



Third Generation Investment Promotion
INVESTOR TARGETING



*National Workshop on Third Generation
Investment Promotion and Investor
Targeting*

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Third Generation Investment Promotion
INVESTOR TARGETING

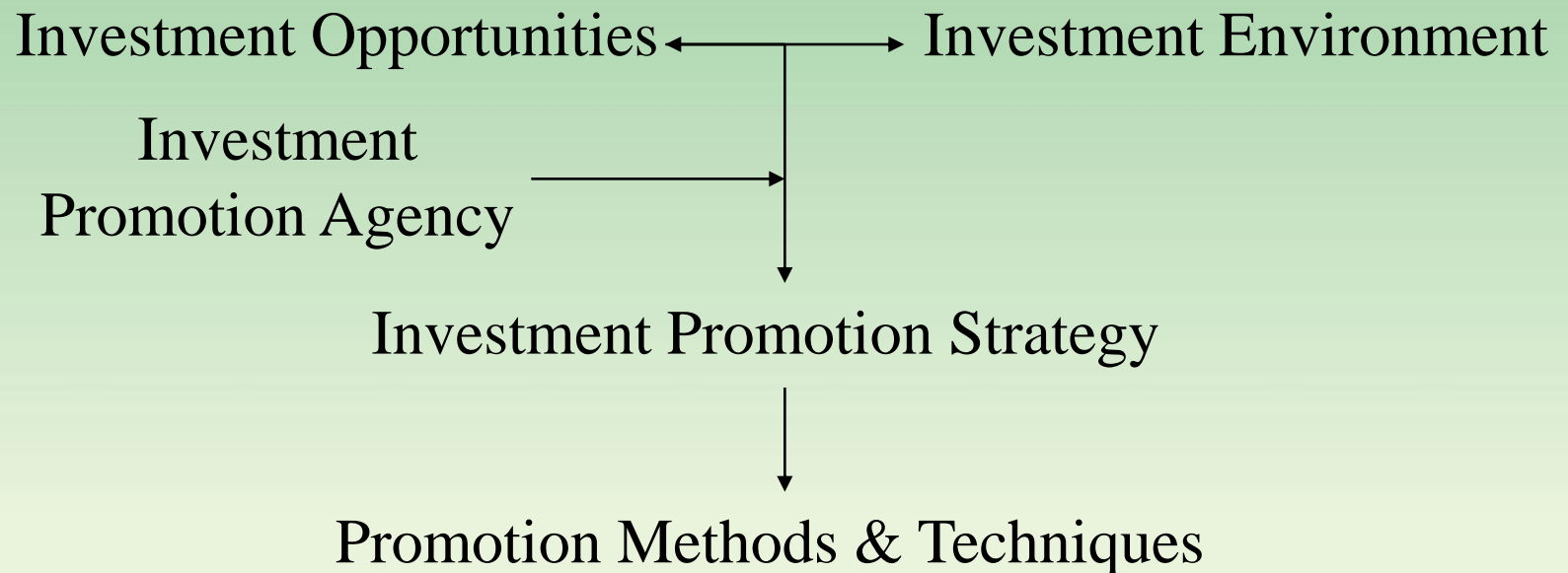


Principles of Investment Promotion

