

# Marketing Report

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## New Business Venture In Slovenia

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## Executive Summary

### Product Description

When choosing a product, we first must choose the market in which it is to be launched. The market could either be business-to-business (B2B), business-to-consumer (B2C), or a mixture of both. For our product we have chosen to aim at businesses rather than consumers. The reasons for this are discussed later.

As our company has a background in computer science (and more specifically web development), we intend to produce various internet applications for the newly emerging eastern European market.

Internet applications in the context of this report include:

- Websites
- CMS (Content Management Systems)
- E-commerce web development
- Corporate Intranet/Extranet Systems
- Online Procurement

### Market Choice

The B2B sector has been selected over B2C as we have identified a market for business web services that has yet to reach its full potential. This is evidenced by the research that we have undertaken as part of the PESTEL analysis, specifically in considering Societal Factors.

Here we will outline segmentation and customer description for this new venture. The services that we provide will be very general in nature; however the final product that each customer receives is individually tailored to meet their needs.

The marketing plan must target companies that could potentially benefit from our services and may or may not have considered such a solution in the past. The plan should position itself to target customer needs such as those we have listed below.

- Companies that wish to make themselves known.

- Companies requiring the need to manage information and communications throughout the organisation.
- Companies that wish to take advantage of E-Commerce to increase sales.
- Companies wishing to reduce procurement costs.

## **Country Background**

The new service will initially be launched in Slovenia. Slovenia, which has only recently joined the European Union (EU), has shown considerable uptake of both computer and internet use. However, the country's e-commerce market is lagging behind the growth in ICT (1).

The latest figures show that 58% of the general population of Slovenia has access to the Internet, an increase of 4% from the previous 12 months. More importantly however, is the 10% rise in Internet usage, attributed to the fact that 77% of households with children are Internet enabled. This indicates that over the next few years' computer literacy levels and use of the Internet will rapidly expand as this generation moves into adulthood. The percentage of adults using online services like those we intend to develop will grow rapidly (2) (3).

## **Mission and Objectives**

The company's mission will be to become a prominent Internet application development force in Slovenia, providing businesses with high quality, easy to use software that will reduce their costs and improve efficiency and productivity. This marketing plan will outline the first steps on this road to promote the company's service in Slovenia.

The objective of this report will be to provide a marketing plan that will ensure the success of the company in achieving our goals over the next 5 years as outlined in Figure 1.

