners and search engines are of course the obvious ways of gaining an Internet presence by means other than your own website.

Communications

Most of the PR and free publicity for a small business will start with a good press release. But you need a good story with a 'spin' that will interest journalists. Launching a new product or service, winning a major order, a multi-million pound trade sale, provide you with opportunities.

Press Releases

A press release is NOT an advert. You want it to appear as a story in the editorial pages of the newspaper (or be read on television or radio), and appear like an unbiased endorsement. So you should imitate the style used in your target publication. Prepare an 'interesting' press release that grabs the reader's attention, and is easy to digest:

1. **Layout** - The press release should be entitled 'PRESS RELEASE', on a single sheet of A4 paper, and typed double spaced for easy editing.
2. **Headline** - The headline must grab the Editor's attention, but also explain what the story is about.

PRESS RELEASE
Computer predicts Lottery

Contact

Name
Telephone (Office)
Telephone (Home)
Email

3. Introduction - The introductory paragraph must be interesting, succinct and topical.
4. Contact - end the press release with a contact name and telephone number for further information.
5. Photographs - any photographs should be black and white, of a reasonable size and with a caption on the back.

The aim of the press release is to answer the five W's: *who, what, when, where* and *why* - as succinctly as possible. And, at the end of the release include a contact name and telephone number where a journalist requiring additional information can contact you. If they like your press release they may wish to interview you.

Next, we look at how to conduct yourself in a media interview.

Interview Techniques

In an interview, think what message you wish to get across and do not allow the interviewer to distract you. There are three basic interview situations:

1. Press Interview - a journalist talks to you over the phone or face-to-face and then writes up the story for their newspaper or magazine. To help the journalist, unfold the story line as you would like to see it appear in print, answer any questions, and try not to make any inflammatory remarks you might later regret.
2. Television and Radio - you are interviewed either for a pre-recorded or live broadcast. The benefit of a pre-recorded interview is that if you make a complete hash of things you can always ask them to re-record the interview.
3. Telephone Interview - for the radio, and occasionally television, it is increasingly popular to record you over the telephone. When the reporter phones without warning, do not be tempted to give the interview there and then. Ask the reporter firstly about the story line and what questions he proposes to ask you. Then secondly, ask for five minutes to collect your thoughts and phone back. This gives you chance to assemble any facts and figures, move to a quiet room, and switch off other phones, faxes and printers that will undoubtedly spring to life during your interview.

The first time you are interviewed on television or radio can be a traumatic experience. Be prepared. Prior to the interview ask the programme researcher what 'angle' or theme the interview will take and what sorts of comments or answers the interviewer is seeking. Since you are the 'expert' you can also make suggestions for 'angles' and questions that will improve the story line.

Most importantly, before the interview, decide on one or two key points that you wish to get across.

If you are being interviewed at a studio, on the day of the interview arrive in good time. Compose yourself, have a drink of water and make sure you have been to the toilet. For television interviews, dress in sober and plain colours because checks and stripes can distort the picture. During the interview sit forward in your chair, and speak clearly, distinctly and at a measured pace. Keep to your theme, and try not to make any off-the-cuff remarks. And if you want to come across as sincere and enthusiastic, try to appear relaxed and friendly, and smile - even on radio!

Most interviewers will work with you to get the best from the story. They may even coach you. Occasionally you will come up against an abrasive interviewer when being well prepared pays dividends. If the interviewer misinterprets what you are saying, correct them immediately, and most importantly remain calm and polite, even when being attacked. This will generate audience sympathy.

Press Conferences

If you have such a 'big news' story to tell the media you may need to hold a press conference to really do it justice. The general advice from all public relations experts is that a press conference is 'high risk activity' because you will be in the full glare of the media!

The key rules are:

1. Important Story - only hold a press conference when you have something really news worthy, otherwise the press will savage you for wasting their time.
2. Good Venue - choose a well-located venue, possibly with some novelty value. And, if you want to attract the national media, then it has to be in central London or central Dublin.
3. Good Timing - the day and time is also important. Choose 'quiet news days', which means avoiding major events and similar press conferences. And choose a good time; mid-morning 10.00 to 11.00am and provide coffee and light refreshments.
4. Personal Invitations - a few days before the press conference send out personal invitations and a press release to named journalists. Just before the event telephone the invited journalists to encourage them to attend.
5. Managed Presentation - you need to ensure that all the presentations at the press conference are co-ordinated and give the same message, and that all staff are well briefed, and counselled against making any off-the-cuff remarks.
6. Press Pack - it is also good practice to prepare a press pack for distribution to the journalists. This can contain the press release, background information on your company, products and services, and black & white photographs of the people speaking at the press conference.

Finally, remember to keep the press conference brief and to the point. Journalists are busy people.

Public Speaking, Sponsorship, Stunts...

There must be thousands of different PR methods for generating goodwill and publicity. So we will finish this chapter with a brief tour of other popular PR methods:

1. Public Speaking - offer yourself to speak on your area of expertise at any venue from professional organisations to the local Rotary Club. Basically any venue where you can meet potential customers and business partners, but remember not to appear to be 'selling' to the audience.
2. Conferences and Exhibitions - business conferences and seminars are another good source of free publicity, but you need to ensure that the audience are predominantly potential customers rather than as usually happens, your fiercest competitors. Depending on your product or service, an exhibition or trade show is a good way to meet customers who share a common interest with you.
3. Sponsorship and Charities - there are many ways a business can support good causes and receive public recognition. They range from financial and equipment donations, to encouraging employees to volunteer their time.
4. Notice Boards and Newsletters - one *public* often overlooked by companies is their own staff. It is good for staff morale to keep them informed of developments in the company. Notice boards are ok, but a company newsletter is even better, and can also be sent to business partners to build the relationship.
5. Publicity Stunts - as Richard Branson has repeatedly shown, if you can carry it off, 'stunts' are an excellent way to get masses of good publicity and free advertising, both for the entrepreneur and their latest venture.

6. Networking - and perhaps the most enjoyable form of PR is 'wining and dining' your most important customers and business partners. This is referred to as 'networking'.

Summary

For a high-tech Start-up with global ambitions, public relations is probably more important than advertising.

In this chapter we have looked at:



- ☐ the 'publics' - the various target groups with which you wish to communicate
- ☐ the various media 'channels' available, the press, TV and radio
- ☐ campaign planning, measurement and evaluation
- ☐ the basis of good press releases, interview techniques, and arranging press conferences

Sources of Help

References

Benn's Media – now known as Miller Freeman Information Services. Sovereign Way, Tonbridge, Kent, tel. 01732 362666, fax. 01732 770482

Hollis Press and PR Annual. Tel. 0208 977 7711

International Public Relations in Practice. Margaret Nally (ed.), Kogan Page, 1994.

PACT. 45 Mortimer Street, London, W1N 7TD, tel. 0207 331 6000, fax. 0207 331 6700, email enquiries@pact.co.uk, www.pact.co.uk

PIMS Directories. Mildmay Avenue, London, N14RS, tel. 0207 226 1000, fax. 0207 354 7053

PR Planner (UK and Europe). Hale House, 290-296 Green Lanes, London, N13 5TP, tel. 0208 882 0155, fax. 0208 886 0703

Teach Yourself Public Relations. J. Harvey Smith, Hodder & Stoughton, 1997.

The Media Guide 1999. Steve Peak and Paul Fisher (eds.), Fourth Estate, 1999.

