INVESTMENT PROMOTION AND IMAGE BUILDING STRATEGY AND TOOLS

National Workshop on Promotion and Facilitation of Foreign Direct Investment for Sustainable Development in Timor Leste
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OUTLINE OF PRESENTATION

- Image building
- Investment promotion strategy
- Investment promotion and image building tools: websites and social media
IMAGE BUILDING
KEY QUESTIONS

- Is your image good or bad?
- Is you image real or false?
- What do you want your image to be?
- Is that realistic?
- What will you do to improve/correct your image?
PURPOSE OF IMAGE BUILDING

- Image building is meant to encourage investors to learn more about your location’s business potential.
- Image building can only be successful if there is a relatively good business environment:
  - Requires effective policies, laws, and regulations to be in place.
  - Government supportive of business and investment.
- At early stages of investment promotion, it is often necessary to expend much more effort on improving a location’s image than on generating investment.
- Changing (improving) an image can take time.
OBJECTIVES OF IMAGE BUILDING

▪ Create positive perceptions of your location’s investment market among domestic & international firms
▪ Portray and promote your location as the best (emerging) market for (a particular) investment
▪ Prepare the groundwork for effective investment promotion techniques
▪ Create greater interest among investors in learning more about the investment opportunities in your location
▪ Help attain long-term and sustainable development goals
▪ Enhance your image and investment opportunities by linking to other locations in your countries or other countries in your region
IMPORTANT CONSIDERATIONS/STEPS IN IMAGE BUILDING

- Define who is in charge (IPA)
- Define your target audience
- Define the message and marketing theme
- Set goals, targets, priorities and KPIs
- Develop a strategy
- Coordinate with stakeholders and target audience
- Communicate well using tailored language
- Be truthful
- Have a clear time schedule and budget
The strategy is used to reach your target audiences and convey your messages, as well as for forming the basis of your public relations plan.

Some key elements of an image building strategy:
- Marketing theme: Unique Selling Proposition (USP)
- Target messages and promotion materials to investors
- Continually develop public relations materials
- Use a broad spectrum of media to convey the message
- Build and develop media contacts
- Work to position the local IPA as the best source of information (credibility building) for the media on investment related issues
- Work to position the head of the local IPA as a regular spokesperson for the organization
DEVELOPING THE BASIC INVESTOR PACKAGE

- The information that no investor can be without
WHAT IS IN THE BASIC PACKAGE?

- Guide to doing business
- The unique selling propositions about your location (to convince investors to locate there)
- Investment “opportunity profiles”
- Costs of doing business
- Latest issues of newsletters (if any)
- What the IPA can do for you: promotion, facilitation, aftercare, etc.
- Testimonials
- Other relevant information: useful contacts
CONCLUSIONS

- Image building requires a long term vision, strategy and implementation plan
- Investor perception studies might be a helpful instrument to change a certain image
- Image building is necessary to reinforce positive image or dispel negative image (i.e. create “realistic” image)
- Various tools are available ranging from newsletters, articles and advertisements to investment fairs and road shows
- The website also plays an important role in image building
- Along the process of investment promotion, the transition from image building to actual investment promotion gets blurred and the two processes often overlap
Investment promotion and image building strategy
WHERE INVESTORS (CLIENTS) MEET GOVERNMENTS (IPAs): INVESTMENT PROMOTION

United Nations Economic and Social Commission for Asia and the Pacific
WHAT IS INVESTMENT PROMOTION?

- A series of activities that seeks to market/promote a particular location (country, city, province, region) as an attractive location for foreign direct investment.
- Basically a government activity but private sector can be involved
- Need for targeted approach (investment targeting/lead generation)
- Involves:
  - Identifying and communicating comparative/competitive advantages
  - Information dissemination
  - Policy advocacy (improving business/investment environment)
  - Servicing clients (investors)
RATIONALES FOR INVESTMENT PROMOTION

Role of IPAs:
• Overcome information asymmetries
• Compensate for imperfect market condition
• Address competition from other locations
For many IPAs, a successful investment promotion strategy is judged on the basis of the volume of FDI that actually enters the country/location.

However, for an investment to be considered sustainable it needs to perform well on all of the sustainable development dimensions.

An investment promotion strategy that looks only at FDI volume will not necessarily be successful in attracting sustainable FDI.

Instead, IPAs should evaluate the sustainability of each FDI project along the four dimensions and whether these four dimensions are balanced.