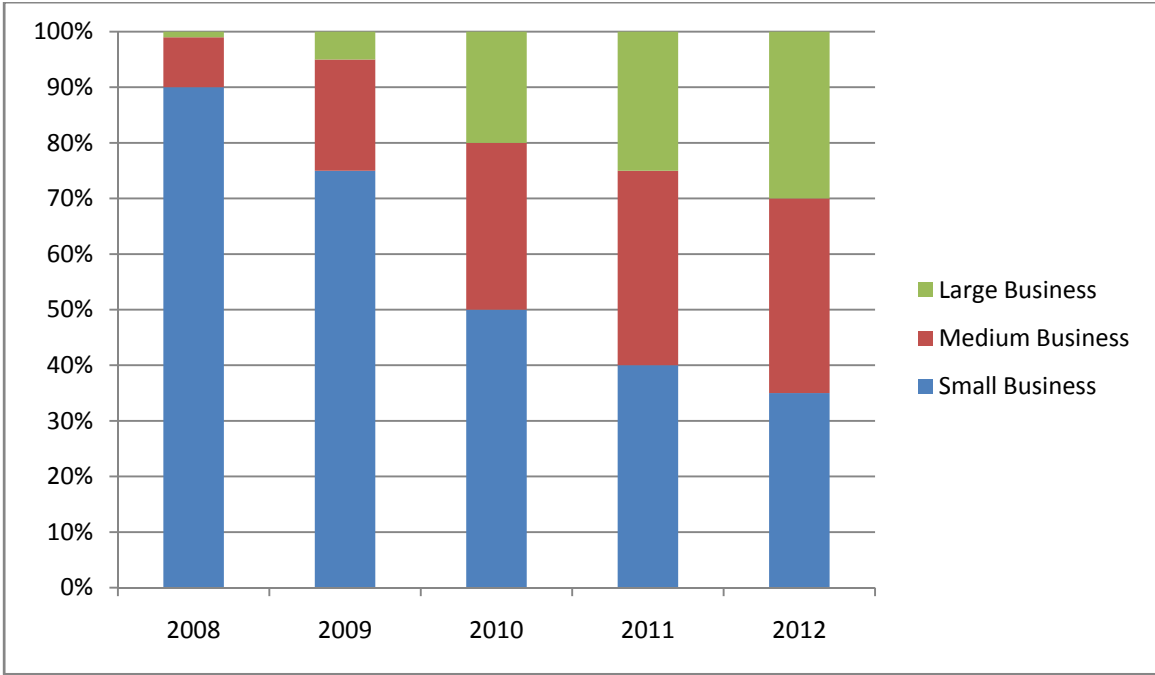


Figure 1: Projected Client Share of Total Customers (5 Years)

**Market Analysis**

In this section we will discuss the challenges that exist and may be faced within the marketing environment in which the product will be launched.

**PESTLE**

PESTLE (Political, Economical, Social, Technological, Legal, and Ecological) is a commonly used market analysis tool that identifies various factors of issue within the environment that the service will be operating in. The following section will cover these topics and how they relate to the source.

**Political Factors**

Slovenia has a stable political system with very few exceptions. A brief 10-day dispute over independence in 1991 is the only occasion in recent history where the country's government has been unstable (4).

However, it is important to consider the past of Slovenia, in which it was part of the Socialist Federal Republic of Yugoslavia. Influxes of refugees from Croatia, Kosovo, and Bosnia-Herzegovina - resulting from hostilities in the region - have had an indirect affect on the organization of the country (4). This, however, is considered to have been insignificant.

Another important factor to consider is the role Slovenia plays within world politics. The country has been a member of NATO (North Atlantic Treaty Organization) since 1994, and has also served time on the UN Security Council. Slovenia is an increasingly important player on the world stage and now the European Union (4).

A stable political scene helps to ensure a stable economy. By providing this stable economy, companies can prosper with minimised risks to their investments. Companies will always prefer a stable political environment for investments as it reduces the risks they are subjected to.

### **Economic Factors**

On joining the EU, Slovenia has adopted the EU single currency – the Euro. This has several issues that will need to be considered:

- The use of the Euro further helps to remove trade barriers between member states.
  - The use of the Euro could reduce market share for small local businesses amidst competition from elsewhere within the union.
  - Price wars could occur when larger companies enter markets previously provided by local companies.
  - Significant savings can be made through trade inside the Euro zone.
  - The Euro is used in many countries, however if other countries fail to live up to regulations put in place to maintain stability it can affect all the countries involved.
- (5).

Slovenia enjoys a GDP substantially higher than the average EU rate which suggests the country has a strong economy. The country's GDP is steadily rising at an average rate of 5% a year (4). This is good news as a strong economy encourages organisations to spend money on improvements to develop their business. This is likely to increase the number of potential customers for our product.

### **Societal Factors**

Although the service we intend to provide is specifically targeted towards the B2B market, it is important to consider the societal factors of the consumers. Without a population able to use the applications we intend to provide, businesses will be less inclined to purchase them.

Slovenia has a 99% literacy rate over its total population of 2 million. Additionally most of its workforce has experience in the area of ICT (1). This means that the majority of people would be capable of operating the products provided by our company.

Unemployment in Slovenia has reduced from 9.1% to 5.6% since 1993, indicating an increasing level for quality of life. Additionally, figures show that the number of people spending money on home improvements has grown over the last 12 months.

From (1) we can see that over 3 years there has been a 12.3% increase in people looking for online services. This indicates that there is an opportunity for our company to exploit the expanding e-commerce market. To achieve this we will offer our services to business facilitating access to these customers.