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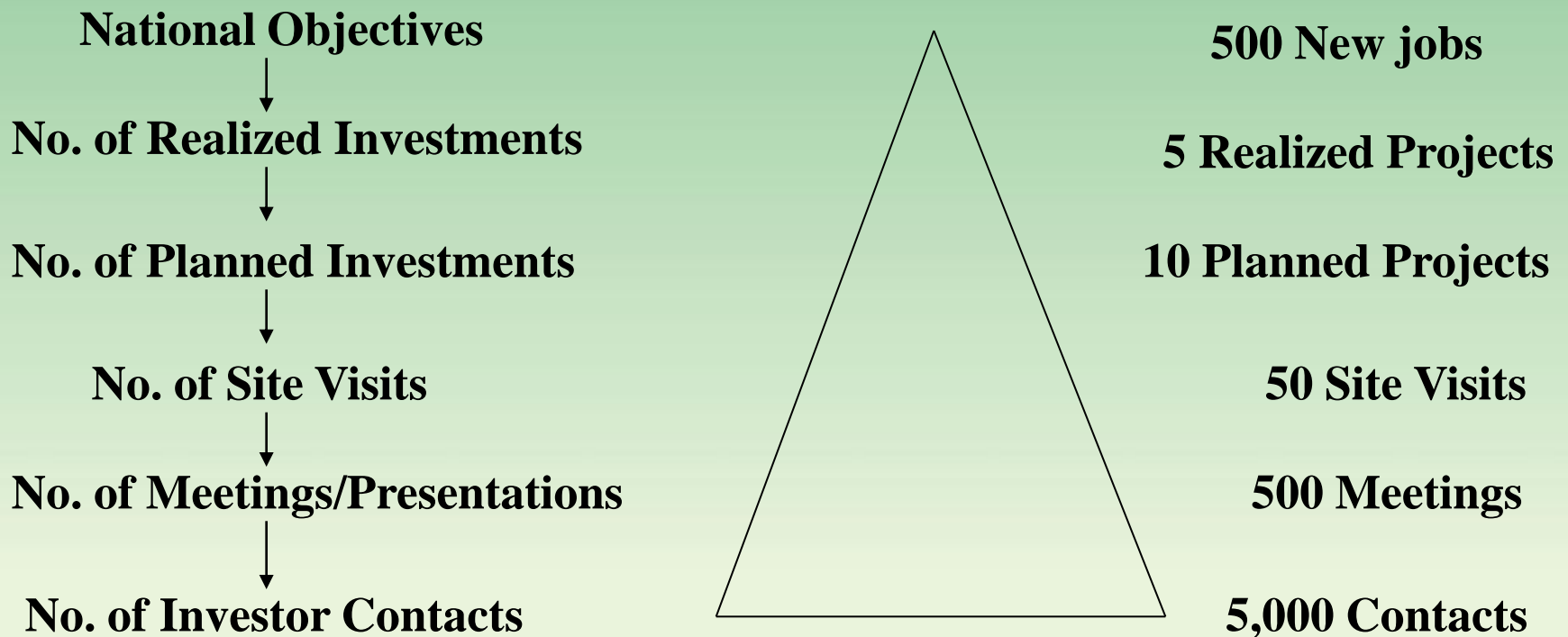


The Concept





The Process



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The Techniques

- **Image Building**
- **Investment Generation**
- **Investment Servicing**
- **Policy Advocacy**



Image Building

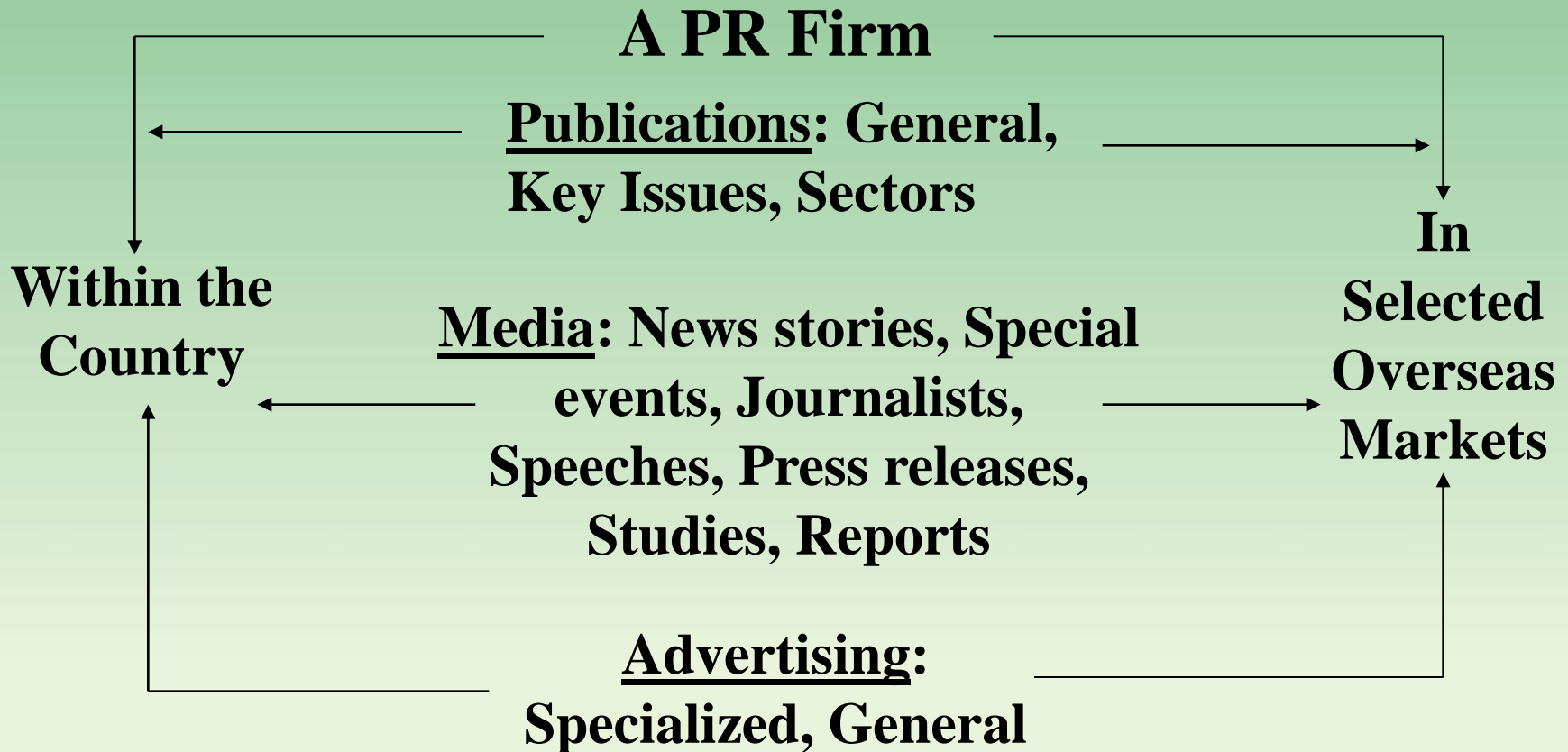
Activities to Improve a Country's Image
Within the investment community

