

## An Englishman in Madrid; lost without the rain or enjoying the sunny day?

- An exportmarketingplan for Fuel PR International, aimed at the Spanish public relations market.

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## Executive summary

The British public relations agency Fuel PR International was founded in 1996 and has evolved to a successful and award winning company over the years. In order to keep up with ever more demanding clients, Fuel PR found itself in the need to expand its horizon across country borders farther into Europe. Influenced by interests of clients, Spain was selected as a country of interest.

This report covers the research that has been conducted to find out whether or not Spain offered a viable market, how Fuel PR must enter this market and what marketing strategy is best to use.

The internal analysis shows that Fuel PR is an efficient and organized company employing a little over 25 FTE's. The young staff has a varied background with high levels of education. The work pressure within the company is high, which motivates most employees but creates a high threshold for new staff members. In general the company shows little flaws in their work and has won several noteworthy awards in result. Fuel PR is definitely capable to expand their business.

In 2007 Europe was struck with an economic crisis that has definitely left its marks on Spain. Intervention by the European Union made the Spanish government strongly reform their financial system, which has led to some social protests, but drastically changed the future of Spain for the better. For 2014 and years after, both politicians as economists speak of forecast growth with a more stabilized economy.

The public relations market in Spain is very young. It really started evolving halfway during the 90's, and is still far from maturity. This is caused by a split between managers. Where one half believes public relations to be an essential addition to their marketing strategy, the other half is more conservative and holds more value to traditional advertising. With the right convincing, this provides a large unscathed market share up for grabs.

The growing economy provides companies with larger budgets and stronger competition every year. Together with the increasing sense of value of public relations, a healthy company like Fuel PR would be wise to enter this market.

Setting up a small office in Spain is both the most efficient and the most profitable solution. It is efficient in the way that public relations relies strongly on networking, and having a physical presence in the target market is near essential for building and maintaining valuable contacts. It is the most profitable solution because this physical presence also makes it possible to gain more clients in a faster way, and thus raising turnover while costs stay relatively low.

Barcelona is the best location to open up the first office. It is strategically located in the economically thriving region of Catalunya and provides close access to other high value regions like Valencia. Upon opening, the office is staffed by one FTE coming from the London office, with training in Spanish language and culture. If necessary, this person can use Spanish students as non-paid assistants.

In Great Britain, Fuel PR has mostly relied on personal networking to acquire new clients. This will be the main strategy in Spain as well, profiting from the already existing high use of personal networking in any business in Spain. To ensure the success factor, the complete marketing strategy is a 50-50 combination of push and pull. The push-strategy involves direct mailing to potential customers and personal selling through personal networks and at business fairs and events. The pull-strategy involves creating brand awareness through press releases about Fuel PR. In addition, a flash mob and news publications will provide brand awareness. These cheap forms of marketing will keep initial investments low.

Outbound communications must at all times be formulated with the desired company image in mind. This image is 'A highly skilled public relations agency that delivers quality results with power, passion and energy.' This image is formulated around Fuel PR's competitive advantage, which is having more skill and knowledge in modern public relations techniques. Using this in the company presentation will aid in creating positive brand awareness. Communications during personal selling, or networking, are prone to cultural differences. It is important to study these beforehand and use them to an advantage.

Setting up the office will take an initial investment of €2,600.00 in office supplies. Monthly costs with one employee are €3,872.00. In the optimal scenario, break-even is reached in the sixth month. In a worse scenario, break-even is reached in the twelfth month. After this period profit will be made.

By executing all steps as described in this report, Fuel PR will reach two goals: Enlarge their profit margin and create a network of media and customer connections in Spain. It is important to be mindful of all advice given, but by doing so Fuel PR will be looking forward to a very successful new episode in its business life.