### **Technological Factors**

For web applications to be useable, they must be 'hosted' on a computer that is accessible to the intended audience – whether that is the Internet (for websites, e-commerce, extranets etc.) or the customer's internal network (for intranets). A customer purchasing a web application from our business must consider how it is to be run as this will affect the costs involved.

Applications that require an internet connection (such as websites and e-commerce systems) should ideally be hosted in an off-site data centre with a fast, scalable connection to the internet. If it is hosted on the organisation's internal network, their internet connection may become congested & unusable if the website receives a high number of visitors. In a case such as this, it could be costly for a company to increase its connection to account for the level of visitors received.

However, as website hosting is a globalised industry, it may be cheaper for the company to hire a dedicated hosting solution from us (or another provider) to avoid this issue.

On the other hand, for an application that does not require an internet connection – i.e. a company intranet – hosting the website internally would provide a quicker and much more secure system for the business. Traffic from employees would remain on the internal network and not clog up the business's internet connection.

As mentioned above, website hosting is a globalised industry – as a result it would be tough for our business to compete in this market. It is for this reason that our business will focus on the service rather than the hosting.

## **Ecological Factors**

The nature of the world is one system built upon another, since web applications of any kind must run on computers, and computers rely on electricity it is essential to consider the impact of this. The main ecological factor affecting this product will be the country's view on lowering carbon footprint.

Slovenia is part of the EU and as such is subject to its regulations on this issue. Failure to follow them will result in fines. Regulations such as the safe disposal of computer equipment should be taken very seriously as harsh punishments could be imposed if not followed correctly.

## **Legal Factors**

As part of the EU, Slovenia is subject to its laws. When considering legal factors affecting the company, we need to consider both local legislation (Slovenia), and international legislation from the EU.

The EU operates various trading policies, but at the core of this are its views on Free Trade and a Single Market. The body aims to realise these goals through harmonisation of local laws into legislation that is the same no matter where you are within the EU.

Since the company is already established in an EU country, the legal effects will be minimal.

## **Marketing Plan**

This section of the report will aim to take into consideration the conclusions of the marketing analysis and provide a coherent strategy and its implementation. This will allow us to effectively position the company ready for launch.

## **Language**

When operating in a different country, care must be taken to consider any language issues that might arise. We do not expect the language barrier to be a problem as we intend hire experienced translators for any work that needs to be produced in the country's native language - Slovene. It is possible that some of our customers will wish to have multiple languages on their site, and for this a translator will also be used.

## Placement

For any B2B company, first impressions will be exceptionally important to a company such as ours. For this reason, our business will be physically based within the country. This will reduce the costs involved in travelling to meetings that will be required to make a good impression to potential clients.

## Opposition

Through our research we were unable to find many competitors in this market. Though there were a number of web site design companies, most catered for hobbyist websites rather than the e-commerce solutions like the those would be offering. Only one competitor was found through online sources to be offering e-commerce solutions, however no information about pricing is available at this time.

## Market GAP Analysis

A market gap analysis is a tool used to compare performance within a business. In this case it will be used to compare what we will offer as a company with what is currently available. This will enable us to calibrate our company with the market, allow us to capitalise on competitors mistakes and avoid making ones of our own.

As mentioned previously, only one potential competitor has been found within our market segment, this provides us with an advantage. If we are able to offer a better service than they are currently providing, as well as market our services effectively, our company will become a potential customer's first choice.

Nearly all E-Commerce solutions, including the one operating within Slovenia, offer very similar packages. Each includes design, support, and security. As a company we will also offer these, however to be competitive in this area we will need to be able to offer our high quality services at a reasonable price.

Our company will also offer Intranet and Extranet solutions, Content Management Systems, Online Procurement, and advice on hosting. We will make ourselves approachable on other related software development projects for customers. These extra abilities offer us a competitive edge over the standard E-Commerce solution.

## Strategy

When providing a service, a strategy must take into account a long term plan. Products can change over time - old ones stopped, new ones added – however, in this case, core services must remain constant. To this end, our strategy will aim to promote business through two distinct areas. The first will be awareness; a business will not be able to purchase our services if they do not know about it. Secondly, quality; a business will not purchase our products if they are not happy with its quality.