Two-Ten Communications. Communications House, 210 Old Street, London, EC1V 9UN, tel. 0207 490 8111, fax. 0207 490 1255

Professional Bodies

Conferation Europeene des Relations Publiques (CERP). 1 Rue Bleue, 75009 Suresnes, France, www.sbg.ac.at/cerp

Institute of Public Relations (IPR), The. The Old Trading House, 15 Northburgh Street, London, EC1V 0PR, tel. 0207 253 5151, www.ipr.org.uk

International Public Relations Association (IPRA). Cardinal House, Wolsey Road, Hampton Court, Surrey, KT8 9EL, www.ipranet.org

Public Relations Consultants Association (PRCA). Willow House, Willow Place, London, SW1P 1JH, tel. 0207 223 6026, www.martex.co.uk/prca

A comprehensive list of useful addresses is given in **Part 7: Information Sources**.

Chapter 35

Advertising

'Advertising is what you do when you can't go to see somebody,' to quote a famous American advertising executive.

Advertising is paid for communications that aim to bring your business and its products to the attention of potential consumers, and persuades them to ultimately buy. Adverts range from sophisticated TV commercials, to display ads in national newspapers and banner ads on the Internet, to simple classified ads in the local paper and leaflets. The total advertising spent for the UK is around £10 billion a year. However, as a small business you can keep down the costs by preparing your own advertising campaign and copy. And remember, the best advert is a personal, word-of-mouth recommendation from a satisfied customer. One satisfied customer will tell five others; one dissatisfied customer will tell thirty others.

In this chapter we look at:



- ☐ the principals of advertising - AIDA (attention, interest, desire, action)
- ☐ the unique selling proposition or USP of your product or service
- ☐ different types of *above-the-line* and *below-the-line* advertising
- ☐ selecting the appropriate channel; television, display, direct response, Internet
- ☐ how to go about creating imaginative and successful adverts

Principals of Advertising

As a starting point you need to ask yourself: why you want or need to advertise, who you are trying to reach, what media you plan to use to reach them, what measurable goals you expect to achieve, and how much you are prepared to pay?



Advertising for the Small Business,
Nick Daws, Otter, 1996

Having decided to advertise you next need to create your advert. The philosophy behind much advertising is A I D A:

1. Attention - attract the customers' undivided attention to the advert.
2. Interest - arouse their interest in the benefits of the product or service.
3. Desire - stimulate their desire to purchase.
4. Action - prompt the customer to take some action to respond.

What are the advertising drivers?

Why People Buy

For most consumer products *price* and *convenience* and *benefits* sought are the key drivers:

1. Price - the cheapest or most competitive price (*we are never knowingly undersold!*).
2. Convenience - the product, such as food or petrol, is the most convenient to obtain.

However, for the products and services of a high-tech Start-up being the market leader (*the Gorilla*) may be a key decision.

3. Market Leader - customers buy for future compatibility, as for instance with VHS versus BetaMax, or Microsoft versus Apple.

The biggest *Gorilla* - Microsoft - has 98% of the operating systems marketplace, so people naturally buy Word, Excel, Access, etc. for compatibility.

Beyond this customers have a wide range of reasons for buying:

4. Friendship - they know and like you; or the Chairman likes you.
5. Reputation - your company has a good reputation in the marketplace, and is recommended by existing customers.
6. Quality - your products and services are known for reliability and performance.
7. Well Organised - fast delivery and good after sales service.
8. Marketing Mix - they like your adverts, PR and the appearance of the packaging.
9. Image - they want to appear stylish and trendy, or, alternatively, safe and conformist, etc.
10. Bribery - well, not seriously, but there are many more intangible reasons for buying other than price and convenience.

Having completely failed to understand why your customers buy from you, you next need to decide the so-called unique selling proposition (USP) of your product or service.

Features, Benefits and USPs

The aim of your advert is to 'enlighten' potential customers about your product or service, and stimulate them to buy. To do this you need to firstly understand your offering, and why anyone should wish to purchase. In particular it is important to distinguish between the features, benefits and USP of your product or service:

1. Features - these are the things you incorporate in your product or service to make it attractive to your customers.
2. Benefits - these are the advantages obtained by a customer when purchasing your product or service.
3. Unique Selling Propositions (USP) - are feature that no other competitor offers.

Simplistically, *features* are important to you, *benefits* to your customers and *USPs* to the competition.

USP is ad-man jargon for the unique features offered by your company, product or service. Based on the USP, an effective advert focuses on the customer-oriented 'benefits' of owning a product or using a service, rather than the company-oriented 'features'. Whatever you as a company thinks, it is the benefits rather than the features that is foremost in a customer's mind at the time of purchase.

Obviously, you need to identify your USP so you can craft your advert to target your customers, and also select the medium - television, the press, or Internet - to convey your message.

Above- and Below-the-Line Advertising

Obviously, there is an enormous choice of advertising media or channels. By tradition, advertising agencies are paid a commission when they place an advert in the press and TV. This has led to media being subdivided, again in Ad-mans jargon, into:

1. Above-the-Line Advertising - this covers press, TV, cinema and outdoor advertising, which traditionally pay a commission to Ad agencies when they purchase the media.

2. Below-the-Line Advertising – this covers everything else; Internet, direct mail, point-of-sale, leaflets, brochures, etc., where they aren't bribed.

To really understand why your customers buy, and hence to be able to target them, you need to segment your marketplace, as we discussed in Chapter 32, *Marketing*.

Market Segmentation

The aim in segmenting the market is to obtain a profitable group of customers, which are broadly homogeneous in their attitudes. Below we list some of the common ways of market segmentation. Clearly this will depend to a large extent on whether your market is business-to-business (trade customers) or business-to-consumer (general public):

1. Socio-Economic - this subdivides the population and consumers into six broad groupings:

- A** Upper Middle Class (e.g. higher professionals, administrative, managerial, aristocrats)
- B** Middle Class (e.g. intermediate professionals, administrative, managerial)
- C1** Lower Middle Class (e.g. junior administrative, managerial, supervisory, clerical)
- C2** Skilled Working Class (e.g. skilled manual workers)
- D** Working Class (e.g. semi-skilled, unskilled workers)
- E** Under Class (e.g. unemployed, basic state pensioners, casual workers)

2. Geographic - where your trade or public customers are subdivided by their location, and the distance from your company. For an Internet-based company this might be country or region. Postcodes in the UK are a surprisingly good way of segmenting markets.
3. Sex, Age, etc... - customers are divided into sex (female, male) and age groups (retired, middle aged, young adults, teenagers, children).
4. Geo-Demographic - where customers are divided both by geographical and social grouping.
5. Business Sector - for business-to-business, customers are divided by sector: financial services, retail, leisure, transportation and distribution, public sector, health, etc.

The most important aspect is to accurately estimate the size, potential profitability and level of competition of a particular sector.

Measurements and Evaluations

The direct link between spending money on advertising and generating more sales is frequently difficult to measure. When choosing your advertising medium the two important measures are:

1. Impact - measuring the number of potential customers who may see the advertisement.
 - a. Circulation - the number of copies of a publication either printed or distributed.
 - b. Readership - how many people actually read the publication? This varies significantly from circulation.
 - c. Footfalls - how many people pass an outdoor advertisement?
 - d. Viewers - how many television or cinema viewers will see the advertisement.
 - e. Click-Thru - how many Internet users will see the advert and actually 'click' on it.
2. Coverage - the extent to which a publication or broadcast will reach your target market segment. This also known as Penetration.
3. Response - the percentage rate of response of customers to your advertisement. Response rate is most typically used with direct mail advertising.

For measuring circulation, a crude but useful way of expressing impact is cost per thousand (CPT):

$$CPT = \left(\frac{\text{cost_of_advertising}}{\text{total_circulation}} \right) * 1000$$

However, this does not measure the actual number of people who actually read the publication or their socio-economic grouping. For instance, a technical or trade journal may have a small circulation but a large readership, whereas a free newspaper can have a huge circulation but may be 'binned' by the vast majority of recipients. Most publications are independently audited by the Audit Bureau of Circulation (ABC) and these official circulation figures are published in BRAD, the advertisers bible (Tel. 0208 242 3000, www.brad.co.uk).