ASSESSING SUSTAINABLE FDI
EFFECTIVE INVESTMENT PROMOTION STRATEGY: TEN COMPONENTS

1. Strategic objectives
2. Benchmarking and image building strategies
3. Markets and sector strategies
4. Investor targeting and lead generation
5. Marketing and promotion
6. Product development
7. Budgets and resource allocation
8. Organization of resources
9. Key Performance Indicators (KPIs) – 3 years
10. Action plan – 1 year
INVESTMENT STRATEGY TEMPLATE

1. Strategic objectives and goals
   - These relate to the specific objectives of investment promotion (which are part of the goals of the IPA)
   - This could be related to raising overall FDI levels for the purpose of increasing competitiveness, creating employment, etc
   - Quality versus Quantity?

2. Benchmarking and image building strategy
   - Assess strengths and weaknesses of location vs. other locations
   - Assess investor perceptions
   - Launch information campaign to dispel negative image....
   - ...and/or improve positive image of the location
PROCESS OF BENCHMARKING

- Benchmarking is the process of comparing one’s business climate and performance metrics to other regional or global competitors
  - Why are they better?
  - What are they doing that makes them?
  - What can we learn?
  - How can we catch up?
  - How can we become the best in a specific category?
BENCHMARKING AS TOOL FOR CONTINUOUS IMPROVEMENT

Benchmarking ≠ Copying

- Conditions are never identical
- Understand critical variables and apply them to your unique case and environment
- Its about identifying gaps, using policy advocacy to address and react to implement necessary measure to close the gap
WHY IS BENCHMARKING IMPORTANT?

- To understand the complexity of investment location decisions by potential investors
- To provide an objective and realistic ‘picture’ of your country compared to competing alternative locations in the region
- To assist the potential investor in making a fact based investment decision
- To present your IPA as a knowledgeable and professional organization
- To continuously provide insight, monitor the Unique Selling Points (USPs) and mitigate weaknesses of your location
SWOT ANALYSIS

- Strengths (from the perspective of the investor)
- Weaknesses (from the perspective of the investor)
- Opportunities emerging from trends and developments
- Threats emerging from trends and developments
**INVESTMENT STRATEGY TEMPLATE**

- Markets and sector strategies
  - Assess competitive environment
  - The IPA should consider what its core target markets (source of FDI) and sectors are – taking into account that well funded IPAs may only have three to five core markets (e.g. China, EU, Japan, the US, etc.) and sectors (e.g. Food Packaging, garments, electronics, agro-industry, services)

- Investor targeting and lead generation: the geographic markets and industry sectors being targeted by the IPA are a core part of an investment promotion strategy
DIFFERENCE BETWEEN LEAD GENERATION AND TARGETING

- Lead generation is the process of acquiring qualified investment leads, through:
  - Preparation of sector-specific information for investment areas to be promoted
  - Investor targeting through research and checking activities in foreign countries
  - Company visits, with a carefully prepared promotion package containing information on the opportunity, on the needs of the target company, and on the country in general
  - Careful follow-up and investment target nurturing

- Targeting is the process of actively pursuing investment leads and ideally promote these to actual investment projects
INVESTOR TARGETING DEFINED

- Investor targeting is a process comprising a number of related and either sequential/consecutive or simultaneous steps, tasks and decisions repeated as necessary.

- Targeting is a means to gain the attention and interest of specific international investors through developing and confidentially promoting specific investment projects which may be of commercial interest to those investors.

- There are five main principles which define targeting and distinguish it from more general « investment promotion ».

- Overarching mission of an Investment Targeting Strategy (ITS): To direct the IPA to industries/firms/people with the highest probability of location/relocation to that region or country.
FIVE PRINCIPLES WHICH DEFINE INVESTOR TARGETING

1. Target industries and sectors first and then move to active identification of specific investment projects

2. Carefully planned and managed investor search programmes

3. Investigation and analysis of specific corporate priorities

4. Confidential promotion to specific corporate executives

5. Single agency leadership
## COMPARATIVE FIT ANALYSIS

### Industry Requirements:
- Semi-skilled/skilled labour (200-300)
- Technical/managerial labour
- 2,000-3,000 sq. meters high-end building
- 500 cubic meters water/month
- 350 kWh electricity
- International air transportation

### Country’s attributes
- Average
- Weak
- Limited, can’t lease
- Supply uncertain
- Weak
- Available; limited destinations; no charters