## Segment Strategy

Our main Strategy is to promote awareness and quality to prospective customers; however the B2B market is large and first our company must select a specific segment in which to start. The segment has to provide our company with exposure; it will be pointless doing Pro Bono work for a local corner shop as the larger companies will never notice our work.

To this end we have selected the tourism industry as our starting market segment. The tourism sector will provide our company with a great deal of exposure due to the customer facing nature of the industry. It will also provide our company with the best opportunity to show off both our versatility and quality of our services. This industry will be the best platform from which to launch our company.

## Awareness

Awareness will be achieved within the business community through several distinct routes. We will employ a branding mechanism on our products so that people will know who developed the service. This will increase awareness about our company through the visibility of our customer's public services, leading to sales of services for both public and private use.

We will use media and business networking opportunities to provide initial brand exposure, helping potential customers associate web services in general with our company.

We will also approach companies that have some exposure already in the business community, and offer our services at a heavily discounted rate to gain initial customers. These initial customers will be able to spread the word about our company. These first companies will be essential to the second part of the strategy – quality.

## Quality

The quality of our services must be high, the B2B market is competitive and only those companies which can offer a competitive price and high quality will succeed.

## Implementation

In this section we will provide specifics on the implementation of the strategy outlined above. The format of this section will be broken down into portions of the initial allocation for the marketing budget. Figure 2 shows this spending as a graph.

Once the budget has been explained, a timeline for the role out of the plan will be presented.

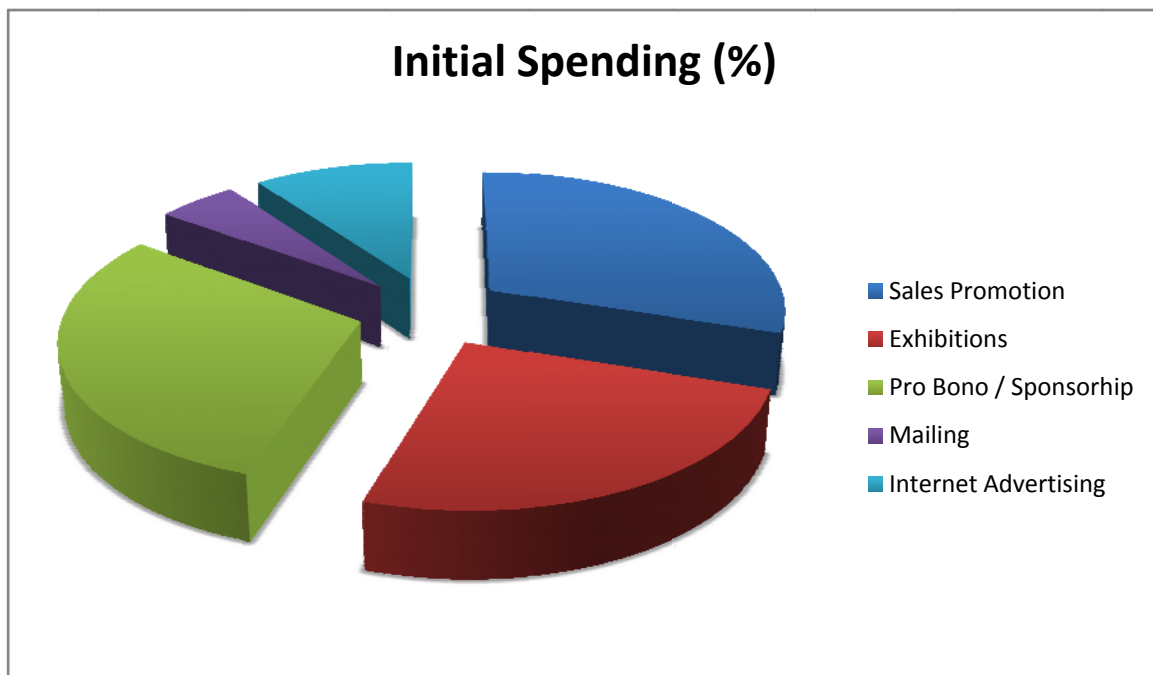


Figure 2 : Initial Spending

## Exhibitions

There will be a number of business and technology exhibitions taking place around the country, which we will attend to advertise our company. The aim of this is to gain customers and generate word of mouth about our services. We may also wish to advertise in local trade magazines and journals to the same effect.