Finally, it is obviously important to monitor the response rate to your advertisement. For Internet and Interactive television advertisements, monitoring is relatively automatic since you know which customer is accessing your site. (This information is recorded in the Log file. See Chapter 17, *Internet Marketing*.) For press and broadcast media where the customer is responding by mail, the usual method of monitoring is by including a department number, such as Dept. DT1, in the address. For customers responding by telephone the call centre personnel need to ask the callers where they saw your advert.

Channel Selection

As we saw in the previous chapter on Public Relations, there is a huge range of media in which to advertise. Broadcast media, the Press, posters, directories, and the Internet. Most companies will choose a mixture of media:

- ✓
- ☐ Television, radio, cinema
- ☐ Display advertising
- ☐ Direct response and mail
- ☐ Internet
- ☐ Posters and Hoardings
- ☐ Exhibitions and Conferences

Television, Radio and Cinema

Television advertising is the most expensive and probably best approached via an advertising agency. In the last few years the television market has expanded enormously. You now have terrestrial (BBC, ITV, Channels 4 and 5), satellite (Sky), cable (Live TV), and the new digital channels (SkyDigital, BBC Digital, OnDigital). Due to competition these channels are able to offer national, regional and local advertising at increasingly competitive rates. It is not quite *Waynes World*, but it is becoming viable for a Start-up both to advertise on television and also to consider their own direct sales on cable.

Commercial radio is able to offer regional coverage at very competitive rates, and is becoming increasingly popular for advertising a diverse range of goods, including insurance, mobile phones, restaurants, garages, books and music CDs. Virgin Radio and Classical FM provide national services. Others, like Capital Radio (London), BRMD (Birmingham) and Piccadilly Radio (Manchester), cover major cities and regions.

Cinemas provide a means of targeting individual towns. Rank Screen Advertising (tel. 0207 706 1111) and Pearl & Dean are the leading agencies for cinema advertising. The main considerations are firstly that different films will attract different audiences, and secondly the typical customer age range is 15-24 year-olds.

Broadcast media adverts are sold in 'slots' of 20, 30 & 40 ... seconds, with the charge tied to the size of the viewing audience.

Next, to adverts in newspapers and publications.

Display Advertisements

As they say, 'a picture is worth a thousand words'. A display advertisement typically incorporates a caption or heading, a text body, illustrations and possibly an order form, and is designed to be eye-catching.

A good starting point, if creating your own display advertisements, is to look at current campaigns in the newspapers and magazines. Choose those that are run repeatedly, on the assumption they must be successful to be repeated. Build up a library and note the best features of each. The Japanese call this 'reverse engineering'.

Display ads are charged by the space occupied. Usually quoted in parts of ($\frac{1}{8}$, $\frac{1}{4}$, $\frac{1}{2}$ or 1) a full page, or in terms of one column wide by one centimetre deep (**scc** - per single column centimetres).

Classified Advertisements

Classified advertisements normally comprise a heading and a few lines of text. They have the advantage of being simple and cheap, but lack the 'attention-grabbing' properties of display ads.

You need to choose your words carefully and also the target publication. So tell the reader in as few a words as possible about your product or service, and the benefits of buying it. Enthuse about it. And tell the reader what to do to buy the product or service.

Classified ads are usually charged per word, with the option of putting the heading in capitals or bold, and surrounding the advert with a box.

Direct Response and Mail

Two areas of 'direct advertising' are:

1. Direct Response - where a company advertises and sells directly to the customer, either by letter, telephone, fax or email.
2. Direct Mail - adverts that are sent to individual customers using a 'mail shot' of personalised letters.

Direct response is the fastest growing form of advertising in the UK, and is used for a wide range of products; financial services, books, health food and much more.

Internet Advertising

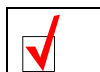
Electronic advertising on the Internet and interactive television is becoming increasingly popular. It combines the impact of broadcast advertising, the fulfilment of direct response and the low cost of display advertising. Briefly, the principal forms are web pages, banners ads, electronic mail, screen savers and web casting. (See Chapter 17, *Internet Marketing*.)

Creating Advertisements

To design a great advertisement you need to know what motivates people to buy. In fact, there is a famous advertising quote:

'Every man is really two men - the man he is and the man he wants to be.'

Creating your own display advertisements and sales letters is a good way to learn about the advertising business.

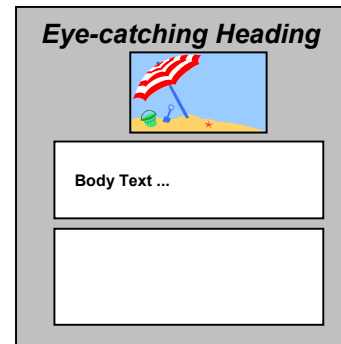


Advertising for the Small Business,
Nick Daws, Otter, 1996.

Display Advertisements

Remember A I D A. Press advertisements typically comprise:

1. Heading - the heading must grab the reader's attention and also state the main benefit of the product for potential customers.
2. Illustration - a good drawing, cartoon or photograph, will grab the reader's attention and compliment the text.
3. Body Text - the body text should expand on the interest aroused by the Heading and Illustration, by giving details of the product.
4. Action - the order or enquiry form, telephone number or web address tells the customer what to do next.



So how do you prepare a 'good' advertisement?

1. Role Models - look for good examples of advertisements in the Press, and work out why they are effective. This includes layout, heading, illustrations and action details. Learn from the professionals.
2. User Benefits/USPs - for your product list all its *user benefits* and *unique selling points* (USP).
3. Layout - make the advertisement visually appealing, with an attention-grabbing heading and illustration. Also, make any text crisp, clear and concise.
4. Body Text - in the body text write from the customer's point of view and clearly state the user benefits and USPs. The writing style should be friendly, informal, interesting and, above all, honest.
5. Polish - do not be in a hurry to send off your advert. Re-read your copy putting yourself in a potential customer's position. Ask yourself, 'would I buy?'

Most of the guidelines for creating effective advertising copy also apply to creating effective sales letters. '

Sales Letters

'Sales' letters have a wide range of uses for high-tech Start-ups. Writing to:

1. Potential Customers - offering your product or service to key customers, especially early adopters, usually following up a telephone call to a key executive.
2. The Media - contacting the Media with the aim of promoting your business in an article or editorial.
3. Respondents - replying to people that have contacted you following press coverage or an advertisement with the aim of persuading them to buy.
4. Existing Customers - this might be called *customer care*; cementing the relationship with customers and alerting them to new products.
5. Business Partners - keeping in touch with wholesalers and distributors, letting them know about new products and sales campaigns, etc.
6. Former Customers - encouraging former customers to return and re-order.

A good sales letter needs to meet the same **A I D A** specification as a press advertisement; attract **A**ttention, arouse **I**nterest, stimulate **D**esire and prompt **A**ction. As with a good press advert:

1. Role Models - look for good examples of sales letters.
2. User Benefits/USPs - for your product list all its key attributes.
3. Customer Oriented - write from the customer's point of view, and clearly state the user benefits and USPs.
4. Style - the writing style should be friendly, informal, interesting, concise and visually appealing.
5. Polish - re-read your letter putting yourself in a potential customer's position and ask colleagues to give their opinion.

Finally, we look at some of the other methods of advertising.

Brochures, Exhibitions, etc.

This last section looks at some of the many 'other' forms of advertising.