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INVESTMENT STRATEGY TEMPLATE

▪ Marketing and promotion
  - The strategy should identify the main marketing and promotion initiatives to be undertaken by the IPA
  - For example, a new section on the IPA website, new marketing brochures, Public Relations (PR) activities, etc.
  - The industry events and missions the IPA is going to attend should be clearly stated in the strategy

▪ Product development
  - Product development are the activities taken to improve the underlying competitiveness of the region for FDI
  - These can include activities such as skills development, linkages with local companies, infrastructure development, property development, improving quality of utilities, etc.
### INVESTMENT STRATEGY TEMPLATE

**Organization of resources**
- The strategy should include an organizational diagram showing all departments and every member of staff and what their role is in the organization.
- This is an important part of Good Governance

**Budgets & resources**
- The strategy should provide a detailed budget plan for the IPA
- Resources necessary for the development of a National Investment Strategy are subject to budget constraints
  - # foreign offices
  - # staff
INVESTMENT STRATEGY TEMPLATE

- **Performance indicators**
  - For each strategic objective measurable performance indicators should be provided
  - These typically include targets such as:
    - Number of investor inquiries
    - Number of investment projects attracted
    - Value of the investment projects being targeted
    - Direct jobs created by investment projects

- **Action plan (short term)**
  - This may include:
    - Short-term target sectors and markets
    - Investor proposals
    - Key target companies (if can be agreed)
    - Events and marketing initiatives
    - Marketing materials (brochures etc)
    - Training and capacity building
    - Budgets
    - Organization charts
CONCLUSIONS

- The requirements for a successful investment strategy consist of ten key components
  - This deals with the “how” question
- A realistic sector strategy requires you to prioritize 4 - 6 attractive markets, sectors and business activities (targets)
  - This deals with the “what” question
- Assess which investment needs you have
- Prioritize the attractive sectors and business activities only after you have assessed the potential advantages of each sector and business activity
- Make sure the requirements of the targeting investor match your location attributes
- Pay due attention to the issue of sustainable and evaluation of your investment promotion strategy
Investment promotion and image building tools: websites and social media
LOCATION SELECTION PROCESS
– ARE YOU BEING FOUND?

85% of initial search = Internet

Detailed info

Services

EIGHT WEEKS
The main purpose of a website is to:
- Market – promote your location and the services you offer to potential investors
- Educate and inform – providing key information that investors need
- Support function - deal with investor requests via email, phone and feedback
- Facilitate process - providing support information for an investor application or business process
EFFECTIVE PROMOTION MATERIALS

- Updated and accurate info
  - In general, IPAs have found that excessively elaborate materials are less effective than updated and accurate information
  - It is more important for investors to have good information than good graphics
- Easy access
  - IPAs now focusing attention on websites and digital info (rather than print)
- Include cost comparisons
  - Cost comparisons is an element that is often overlooked in promotion materials, although it is critical for investors. Accurate information on costs of key costs (labour, land, shipping, etc.) need to be included in promotional materials.
KEY TO RELEVANT WEBSITE CONTENT

1. Understand your users. This is the key to developing meaningful and comprehensive content.

2. Segment your audience and prioritize your users (investors, site selection advisors, media, researchers, etc.).

3. Focus on helping each user type achieve its goals when visiting your website.

4. Start with the content you have and evaluate it for relevance, quality, and comprehensiveness.

5. Use reliable sources of content, then fill in gaps.

6. Few clicks to find the info.
PROVIDE ONLY RELEVANT INFORMATION

- Information that is relevant for investors (e.g. operating costs, site and location advantages, incentives, business environment: taxes and regulations etc.)
- Sector specific information (manufacturing, services)
- Information that can be used for benchmarking and site selection
- Factsheets
- Include investment opportunities
- Categorize information
- Use multiple metrics and currencies for international investors
- If aimed at foreign investors it must be in English and language of other major investor home countries
IPA WEBSITES – WHAT INVESTORS AND SITE SELECTORS NEED

What they need:
- Contact information
- Incentive programmes
- Tax rates and cost info
- Recent announcements
- Testimonials
- Industry-targeted info
- Relevant maps
- Largest employers, sectors, suppliers
- Area colleges and universities

What they don’t need:
- General labour statistics
- Secondary source wage information
- General rankings
- Distance to other major cities
- General climate and weather conditions

Clear & simple language
WEBSITE EXAMPLES

Invest in Spain is considered a good practice example

- Headlines
- Regions
- Key Sectors
- Business indicators
- Success story
- News items
From aerospace engineering to pharmaceutical biotechnology, take a closer look at Singapore's diverse industries. Connectivity and high standard of living offer businesses the ideal landscape to invest with confidence. Below, find out more about how our key strengths can help you grow your business.

