

Community to Company Communications

Beyond Industry Targeting: Identifying High-Potential Company Targets

Marketing a community to a company is one of the greatest challenges in economic development. If it is true as the retailing executive once said, “I know that half of my advertising dollars are wasted; I just don’t know which half,” the same holds true for the marketing initiatives of most economic development agencies.

To focus their marketing efforts, most economic development agencies do some form of targeting. Targeting means identifying the industries, functions, and geographical location of companies that are likely to consider putting an operation in a community. Economic development agencies need to define their target industries in order to focus their marketing programs in a way that maximizes the opportunities for success. Without targeting, valuable resources of time and money are wasted in trying to promote a community to a company or industry that is unlikely ever to make an investment.

However, many communities find the targeting exercise unsatisfying. They are frequently left wondering, “What next? Now that we know our targets, how exactly do we convince them to invest here?” In effect, the economic development agencies are back to square one: they have a (still) large universe of companies in broad industry sectors that may or may not be willing to invest in their communities, with no clear way either to identify the best companies or to reach out to them in an effective manner.

A more sophisticated approach to targeting emphasizes understanding what is happening in the industries and individual businesses that economic development agencies want to attract. It shifts the focus from industry targets to company targets and, in the process, creates a marketing plan tailored to each prospect. The key to this approach is in-depth research to identify the strategic shifts that will lead specific companies to relocate or establish new facilities.

Market Intelligence

This company-oriented targeting methodology is based on market intelligence. Much as businesses study the purchasing habits of their customers, economic development agencies must understand the forces that drive investment decisions among their business customers. There are two major elements to consider: Industry Attributes and Company Characteristics.

Industry Attributes

Understanding what is happening in a targeted industry is critical because specific location decisions will be made in response to overall industry trends. Based on their position in their industry, companies will: 1) remain stable; 2) grow and invest in new operations; or 3) shrink and close, relocate or combine operations. Communities should focus their marketing efforts on those companies that have the best opportunity for growth

in their industry, but communities also need to be aware of trends that threaten existing operations in their areas.

An assessment of key industry attributes generally includes a review of:

- Industry Size, Structure and Growth
- Industry Trends and Upheavals
- Location of Facilities and Clusters
- Operating Requirements

An assessment of these industry attributes will reveal the likely investment patterns of the future. A basic understanding of these factors will also give communities the essential knowledge to take the next step and identify the companies in the industry that are best poised for expansion. It also provides an understanding of the industry that will enable economic developers to speak the language of their customers, thereby enhancing the ability to convince an executive that a community will be able to support the success of his or her business.

Company Characteristics

Understanding industry attributes sets the stage for identifying the companies within each industry that are most likely to make future investments. During this step of the evaluation, key characteristics are reviewed for a set of companies in selected target industries to indicate the potential of each company to expand or otherwise change its facilities. The company characteristics that are considered include:

- Products and/or Functions
- Locations of Existing Operations
- Customers
- Restructuring Activity
- Growth Projections and Strategies
- Business Plan

By understanding these factors in the context of the industry in which a company operates, fair conclusions can be drawn about that firm's investment plans. Along with identifying a set of high-potential prospects, economic developers can also develop a marketing message tailored to each company based on the market intelligence already gathered. Instead of contacting a broad set of companies with generic information about the location, economic development agencies can talk to the prospect about how their location best meets the business needs of *that* company. This customer-focused approach to marketing can be much more effective at generating genuine interest in a community.

Conclusions

The company-focused approach to targeting can help economic development agencies determine which companies in which industries they should reach out to in their marketing activities. The community to company communications process works because it:

1. Emphasizes companies, not just industries;
2. Determines which companies are likely to change their facilities, and are therefore good prospects for economic development agencies; and
3. Provides a tailored marketing plan for economic developers to use when contacting these high-potential companies.

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