1. Brochures - these are small glossy booklets, normally a folded A3 sheet or a few pages stapled down the middle that provide details of your company, and its products and services. (See Chapter 11, *Business Documents*.)
2. Exhibitions - a stand at a trade show or exhibition is a good place to advertise and also meet customers. The main consideration is to choose your venue carefully and also ensure when negotiating with the organisers of the event that your stand is in a prominent position.
3. Directories - these range from the general, such as Yellow Pages (www.yell.co.uk in Ireland www.goldenpages.ie) and Thompson (www.thompson.co.uk), to specialised publications covering specific business sectors.
4. Tee shirts - yes you can even get your message across by printing it on tee shirts.
5. Cards - most high-tech businesses should wince at the thought of placing a card in a shop window. However, printing an advertising message on a business card is both cheap and highly effective.
6. Leaflets - leaflets or handbills typically are a single sheet of paper that are cheap to produce and therefore can be handed out at exhibitions or inserted in mail-shots. However, it is important that the quality of the leaflets does not distract from your company's image.
7. Poster Sites - there are over 140,000 poster sites across the UK, as well as smaller sites at railway stations, bus terminals and airports. Four companies - London & Continental (www.co.uk), Maidens (www.co.uk), Mills & Allen (www.co.uk), More O'Ferrall (www.co.uk) - between them control the majority of sites.
8. Transport - transport advertising covers two areas, firstly, on your own company vehicles and secondly, on public service vehicles, buses, trains and taxis.

Summary

In this chapter we have looked at:

- ✓
- ☐ the principals of advertising: why people buy, features, benefits and USPs
- ☐ above-the-line and below-the-line advertising
- ☐ selecting the appropriate channel; television, display advertising, direct response
- ☐ how to create imaginative and successful display adverts and sales letters
- ☐ various other forms of advertising, such as brochures, exhibitions, cards, directories, tee-shirts, poster sites and transport

Sources of Help

References

Advertising for the Small Business. Nick Daws, Otter, 1996.

BRAD (British Rate and Data). Maclean Hunter House, Chalk Lane, Cockfosters Road, Barnet, Herts, EN4 0BU, tel. 0208 242 3000, fax. 0282 242 3134, www.brad.co.uk

Campaign. www.campaign.co.uk

Direct Mail Information Services. 5 Carlisle Street, London, W1V 5RG, tel. 0207 494 0483, fax. 0207 494 0455, www.dmis.co.uk

Direct Mail Services Standards Board Ltd. 26 Eccleston Street, London, SW1W 9YP, tel. 0207 824 8651, fax. 0207 824 8574, www.thebiz.co.uk/dmssb.htm

Thompson. www.thompson.co.uk

Yellow Pages. www.yell.co.uk

Organisations

Exhibition Bulletin. The London Bureau, 266-272 Kirkdale, Sydenham, London, SE26 4RZ, tel. 0208 778 2288, fax. 0208 659 8495, www.expobase.com/exbuhp.htm

Advertising Association, The. Abford House, 15 Wilton Road, London, SW1V NJ, tel. 0207 828 2771, www.aa.org.uk

Advertising Standards Authority. 2/16 Torrington Place, London, WC1E 7HN, tel. 0207 580 5555, www.asa.org.uk

Institute of Practitioners in Advertising (IPA). 44 Belgrave Square, London, SW1X 8QS, tel. 0207 245 7020, fax. 0207 245 9904, www.ipa.co.uk

Mills & Allen. www.millsandallen.com

A comprehensive list of useful addresses is given in **Part 7: Information Sources**.

Chapter 36

Sales

Being an entrepreneur is all about selling. You can be the nicest person in the world but if you don't 'do the deal' your company will not be in business long. Equally, if you treat your customers badly, you will not do any repeat business. But *selling* is fun. Selling your business idea to investors and the media. Selling your company's vision or mission to partners and staff. Selling your products and services to customers. Successful entrepreneurs like Bill Gates and Steve Jobs are obviously charismatic and good at selling.

In this chapter we look at:

- ✓
 - ☐ the psychology of buying and selling
 - ☐ classical sales methods, organising yourself to sell and developing customers
 - ☐ selecting the appropriate channel: face-to-face, telephone, interactive, sales letters and brochures
 - ☐ planning a sales campaign, making the appointment, identifying needs and asking for the order

In selling, your two principal tasks are firstly to actually make the sales and, secondly, to care for your customers.



How to Sell More - a guide for small business,
Neil Johnson, Kogan Page, 1997.

Principals of Selling

In order to sell effectively you need to: 'believe' in your products and services, create a good first impression with customers, have the right positive mental attitude to sell, be resilient when customers say no, and be well organised in targeting the most profitable prospects. Let's start with some pseudo-psychology of buying and selling.

Psychology of Buying and Selling

Customers buy for a number of subtle reasons:

1. Prestige - customers like to be associated with 'prestige' attributes like strong *branding* (ex. Sony), *quality* (ex. Intel Pentium), *success* (ex. Porsche), *innovation* (ex. USRobotics PalmPilot) and market *leadership* (ex. MS Office 2000).
2. Profit - customers want to save or make money through the purchase (ex. E-bay, E-Trade).
3. Safety - customers purchase for health, safety and security reasons (ex. CheckPoint Firewall software).
4. Legal Requirement - customers purchase a product or service because of a statutory legal requirement (ex. TV Licence).
5. Comfort - customers like the 'peace of mind' feeling they get from purchasing food, books and clothing (ex. Amazon.com).
6. Appeal - customers want something badly enough that they 'must have it'. Cars, boats, planes, and clothes (ex. Armani).

To help understand the psychology of buying and selling, many writers on sales techniques like Jean Atkinson, group salespeople and customers into various amusing stereotypes.



Teach Yourself Selling,
Jean Atkinson, Hodder & Stoughton, 1998.

Salespeople fall into:

1. All-Rounders - these salespeople are well organised, have a good rapport with customers, make the sales, and nurture the customer base. In contrast ...
2. Bulldozers - these salespeople are only interested in making the sale and getting their bonus, and not in the long-term 'care' of customers and repeat business.
3. World's Friends - these salespeople are reluctant to offend the customer by asking for an order. Everybody likes them, but they just don't meet their sales targets.
4. Order Takers - these salespeople have lost all interest and motivation to sell. They will take an order if one is offered but won't push customers to close a sale.

The later three stereotypes should be viewed as 'ex-employees'.

Now for *Customers*:

1. Salesperson's Delight - these customers evaluate your product or service, place an order and give repeat business over time. The 'all-rounder' salesperson focuses on this group. Then there are ...
2. Steamrollers - these customers want you to believe they know more about your products or services than you do, and continually beat you down on price and delivery. What is needed is not the 'bulldozer' who would antagonise the 'steamroller', but a persistent 'all-rounder'.
3. Ditherers - these customers seem unable to make up their minds. This is where a *small* 'bulldozer' is useful.
4. Remorse Specialists - these customers agree to a sale, because deep down they want to be loved. Unfortunately they always seem to cancel the order. Be a 'world's friend' and shame them into sticking to the agreed sale.

Classic Sales Methods

In order to sell, and sell more, you need to stick to reliable sales methods. The classic sales structure involves:

1. Planning - to be effective you need to organise yourself. You need all the facts of your business' products/services, customers, delivery and finances at your finger-tips. When customers contact you, you need to record their names and addresses, and the action taken or required. And you need to plan your time.
2. Appointment - for most sales you need to make an appointment with the customer or buyer. This involves navigating a series of hurdles. Talking to the receptionist to identify the customer's name and position. Talking to the customer's secretary. Sending a letter or sales brochure. Following up with a telephone call to talk to the customer. And arranging a face-to-face meeting.
3. Questioning - you need to identify the needs of the customer and organisation, but at the same time advance the sales process. Make a list of questions. What is the current situation in the organisation? Why does this exist? What if they do not buy your product or service? Summarise your understanding to the customer to check it is correct.