**Aerospace**

Lauded as the "Aerospace City of the Future**, Singapore boasts one of Asia's largest and most diverse eco-systems with over 130 aerospace players. We also host a growing satellite industry with more than 30 firms, which includes leading players like SES and Inmarsat and space start-ups like Astroscale.
Investment Opportunities in Manufacturing Sector

- Non-Metallic Mineral Industry
- Aerospace
- Textiles and Textile Product
- Basic Metal Products
- Electrical and Electronic
- Engineering Support
- Food & Sustainable Resources
- Machinery and Equipment

Extension of Surat Pengesahan MIDA (SPM) - Starting 15th November 2017, company may apply for the extension of Surat Pengesahan MIDA (SPM) & SPM.
THAILAND’S ADVANTAGES

THE REGIONAL ECONOMIC CENTER

Market size of USD 23.5 trillion

Population of 3.9 billions

OUR GLOBAL RANKINGS

2nd Ease of Doing Business among Emerging Economies in East Asia

5th Asia’s Financial Literacy Index

11th The World’s Most Promising Emerging Economies

14th Global Manufacturing Competitiveness Index
economic priority sectors and opportunities

Agriculture and food production

Sector overview

Agriculture sector has been regarded as the traditional sector of Mongolia producing about 20 percent of gross domestic product. It is the main pillar of food supply and national industrial raw material, accounting for over 10 percent of total export revenue. In the first 10 months of 2016, the agriculture sector has produced goods worth MNT 2.4 trillion calculated at annual prices. About 35 percent of Mongolian workers, or 153.1 thousand households/335 thousand people, work in the sector depending on sales of agricultural products.

Construction

Mongolian construction sector is the country’s economy. Construction sector is five percent of country’s economy.

Food product

Investment opportunities
The business case for Sweden: why investing makes good sense

It is no coincidence that more and more manufacturing operations that were outsourced to low-wage countries are transferred to Sweden. The reshoring trend – or repatriation of manufacturing – is testament to a changing landscape for productivity and competitiveness worldwide.

8 reasons why Sweden is recognised as a highly productive manufacturing location:

- Consistently ranks among top 10 most productive countries in the world for manufacturing
- World class competence in robotic automation and digitised supply chains
- Strong subcontractor network supplying multinationals both in Sweden and internationally
- A highly diversified industry ranging from chemicals and machinery to vehicles
- Advanced IT sector paving the way for IoT solutions, 5G networks and adaptable production lines
MOST RELEVANT SOCIAL MEDIA SOURCES

New media that are valuable for site selection and investment promotion

Which one is the best? Depends on your profile, target group, country, sector, etc.
EXAMPLES OF TWITTER AND YOUTUBE – INVEST IN INDIA

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DISCUSSION ISSUES

- Has your country/location a positive image with overseas investors? If not, what can you do to improve it?
- Does your IPA have an image building and/or investment promotion strategy? What is more important for your country/location: image building or active investment promotion and investor targeting?
- If you have a concrete investment promotion strategy what is the objective of this strategy?
- What are your most active investment promotion tools: brochures, newsletters, opportunity or sector profiles, investment roadshows and fairs, website?
- What tool has proved the most successful in attracting FDI?
- Will investors find key info on your website (cost info, sectoral info, IPA contacts, etc.)? What information could be improved?
- Could social media be used?
CONTACT DETAILS UNESCAP

UNITED NATIONS BUILDING
RAJDAMNERN NOK
BANGKOK 10200, THAILAND
TEL: +662-2881234
FAX: +662-2881000
http://www.unescap.org

HANDBOOK ON POLICIES, PROMOTION
AND FACILITATION OF FDI FOR SUSTAINABLE DEVELOPMENT:
http://www.unescap.org/resources/handbook-policies-promotion-and-facilitation-foreign-direct-investment-sustainable-0
https://www.unescap.org/events/national-training-workshop-promotion-facilitation-fdi-timor-leste

Your questions please?