Word of mouth is a good technique for gaining customers in both the short and long term. However, this method will only work if *positive* experiences are passed on by our customers.

## **Pro Bono**

In the field of website development it is absolutely essential to show prospective customers previous work. To this end we will offer our services free to local charities and good causes to create an initial portfolio and to raise the company's profile.

An example where pro bono work has generated new business is where Fychan Web Design has partnered with volunteer members of The Waterfront team to redevelop their website. This has generated a variety of business opportunities for the company through a number of schools wishing for similar news systems for their students.

This kind of promotion of our company will provide a way to more easily generate business while we still have a low profile, although it does come with a certain amount of cost in the short term.

## **Sales Promotion**

On a similar line to Pro Bono, we will offer discounted services to prospective businesses during the launch of the business to generate initial income and add to our portfolio.

The same marketing advantages here are gained as the pro bono work, but with the added advantage of it ensuring that at least some business is turning over, while providing a financial return.

## **Mailing**

The company will select businesses from the country that are most likely to purchase our services - for example, those that do not currently have a website. Using this list, we will send letters to relevant people within the chosen organisations, outlining our business, what we can provide for them, time frames for development, and how much it might cost.

The purpose of this procedure will primarily be to create awareness of the company's services, and hopefully, gain initial customers. Those who are not interested at the current moment in time may consider our services in the future as a direct result of the mailing.

At first the list of companies that we will contact will be generated by performing research in the area that our company will be based; and later progressing further afield. We will target companies that we believe would benefit from our services.

Direct mail adverts are advantageous as they are a onetime expense. Unfortunately sometimes they can have low return rates and disenfranchise potential customers who dislike direct marketing.

### Internet Advertising

This will be a long term effort that will involve purchasing adverts on such sites as Google.si which will ensure our business is visible on relevant searches.

Internet advertising has advantages over more traditional marketing methods as costs are low, and it is easy to track results. Services such as Google allow you to flexibly purchase advertisements targeted directly at people who are the most likely to be interested in our services.

Google has been chosen as our main internet advertising agency because of their high average click through rate of 2%, and the unobtrusive nature of the advertising they offer (6) (7).

### Timeline

In this section we will bring together the different aspects of our marketing implementation and provide a cohesive timeline of execution. This will clarify how each of the elements will link together. Figure 3 provides a graphical representation of the timeline.



Figure 3 : Timeline for Marketing Rollout

The company will start by investing in Internet advertisements on relevant sites as explained above. These adverts will continue throughout the lifetime of the company.

The first step of the marketing campaign will be to select appropriate organizations for pro bono work. This work will then be used in our portfolio as example services throughout the

rest of the campaign. Mailing will be the second step in our marketing strategy, but the first in a number of methods to generate awareness directly within the target market segment.

The third stage will be to attend a range of relevant exhibitions and conferences to further generate awareness, interest and customers. This will combine with favorable initial customer discounts and add to our portfolio for the future.

## **Conclusion**

This marketing plan has outlined the deployment of our company's web services in Slovenia, within the business to business market segment. We aim to market our high quality services to create bespoke dynamic, and exciting web based solutions for a variety companies through the strategy outlined in this document.

The strategy outlined aims to break into the market firstly with cheap but effective internet based advertising, but also through a number more traditional methods such as pro bono work and industry exhibitions. We feel that this dual approach best suits the company's needs in targeting the highest number of potential customers possible. It both targets customers that are actively looking for our services while also generating interest from companies that may have not considered such services.

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## Appendix A

### Comments

The entirety of this report has been worked on by all members of the team.