4. Presenting - customise your presentation to address and focus on the customer's needs and motivations. Remember the buying motivations: *prestige, profit, safety, legal requirement, conformity* and *appeal* - and address them in your presentation.
5. Responding - answering any questions and objections raised by the customer.
6. Closing - 'closing' is the term for clinching the sale. The five main approaches are:
 - a. the Direct close - where the customer is asked directly for the sale;
 - b. the Alternative close - where the customer is invited to choose from a range of products;
 - c. the Assumptive close - simply assume the customer will buy and proceed to the signing;
 - d. the Incentive close - where the customer is offered an motivation to sign, and
 - e. the Exasperated close - the fall-back 'what-more-can-I-do' to get you to sign

Organising Yourself to Sell

The better you are organised, the more confident you will approach a sales opportunity. Most of the things you should do are obvious business procedure:

1. Accessibility - make it easy for customers to contact you and place an order. Phones, answering service, fax, email and Web site.
2. Diary - keep an up-to-date computer-based record of your movements.
3. Business Facts - assemble a detailed 'facts list' of your company, and its products and services.
4. Contacts' List - when customers contact your office, make a list of their name, address, telephone number, etc., their request, the action taken and when to contact them.
5. Customer Database - start building a customer address file that can be used for Mail Merge letters. Quickly move to a full-blown customer sales database holding contact details, and a record of all contacts, actions and sales.
6. Sales Plan - prepare a detailed sales plan using a Spreadsheet so you can perform 'what-if' forecasts on the data. List target customers, estimate sales and estimate costs. Err on the conservative side.
7. Schedule your Time - the old saying goes, 'time is money'. So you need to schedule yourself.

Developing Customers

The famous 80:20 rule says 80 percent of your sales come from 20 percent of your customers. This has three implications for selling. Firstly, some customers are more valuable than others. Secondly, focus your sales effort in relation to customer value. Thirdly, concentrate on your current customers who already know you, and your products and services.

Here are a number of considerations:

1. Developing an Account - for an existing account the three basic ways of increasing sales are: sell more of the product or service to the customer, selling related products or services to the customer, or selling to other departments in the same organisation.
2. Customer Factors - you need to identify two important groups in an organisation. The *influencers* who must be convinced to promote you within the organisation, and the *decision-maker* who makes purchasing decisions.

3. Competitor Factors - a potential customer already using a competitor's products is a sales opportunity, because the customer already understands the types of products and services you are offering. However, be very careful when criticising a competitor. By implication you are also criticising the customer's judgement in purchasing from the competitor.

Channel Selection

Having looked at the broad principals of selling we now look at the sales techniques for specific channels.

Face-to-face Selling

Face-to-face selling is possibly the ultimate commercial art.

When two people meet for the first time 'human chemistry' says anything can happen. Customers respond firstly to you the salesperson, and only secondly to your company and its products. You basically have one five second chance to make the body language work and create a good impression. Americans call this the *elevator pitch*.

Some do's and don'ts:

1. Punctuality - arrive five minutes early giving time to compose yourself and the receptionist time to locate your host and announce you, so the meeting starts on time.
2. Dress - be well groomed, dress to suit the occasion, and dress neutrally. Body piercing may be 'cool' at college, but might not elicit the same warm admiration from your bank manager.
3. Entrance - make a confident and orderly entrance to the customer's office. Introduce yourself professionally and ask where the customer would like you to sit. If you have brochures, samples or a presentation make sure it is packaged professionally. Do not waddle in like the bear in the beer advert, with your brochures in a *QuickSave* carrier bag.
4. Body Language - exude confidence; stand up straight, move confidently, smile and maintain eye contact. When you arrive, greet the customer with a 'positive' handshake.
5. Speech - you need to sound enthusiastic, friendly and confident. Speak slowly and slightly louder to emphasise the importance of what you are saying.
6. Building Rapport - customers come in all shapes and sizes; arrogant, insecure, friendly, professional. You need to build a rapport with all of them. Stroke the egos of the arrogant, build up the insecure, and entertain the friendly.
7. Sales Aids - a visual presentation (ideally with PowerPoint or the Internet) has 'instant' impact, but for reference, leave copies of the slides and brochures with the customer.

Telephone Selling

Telephone selling is important to you and your customers. Customers get instant answers to their sales enquiries, and you can speak directly to the person in charge; the buyer:

1. Organisation - keep key information by the telephone; key financial and technical facts, your diary, and customer-enquiry forms.
2. Telephone Enquiries - when a customer telephones, firstly ask them for their details. Make a list of their name, contact details, address, purpose of call, action taken or required, and if possible where they heard of your company. Try to get the customer to act: whether to close the sale or suggest you meet with them.
3. Customer Complaints - complaints need extra care in handling. Thank the customer for bringing the problem to your attention. Get them to explain their dissatisfaction and repeat what they have told you to verify you understand the problem. Then state what action you propose to take.

Now for telephoning potential customers. The name of the game is to identify the decision-maker, breach the defences (receptionist, secretary, and personal assistant), speak directly to the customer, and arrange a face-to-face meeting:

1. Introduction - before approaching a company see if a friend or acquaintance can give you an introduction to a decision-maker.
2. Organisation - in preparation for telephoning a customer, gather: a sales script, brochures, your diary and most importantly, the name of the decision-maker.
3. Receptionist - say you wish to write to the person responsible for 'X' in the company. Can they tell you the right person, their full name and job title. Later, telephone and ask to speak to the decision-maker. By giving the full name the receptionist will assume you know each other, and put you through at least to the secretary.
4. Secretary - most secretaries are highly skilled at screening their boss. My advice is to be polite and honest. Tell them your name and reason for calling. That you are planning to write to the boss and wish to speak to him or her briefly to see if they are interested.
5. Customer - if you get through to the decision-maker, again be honest and brief. Explain your business, that you propose to write to him or her, and (if interested) to arrange a meeting. Then fax the letter while it is still fresh in their mind, and also post it. The next day, telephone the secretary to try and arrange the meeting.
6. Follow-ups - once you have built up a rapport with the customer and, just as important, are known to his secretary, the secretary will probably schedule an appointment without even consulting her boss.

Interactive Selling

If telephone selling was the sales phenomenon of the late 1990s, then interactive selling via the Internet, electronic kiosks and interactive television will be the 2000 phenomenon:

1. Internet - online interaction via the Internet using the Web and email.
2. Electronic Kiosks - interactive kiosks covering shopping kiosks in stores, ticketing kiosks in stations, information kiosks and even bank teller machines (ATMs).
3. Interactive Digital Television - two-way interaction using digital television, either two-way via cable, or receiving via broadcast TV with the response via the telephone lines.

Sales Letters

As we discussed in the previous chapter on Advertising, sales letters are an important channel, especially when used in conjunction with face-to-face and telephone selling.

The *style* of the letter is important. Be warm and friendly. Write as you speak:

1. Simplicity - use simple words, short sentences of 15-20 words, and short paragraphs of 3-5 sentences. This makes the letter easier to read.
2. Understanding - use bullet lists, tables and even diagrams to make the message easier to understand.
3. Appearance - make the letter visually appealing. An attractive letterhead, nice typeface, headings, paragraphs, emphasised words, etc., and good quality paper.
4. Polish - you will not get your sales letter right first time. So polish and polish, polish, polish. Get others to read it. Market-test the letter by sending it initially to a few customers to gauge their reactions.

Finally, avoid slang and jargon. You might think it makes you appear 'clever'. In fact, you often achieve the opposite.