## Chapter 1: Introduction

*'It is not in the stars to hold our destiny but in ourselves.'* – William Shakespeare

Over the years many things have been written about the key to success. Many people came with many solutions. Solutions to success in personal life, solutions to success in business. Some solutions are long forgotten, some seem to return and return. One key to success in business that seems to have gathered popularity over the years, is to be flexible. To mind one's surroundings, and the ability to adapt accordingly. This sense of willingness to improve has spread through many companies and made them strong, kept them strong. There is also one small company in Great Britain that has seemed to pick up on this phenomenon. This company is called Fuel PR.

Fuel PR is a British public relations agency led by Gillian Waddell. This former journalist founded the company in 1996 as 'Public relations resources limited', renamed it in 2000, and has turned into a successful business employing a little over 25 FTE's. Most employees are quite young which, together with the energy and expertise of the management team, makes it a dynamic and energetic enterprise. Their clients are from different countries, different industries and come in different sizes. The majority fall in the category health&beauty, but also industrial clients and for example food companies are represented. Currently most clients originate from Great Britain with a domestic target market, but more and more clients have international interests or backgrounds.

This development forces Fuel PR to evolve their international outlook as well, because indeed they are well aware that adaptation is essential for survival. In order to be able to cater to the needs of the 'clients of tomorrow' so to speak, Fuel PR has been looking for ways to expand their international network. Because a useful network ceases to exist if not used, the conclusion was Fuel PR had to be active across the borders of countries of interest. Being active in this case entails having clients in a country, or provide services for a client in that country. Fuel PR already does this in some European countries, but not in Spain. Yet, this country is slowly rising from its economical downfall several years ago, and forecast economic growth draws more and more eager eyes. This makes Spain the next logical country to include in the portfolio.

Before Fuel PR decides to actually enter the Spanish market and create a local client base there, it needs to know all ins and outs of the market. This report is designed to research all aspects, identify possibilities and come up with a conclusion on how to best enter the market.

*The cause of this research is the rise of interest of Fuel PR in the Spanish PR market. In order to help clients into this market, a local media connection network is required.*

*The goal of this research is to investigate if the Spanish public relations market is viable for Fuel PR, and if so to create a step-by-step plan according to which Fuel PR can enter the Spanish market and create a profitable local client base in Spain, in order to create a media connections network.*

This goal consists of three parts:

1. Is Fuel PR capable of expanding their business into other markets?
2. Does the Spanish public relations market offer possibilities for outsiders to enter and make profit?
3. If 1 and 2 are answered with 'yes', how must Fuel PR enter the Spanish market?

The answer to the first part is found through an internal analysis of Fuel PR. This analysis is structured according to the 7-S model. The second part is answered in the external analysis, which zooms from macro- to meso-level. These two analyses combined lead to a SWOT-analysis where strengths,

weaknesses, opportunities, and threats are combined to find out the optimal entrance strategy and marketing strategy. Furthermore this report gives details on how to define the communication mix, and a financial forecast. The conclusion covers a summary and tips and tricks.

## Chapter 2: Strengths & Weaknesses analysis

*'Most of us have blind spots, where we think it's all about X, whatever X is' – Lowell Brian, director McKinsey & Company*

Every company has its own core business. This means they specialize in a specific field of business that they are best at. Most of their skill and knowledge corresponds to this area. The same goes for different parts of the same company. These parts, or elements, can be specified in different manners. One possible division for example is that into functional departments as in Porter's Value Chain. This internal analysis model is focused on increasing a company's efficiency and thus its profitability. Although always interesting, in the case of Fuel PR it is more important to know their capability of undertaking a new business venture. A model more fitting for this analysis is the 7-S framework by McKinsey & Company.

Having stood the test of time and having seen the coming and going of numerous other models, the 7-S framework is a widely used and approved model for an internal analysis. It was introduced in the late 70's, and as we speak top-universities around the world teach it to future management high-rollers.

The 7-S framework consists of 7 elements that each describe a crucial characteristic of a company. As seen in [figure 2.1](#) the elements are contained in a round structure instead of for example a pyramid structure. According to Lowell Brian, director of the McKinsey New York office, this structure *'suggests the way you would have Knights of the Round Table, they are all important'*. Eliminating hierarchy, this form gives equal importance to every element. It shows that they all work together, and are codependent.