- **Public Relations**
- **Publications**
- **Advertising**
- **Missions & seminars**



Image Building Requirements

Identify Investor Perception & Establish Image Building Objectives





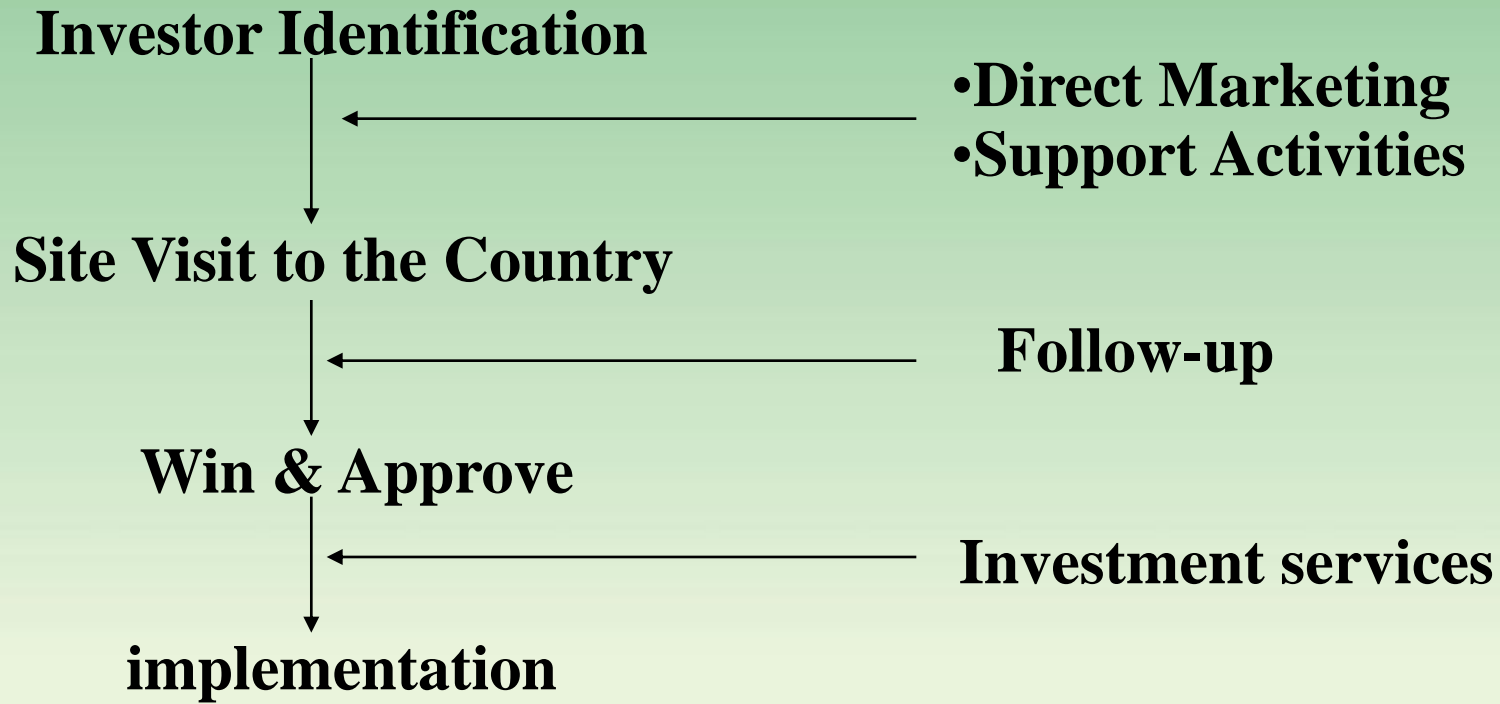
Investment Generation

**Activities to Generate Investments Directly
from Identified Investors**

- **Direct Mail and Telemarketing**
- **Industry and Sectors Specific Missions and Seminars**
- **Firm Specific Research and Direct “Sales” Presentations**