Sales Brochures

Sales brochures are small booklets that back up the sales letter or advert by providing additional information about a company and its products.

A brochure might include:

1. Company Information – a brief history and mission of the company.
2. Product Information - technical details of the products and services.
3. Sales Information – details such as product prices and delivery times.
4. Wallets - for enclosing supplementary information, such as up-to-date prices, local dealers, and the business card of the person presenting the information.
5. Contact Information – include the name, address, telephone and fax numbers, email address and Web site.

Exhibitions and Trade Fairs

Wouldn't it be nice if you could gather all your potential customers together in one place so you could make your sales pitch?

One solution is taking space at an exhibition or trade fair. *CeBit*, held annually in Hanover, is the largest high-tech trade fair in Europe.

Sales Promotions

The term 'sales promotion' covers a range of short-term activities designed to increase sales. Sales promotions are typically undertaken to reduce stock levels, gain market penetration for a new product, to raise awareness of a product with customers and suppliers, and gain publicity.

Some of the many types of sales promotion include:

1. Price Cutting - reducing the price of a product in conjunction with an advertising campaign is arguably the most common form of sales promotion.
2. Annual Sales - the aim of a Sale is to increase your normal (non-sale) trading by temporarily lowering the price of some of the businesses' products or services. The Trades Description Act (1968) states that the sales goods must have been advertised at the higher price for a continuous period of 28 days in the previous six months.
3. Vouchers - companies frequently provide 'money-off' vouchers or coupons with their products both to attract customer attention and to encourage follow-on sales.
4. Competitions - consumer competitions typically consist of answering one or more trivial questions related to the product, and completing a so-called tie-breaker slogan '*I love X because...*!' However, the law governing competitions is strict, so you are advised to contact the Institute of Sales Promotion (tel. 0207 837 5340, www.isp.org.uk), who can supply you with the 'British Code of Sales Promotion Practice', in Ireland see the Advertising Standard Authority for Ireland and the Code of Advertising Standards for Ireland (www.asai.ie).
5. Discounts - these are price reductions either for 'loyal customers' or for bulk purchases.
6. Free Gifts/Samples - including a free gift with a purchase, or as popular with the cosmetics industry, giving free samples of products.

7. Banded Offers & Multi-Packs - two or more products sold together at a discount price. Banded offers cover different products; multi-packs covers the same product.
8. Loyalty Schemes - schemes for customer retention are the marketing phenomena of the late 1990s. The most prominent are customer loyalty cards and *Air Miles*.

Sales Campaign

The planning and preparation of a sales campaign falls into five broad areas: customer prospecting, customer classification, sales planning, sales scripts and sales aids.

Planning and Preparing

Firstly, you need to find potential customers. For certain specialised high-tech businesses there may be only a few large customers, such as the clearing banks or major retailers. For electronic commerce businesses selling to the general public, every family or business with an Internet-connected PC is a potential customer.

Potential sources for customers include:

1. Internet - online sources of business information (see Chapter 7, *Market Research*) comprise: *online information services* (e.g. Reuters), *search engines* (e.g. Yahoo), *directories* (e.g. Yellow Pages) and *hotlists* of links to related web pages.
2. Yellow Pages - the traditional sources of information on local businesses are the Yellow Pages and Thompson local directory.
3. Trade Directories - Kompass and similar directories (see Chapter 7: *Market Research*) give extensive lists of companies classified and cross-referenced by the business sector, etc.
4. Trade Press - look for advertisements, articles, reports and trade lists of businesses.
5. National Press - look for articles and reports on companies in the broad-sheets and Sunday papers, especially special supplements to the Financial Times.
6. GOYA - the so-called GOYA approach stands for 'Get off your armchair' (or 'ass') and tour the area looking for potential clients.

Secondly, you need to group customers (both current and potential) by their likelihood to buy:

1. First Class - this is your primary customer base. Their business is booming, you are their main supplier and they pay your invoices on time. While giving them excellent service, you need to allocate some time to nurture new business.
2. Second Class - this is your secondary customer base. They buy small amounts from you, but you are not their main supplier. Your goal is to give them just enough attention to convert them to 'first class' customers, without neglecting your first class customers.
3. Third Class - they buy large amounts from your competitors. Visit them occasionally to demonstrate interest and follow this up with mail shots.
4. Fourth Class - these are companies in decline. They may have been important customers once, but now are buying less and less, and even worse taking longer to settle their invoices. Contact them by phone and mail shot.

Thirdly, just like a general about to conduct a military campaign, you need to make a plan:

1. Plan your Time - your *premium* time is when you are actually selling face-to-face or on the phone to a customer. Everything else is preparation or time squandered sitting in traffic jams. You need good time management. As a friend once told me, 'don't confuse effort with achievement'.

2. Plan your Income - if your sales force is paid on a commission structure, make them plan their income. This will really focus their sales options.
3. Plan your Sales - take a spreadsheet, across the top list the months and down the left the company's products. As shown below, list the average net sales price to a customer, the number of each product you are likely to sell, and the estimated sales revenue. This will give you your estimated monthly sales.

Product/Service		Estimated Product Sales/Sales Revenue			
Details	Sales Price	January	February	March	April
Product 1	£50	1000/£5000	1200/£	1300/£	1400/£
Product 2	£60	1500/£	1300/£	1100/£	900/£
Service 1	£70	2000/£	2000/£	2000/£	2000/£
Total Sales		£	£	£	£

Figure 36.1 - Making a Sales Plan

Fourthly, you need a 'sales script' setting down your sales message to potential customers:

1. Sales Message - prepare a bullet-point list of the key features (USPs) of your product. These are the important points you need to get across clearly to the customer in the first five seconds (the *elevator pitch*).
2. Enthusiasm - sound enthusiastic about your product; at the beginning of the day, at the end, and after several rejections.
3. Customer Response - whether selling face-to-face or over the telephone, give customers time to respond and ask questions about your product.

Lastly, there are sales aids that make you look professional and will help conduct your sales campaign:

1. Pen, Paper and Diary - make sure you have a pen and pad for making notes during the meeting, and your diary for scheduling follow-up meetings.
2. Business Cards and Brochures - have a good supply of business cards and brochures to leave with customers. This is particularly important with Asian business people, where exchanging business cards has the same status as shaking hands in the West.
3. Product and Price Lists - you need all your product details close at hand; product lists, price lists and delivery schedules.
4. Slide Presentation - if you are going to make a presentation to prospective customers, you will need colour overhead transparencies or PowerPoint slides as well as printed copies.

Making the Appointment/Contact

Identify the decision-maker, and if possible get a personal introduction. As discussed above in telephone selling:

1. Organisation - before telephoning a customer, prepare yourself.
2. Receptionist - telephone and ask to speak to the decision-maker, by name. You may get lucky and be put through.
3. Secretary - tell the secretary your name and reason for calling. Ask them when would be convenient to speak to the decision-maker and to make an appointment to call.
4. Customer - if you get through to the decision-maker, briefly explain your business, and (if interested) arrange a meeting.

5. Follow-ups - once you have built up a rapport with the customer and the secretary, the secretary will probably schedule the next appointment automatically.

Identifying Needs

Obviously, the more you know about the buyer and their needs, the easier it will be for you to focus your sales pitch. Do not be afraid to ask the buyer lots of questions and make notes.

So, before meeting or phoning a potential customer, make a list of questions:

1. Current Situation - how does the customer's business operate at present?
2. Customer Needs - what are the buyer's needs and how are they satisfied at present?
3. New Suppliers - how will the business change in the future, and what would make the buyer change to a new supplier, such as yourself?

Having identified the customer's requirements, raised questions about their future business strategy and got them thinking about your product, we next need to consider the presentation.