As the 7-S framework puts emphasis on the organizational effectiveness of a company, it is a useful tool to find the strengths and weaknesses of Fuel PR.

### 2.1 The 7-S framework

The 7-S framework consists of 7 elements. These are all elements briefly explained:

- Structure - It shows the hierarchical relationships. This is important to clarify the systems, especially in bigger organizations.
- Systems - All processes that determine how work is done, for example clients management systems or risk management systems.
- Strategy - The way a company wants to gain competitive advantage. It has a strong codependent relationship with structure.
- Staff - The intrinsic talent. Not only important is the quality of individuals, but also diversity of people to offer a broader scope and raise quality of staff as a whole.
- Skills - This involves institutional skills as well as individual skills of the staff. Also processes as skill-acquisition are taken into account.
- Style - The culture of the company. It involves informal rules of conduct and characteristics of the company. How well do (new) employees fit in?
- Shared values - This represents a common goal that all employees want to achieve. Next to being profit organized or not, social missions are getting more important here as well.

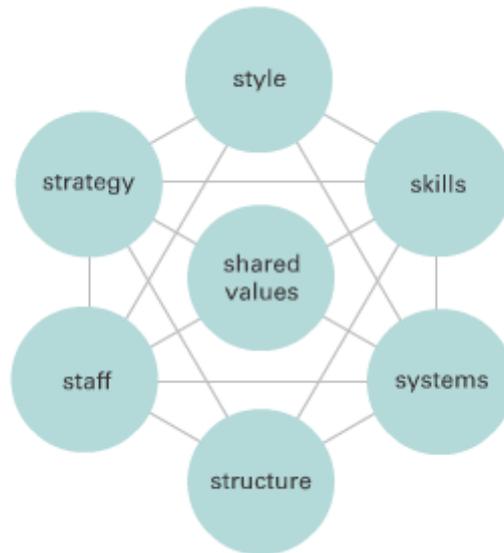


Figure 2.1

The full 7-S structure elaboration can be found in appendix 1. The main source for information found here are (ex-)employees. In case of ex-employees, they left the company in good understanding which provides them with an objective view.

## 2.1 Conclusion 7-S Framework

The flat expertise-based power structure provides the company with an efficient and fast working organization. No time is lost in bureaucracy or unnecessary waiting on supervisors. All mayor decisions are made by the managing director, which gives the company a steady style of management. This leaves the downside of not having fresh or even conflicting ideas that could lead to higher outcome. Although decisions are not exposed to varied input, decision making processes are short which also contributes to the efficiency of the company.

In line with the efficient structure, all work is target-oriented. Systems are not specified in rule books but tend to work steady in reality. Weekly meetings assure targets are being met and work quality is being upheld or improved. Over time there has been no indication that the lack of preset written systems has held the company back. If anything, it seems to improve the natural efficient flow of work.

Management does not work with a formulated strategy. This does not cause any particular problems now, the company is successful, but it might be a good option in case of expansion. Competitive advantage was created in a natural way rather than based on strategy, and it has worked well. As long as there is no need to shift business areas no change is urgent, however it could improve employees' sense of direction and identity of the company, especially in new business ventures.

Staff appears to be a coin with two definite different sides. On the one hand staff is highly skilled and consists of people with different backgrounds in education and nationality. The other side shows that staff consists of mostly women with similar personalities and life styles which creates a small scope in terms of generating fresh ideas or visions. Fortunately for the company this smaller scope is not a disadvantage in daily operations, the company is doing well. It might become a problem if they decide to enter upon new ground such as new markets or areas of expertise, where new tactics or work styles are required.

Both institutional skills and individual skills of employees seem to be at proper level. As for the company, the several won awards will testify with the strongest skills linked to the area of health and beauty. Individual skills are assured through education, but research also showed that employees have strong networking skills, high personal likability which is key in the PR-business, and they proved to have clear insights in market and results.