Investment Generation Activities





Investment Servicing

Activities to Provide Services to Investors to Facilitate Investment Decision, Implementation & Reinvestment

- **Pre-investment-decision**
 - ✓ **Information & Counseling; Site Visits Support, Investor Hotline**
- **Implementation**
 - ✓ **Expediting Services & Permits, One-Stop Service**
- **Corporate Development Support (CDS) – (Post-investment Support or After-care)**
 - ✓ **Assistance to TNC Management in Resolving Problems & Identifying New Opportunities**



Policy Advocacy

Lobbying for Improvements in the Investment Climate

- **Assisting in the Design of the Development Package (Incentives & Benefits to Investors)**
- **Lobbying for Improvements in the Investment Climate**
- **Assisting in the Removal of Administrative Barriers to Investment**



Strategy

The Approach to Targeting, Timing & Mix of the Promotion Techniques

- **Targeting Sectors, Home Countries, TNC's & Executives – The exercise of increasing the cost effectiveness of the Promotion Function**
- **The Timing of & the Emphasis on the use of the different techniques – the interplay of the Investment Climate, Resources & Promotion**
- **Domestic Politics & Networking: Building consensus for FDI promotion & for improvement in the investment climate, Building support for the IPA & its sustainability – Implications: PM & Ministerial involvement in activities, domestic PR campaign, Networking for PR, Services & Funding**



Targeting

Market Segmentation

- **Matching the sector interest of investors with the identified Comparative Advantage of the country.**
- **Matching Home (source) Countries of FDI interests with Host country desires and trade policy**
- **Understanding the corporate decision making process and focusing on certain companies and executives**



The Timing & Mix

The five stages of industrial purchases: awareness, interest, evaluation, trial, and adoption

- **Image Building leads Investment Generation (creating awareness & interest)**
- **Investor Servicing and Policy Advocacy may parallel Image Building as supporting activities that improve the product (Investment Climate)**
- **Resource constraint is affecting priorities & inhibiting the use of direct “sales”, PR and advertising**



Comparing Visibility & Credibility

Visibility		
Credibility	Low	High
Low	Undiscovered	Unparalleled
High	Unknown	Undesirable

Kosnik, T.J. Corporate Positioning: How to Assess & Build – a Company’s Reputation. Harvard. 1988.



Domestic Politics & Networking

- **Building consensus for FDI promotion & The Improvement in the investment climate**
- **Building support for the IPA & its sustainability**
- **Implications: PM & Ministerial involvement in activities, domestic PR campaign, Networking for PR, Services & Funding**



The Effectiveness of Promotion Activities

Method	Usage by IPAs Ranking 1-9	Effectiveness Max=5	Ranking 1-10, 1=Best
After care (CDS)	4	5	1
Network with Private Sector	6	4.8	2
Network With Cham. of Com.	4	4.1	3
PR Firm	3	4	4
Presentations	3	4	4
Outward Miss.	5	3.6	5
Conf. Seminars	7	3.6	5

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The Effectiveness of Promotion Activities

Method	Usage by IPAs Ranking 1-9	Effectiveness Max=5	Ranking 1-10, 1=Best
TV Adver.	2	3.5	6
Home Coun. Org.	2	3.5	6
Conf. & Exhibit.	8	3.4	7
Advert. In Trade Journal	5	3.2	8
Direct Market. Tele Market.	9	2.8	9
Adver. In Gen. Media	6	2.8	9
Inward Missions	4	2.8	9



Measuring Results

- **Measuring promotion activities (inputs):**
 - ✓ Publications, PR material, incoming missions etc.
 - ✓ Assisted investors, site visits, CDS firms
 - ✓ Supported policy initiatives
- **Measuring promotion results (output):**
 - ✓ Independent assessment of the image, publications, promotion activities
 - ✓ No. of projects in pipeline
 - ✓ No. of implemented investments, jobs created



What are the lessons to Albania?

Open Discussion