Presenting your Product or service

A presentation of your high-tech product to potential customers (or investors) typically consists of yourself plus one or two colleagues making a slide presentation to 3-5 customer representatives:

1. Setting Up - plan to arrive 5-10 minutes early and ask the receptionist if you can 'set up' your presentation. Make sure the overhead projector or video projector & laptop PC is working. Also, re-arrange the furniture so everyone can both see the presentation and each other.
2. Introductions - introduce yourself and your colleagues and exchange business cards.
3. Agenda - set out how you propose to structure the presentation, and confirm what time is available.
4. Company/Product Overview - outline the background to your company and the product to be presented.
5. Handouts - distribute brochures and copies of the slides to be used in the presentation.
6. Customer Needs - outline the perceived customer's needs to confirm your understanding.
7. Presentation - present the key features and benefits of your product.
8. Demonstration - if you have a software product or service, give a short demonstration.
9. Questions - deal with any questions raised, and, if you are unable to answer a question, do not be afraid to say you will follow up with the details.
10. Actions - state your recommendations and agree a set of follow-up actions with the customer representatives.

Closing the Sale

A good sales person may use a number of ways to ask for an order, or as it's called *closing the sale*.

Some of the typical methods are:

1. Direct Close - the straightforward approach of 'would you like to buy?'; appropriate for the customer who makes quick decisions.

2. Alternative Close - where you are offering a range of products or buying options, ask them 'which you would like to buy?' This close makes it easy for the customer to say, 'yes'!
3. Assumptive Close - you simply 'assume' the customer is going to buy, and ask them 'when they would like it delivered?' Good for the indecisive buyer.
4. Incentive Close - you offer the buyer an incentive, such as discount, to complete the deal on the spot. Again good for the indecisive buyer.
5. Exasperation Close - the 'when all else fails' approach, 'what do I need to do to convince you?'
6. Silence Close - after you have asked 'will you buy?', simply sit in silence waiting for the reply, no matter how long or uncomfortable the silence, you must wait. The rule in this game is that the first one to speak loses!

Summary

In this chapter we have looked at:

- ✓ ☐ the principals of selling, covering the *psychology* of salespeople and customers
- ☐ classical sales methods, how to organise yourself to sell and methods of developing customers
- ☐ selecting the appropriate channel, face-to-face, telephone, interactive, sales letters, brochures exhibitions and sales promotions
- ☐ planning an effective sales campaign, making the appointment, identifying customer needs and closing the sale

Sources of Help

References

How to Sell More - a guide for small business. Neil Johnson, Kogan Page, 1997.

Teach Yourself Selling. Jean Atkinson, Hodder & Stoughton, 1998.

Organisations

Direct Selling Association. 29 Floral Street, London, WC2E 9DP, tel. 0207 497 1234, fax. 0207 4971344, www.dsa.org.uk

Institute of Sales and Marketing Management. 31 Upper George Street, Luton, Beds, LU1 2RD, tel. 0172 7812500, email ismuknet@nildram.co.uk

Institute of Sales Promotion. Arena House, 66-68 Pentonville Road, Islington, London, N1 9HS, tel. 0207 837 5340, fax. 0207 837 5326, www.isp.org.uk

A comprehensive list of useful addresses is given in **Part 7: Information Sources**.

Chapter 37

Global Marketing and Exporting

Think of 'exporting', and the image conjured up is one of massive containers being loaded on to ships. However, when someone in the UK or Ireland buys a book from Amazon.com, music from CDNow, or downloads software from Microsoft or Netscape, these companies are 'exporting'. High-tech Start-ups, by definition, trade globally.

In this chapter we look at:

- ✓
 - ☐ how high-tech Start-ups launch into global marketing and trading
 - ☐ how to establish a traditional organisation for exporting of goods
 - ☐ how to research a new export market
 - ☐ handling prices, terms and payments
 - ☐ organisations and information sources to help you set up an export business

Global Marketing

Even a small high-tech Start-up needs to recognise the implications of operating in a global marketplace. Competitors from the United States, Europe and even Asia will be able to easily compete with you. For instance, Amazon.com and Borders (www.borders.com) started off serving their British customers from America, but are now establishing a local UK presence to challenge the Internet Bookshop (www.bookshop.co.uk), Blackwells (www.blackwells.co.uk) and Waterstones (www.waterstones.co.uk). With high-tech Start-up it is certainly the case of 'do unto others before they do unto you'.

Once you have established your presence in the UK or Irish market, you will look to expand abroad. Traditional exporters naturally start with the European Union due to the harmonised trade procedures. For high-tech Start-ups the paradox is that it is frequently easier to export to Europe from the US than it is from the UK or Ireland. This has led to numerous British, Irish and Israeli companies moving their headquarters to Silicon Valley to masquerade as an American company while retaining their technical development at home.

As we discussed in Chapter 5, *Making Real Money*, a classic UK or Irish software Start-up scenario is:

1. Local Launch - use the *low-risk* start-up model to demonstrate your business idea. Focus on an entry-level product that is a 100% complete offering.
2. Venture Capital – as soon as your idea is proved use venture capital to accelerate growth.
3. US Launch - if you want to be a global player you need a US presence. If you are a specialist company, this might be a US marketing and sales support office. For an electronic commerce company with pretensions to dominate the global market you need to become a US company. You need US VC money, US tech-lawyers and the associated kudos, and all of this is much easier if you are located in the United States.

Dealers and Distributors

Many high-tech companies can simply do business globally online through the Internet. Others provide customer support through telephone call centres, in Scotland and Ireland. However, many products and services require real people to sell and support them. For instance, if you plan to sell software in Japan you will undoubtedly need local dealers and distributors.

In choosing a dealer or distributor you need to ensure they are technically competent, financially stable, and have the resources and incentive to sell. Locating and choosing a partner is enormously difficult for a Start-up, especially when the dealer or distributor is located in a foreign country.

Below, we look at how to establish a more traditional export business.

Researching the Market

What to export will largely be dictated by whether your business is product, service or consulting based, and whether it is strategic or mass market.



The Daily Telegraph How to Set up and Run Your Own Business, Kogan Page, 1998.

What to Export

Start your export planning with some market research, obtaining as much information as you can for free, and minimise costs, because you are unlikely to generate any immediate business. The primary questions are: firstly, the local business environment of your target export area; secondly, whether your product, service or consulting is suitable for the target customers; thirdly, how your offering can be made available to the customers; fourthly, the appropriate physical distribution method; and fifth, the prices, terms and payments, and more importantly, if the trade will be profitable.

Where to Export

Where do you start? Obviously, with a market whose customers is much like your domestic customer base market. For instance the United States, Canada or Australia. Or, a market where you have personal contacts, a spouse, a family member, or a friend from college. In practice, every market has its individual peculiarities.

Alternatively, you could start with the European Union. It already takes 70% of British exports, eleven of the fifteen countries are standardising on the Euro, and there are no customs duties on EU goods. Europe also has groupings of compatible customers, such as Holland, Northern Belgium and North West Germany, who understand German and Dutch; or Southern Belgium, France and Western Switzerland, speaking French.

Many countries like China, Burma, and Iraq will exclude themselves because of restrictions or lack of foreign currency, or unreliable delivery.

How to Export

Before exporting a product, service or consulting (know-how), you need to decide if it needs modification for the local market (called *localisation*). At one end trademarks, labels or manuals may need translation; at the other the user interface of software or the 'look-and-feel' of a product may need re-implementation to suit local tastes; Coca Cola employ anthropologists to make sure they get their international marketing right. In addition, for physical goods most countries impose regulations on the exact specifications of the goods, and you, as the exporter, will need to meet these.

Your overriding goals are firstly to sell where you can make the largest profit, secondly where you have to make the fewest number of changes to your product or service, thirdly where the prices, terms and payments are attractive and fourthly the easiest distribution.

Distribution channels:

1. Electronic Distribution - if your product or service is 'digital' then it can be distributed globally over the Internet and through interactive television. Currently, the preferred method of payment is the credit card. Soon, so-called micro-payment mechanisms will be in place whereby customers can be billed for minor amounts of money, as with telephone calls. This

will open up a whole New World of global information services and allow on-line consultancy charged by the second or minute.

2. Physical Distribution - if your products need physical distribution then you need to arrange transport and the necessary documentation. Much of this can be subcontracted. *Freight forwarders* specialise in overseas distribution, recommending and organising the most appropriate transportation, be this by air, sea, rail or road, or even post or courier. They will advise on suitable packaging to ensure the product gets to its destination in one piece. And handle the documentation such as Customs declarations and clearance.
3. Your Own Sales Force - most high-tech Start-ups are selling sophisticated products, services and know-how. Therefore, a company person, with detailed knowledge of the products and services, is the most expert and the most motivated to sell. Hence, if you wish to export high-tech products and services, and support them locally, usually your own staff are the best equipped.
4. Licensing and Joint Ventures – an alternative to exporting is to license your product. You 'licence' a foreign company to sell your products and services in their local market and to pay you a royalty. This allows you to service a foreign market which demands a local presence like Japan, or may be of limited market value like parts of Eastern Europe and Central America. Equally important you do not have to worry about shipping goods overseas, handling the documentation, or how you will get paid.
5. Agents - to develop business in a country or region you can consider appointing an Agent who will liaise between you and your customers. *Export Agents* buy your products and resell them to their customers overseas, relieving you of all the distribution problems. *Commission Agents* sell on commission leaving you to arrange delivery to the customer. Commissions vary from 2.5% to 15% depending on the difficulty of selling.

Prices, Terms and Payments

At the top of your agenda will be calculating the additional export price of your product or service, and ensuring prompt payment. Considerations include:

1. Pricing - for *products/services* initially you must allocate some proportion of your overheads to the increased cost of your product, and subsequently ensure that the price reflects the full cost so as to get a reasonable margin of return. For *licences*, prices are in two parts, firstly a one-off payment for the licence, and secondly an annual royalty at so much per unit sold, with a minimum annual sales royalty.
2. Terms and Quotes - there are a number of internationally accepted *terms of delivery*. These are known as *Incoterms* and are available from the International Chamber of Commerce (tel. 001 303 691 0404, www.icc.org). Example terms include *Free on Board* (FOB) and *Delivered Duty Paid* (DDP). Quotes can be in the local currency, Euros or Dollars, depending on market, but beware of potential currency fluctuations.
3. Payments - the generally accepted ways of getting paid from overseas are: (i) by credit card - typically in international mail order, (ii) by letter of credit drawn on a UK or Irish bank, (iii) by a draft or bill of exchange arranged between your bank and a bank overseas, and (iv) dealing through a *Factor* who for a fee will handle all payments.
4. Insurance - where physical goods are concerned, an exporter can guard against non-payment by taking out *credit insurance*. Companies, such as NCM Credit Insurance Ltd. and Trade Indemnity plc, pay 85% of the value if the buyer fails to pay.

A number of Government organisations and business associations, and information sources are available to help you export.

Export Services

The principal Government export body is the Department of Trade & Industry (DTI) and the leading professional body is the Institute of Export (www.export.org.uk).

Organisations

The DTI (www.dti.gov.uk) supports a number of export organisations:

1. British Overseas Board - provides a wide range of services and expertise for first time exporters, including its Market Entry Guarantee Scheme.
2. Export Market Information Centre (EMIC) - provides exporters with a valuable market research base for assessing overseas markets (tel. 0207 215 5444, dtiinfo1.dti.gov.uk/ots/emic/).
3. Business in Europe - provides a range of useful booklets on exporting and export markets in Europe (tel. France (33) 14546 1818, fax. (33) 14546 2835, www.business-in-europe.com)
4. Business Link - local Business Links provide access to a range of DTI services, funding and information sources (tel. 0345 567 765, www.businesslink.gov.uk).
5. Overseas Trade Service – support for exporters (tel. 0207 215 584, www2.dti.gov.uk/ots).

Other organisations include:

5. Institute of Export - the professional export body providing a forum for exporters to exchange experience and information (tel. 0207 247 9812, www.export.org.uk).
6. European Community Business and Innovation Centres (EC-BIC) - EC-BIC is a network of CEC-funded agencies that provide comprehensive help, including funding, to new businesses. Since there are over 100 EC-BICs across Europe they also provide a valuable resource for small companies seeking to start-up a subsidiary in another country. (www.eurm.or.at/foerderungen/EC-BIC.htm)

Information Sources

Besides the extensive range of publications produced by the DTI, there are numerous commercial services and publications.

1. FT-Profiles - this Financial Times database provides export intelligence, with on-line access being supported by the DTI (tel. 01932 76144, www.ft.com).
2. Search Engines - Yahoo and the other leading Search Engines, such as Alta Vista, Excite, etc. provide a valuable on-line source of company and market information (www.infoseek.com/).
3. Croner's Reference Book for Exporters - Croner's is the standard reference covering export procedures (tel. 0208 547 3333, www.croner.co.uk).

A comprehensive list of organisations and sources is given in Part 7, Sources of Information.

Summary

In this chapter we have looked at:

- ✓
- ☐ global marketing decisions for high-tech Start-ups
- ☐ establishing a traditional export organisation
- ☐ export issues such as researching a new export market, and handling prices, terms and payments
- ☐ organisations and information sources to help you establish an export business

Sources of Help

References

Croner's Reference Book for Exporters. Corner House, London Road, Kingston-upon-Thames, Surrey, KT2 6SR, tel. 0208 547 3333, fax. 0208 547 2637, www.croner.co.uk

Croner's Reference Book for Importers. Corner House, London Road, Kingston-upon-Thames, Surrey, KT2 6SR, tel. 0208 547 3333, fax. 0208 547 2637, www.croner.co.uk.

Running Your Own Mail Order Business. Malcolm Breckman, Kogan Page, 1992.

The Daily Telegraph How to Set up and Run Your Own Business. Kogan Page, 1998.

The Export Handbook: in Association with the British Chamber of Commerce. Harry Twells (ed), Kogan Page, 1998.

Organisations

British Food Export Council. 301-344 Market Towers, 1 Nine Elms Lane, London, SW8 5NQ, tel. 0207 622 0188, fax. 0207 6270616.

British Importers Confederation. Castle House, 25 Castle Reagh Street, London, W1H 5YR, tel. 0207 258 399.

British International Freight Association. Redfern House, Browells Lane, Feltham, Middlesex, TW13 7EP, tel. 0208 844 2266, fax. 0208 890 5546, email bifasec@msn.com, www.bifa.org

DTI Business in Europe, The. Kingsgate House, 66 Victoria Street, London, SW1E 6SW, tel. 0207 215 5000, fax. 0207 215 6140, www.dti.gov.uk

Institute of European Trade and Technology (IETT). tel. 0207 6289770, fax. 0207 6287692, email iett@dial.pipex.com.

Institute of Export, The. 64 Clifton Street, London, EC2A 4HB, tel. 0207 247 9812, fax. 0207 377 5343, email institute@export.org.uk, www.export.org.uk.

London Chamber of Commerce, The. 33 Queen Street, London, EC4R 1AP, 0207 248 4444, fax. 0207 489 0391.

A comprehensive list of useful addresses is given in **Part 7: Information Sources**.