In general formality is low within the company, except when the managing director is on the floor. Management style is often based on the principle of tough love, which is not for everybody. This filters out people that don't generally fit in the team. It creates a high turnover but leaves the company with hard workers that share work style and ethics. This team is able to work under high pressure and get much work done. Outbound company style is purposely kept as neutral as possible. This to attract all types of clients, not only those of specific business areas. In reality this works well for the company. There is no need to create an image around the area of expertise, because they are a well know company in that area already, and it is not where the most opportunities are still open.

Most evident shared values are a strong work ethic and the aim to get the job done well and quick. Results are important. This mentality is primarily good for business, although it creates a work environment not suitable for everyone. This never turned out to be a problem as new talent is acquired easily and it leaves the company with people that fit the PR business best.

Overall there are no issues that tend to interfere with a successful business. There is small room for improvement in some points, like strategy and scope of personnel, but in its current form the company is doing well, and internally it is healthy.

## 2.2 Strengths and weaknesses

Three strengths of the company that can be exploited, are:

1. The internal organization works efficient and fast, with regular feedback as a quality control tool.
2. Staff is highly skilled with native speakers in several languages and all bachelor degrees or higher.
3. The company's image is not linked to specific target groups which leaves room for widespread customer acquisition.

Three weaknesses that should be paid attention to are:

1. There is no formulated strategy.
2. Low diversity in personality types among staff creates a small scope.
3. High work pressure creates stress on employees and a high staff circulation.

## Chapter 3: Opportunities & Threats analysis

A perfect world for a company is one where it can control everything, where it can optimize all circumstances according to its own needs. However in reality this is only possible up to a certain degree. All those factors that cannot be controlled by a company itself are external factors, and they present the company with either opportunities or threats. With good preparation said opportunities can be seized in time, and threats can be averted before it is too late. This external analysis is aimed at identifying both.

The first part is a macro-analysis, this means an analysis of the country of Spain. The structure of DESTEP covers all aspects that can influence the appeal of the country:

- Demographics
- Ecology
- Social/cultural aspects
- Technology
- Economy
- Politics

The second part is on meso-level, meaning the Spanish PR-industry. A very suitable structure is the Dutch ABCD-structure, which translates into CICD:

- Customers
- Industry
- Competition
- Distribution

Answers to questions raised in the DESTEP structure are found through thorough desk research. Answers to questions raised in the CICD structure are found in two ways; desk research and a small field research. The market is Spain, and the investigation is conducted from the Netherlands because there was no budget available to physically perform the research in Spain. This might appear to limit the quality of the research as a whole, but this is not the case. Extensive descriptive sources in desk research allow for an accurate market description. The field research focuses on customer behaviour towards selection of public relations agencies. For this research 27 companies from different sectors have been surveyed. The results are shown in paragraph 3.2 and in the appendix.

### 3.1 DESTEP and CICD

The full elaboration of the DESTEP structure can be found in appendix 2. The full elaboration of the CICD model can be found in appendix 3.

### 3.2 Conclusion DESTEP

As a western European country Spain is evolved and modern. Nearly the entire population is literate, 77% lives in cities, has had proper education and has access to proper health care. There are no demographical factors that could negatively influence doing business in Spain, neither are there any ecological factors that could do so. Climate is different from that in Great Britain, but no natural hazards threaten business.

The higher uncertainty avoidance induces a more reluctant attitude towards taking on new business ventures. Also, Spaniards take more time before they go into business with other parties. The more

collectivistic culture dictates personal bonding before professional partnership. Therefore business meetings take longer, as the first hours might only be filled with small talk. The lower masculinity also contributes by causing a work-to-live attitude rather than the British life-to-work attitude. Stronger power distance provides more value to hierarchy in Spain. Inexperience from Fuel PR's staff members with this style of doing business makes it more difficult to connect to Spanish people, and thus enter the Spanish market.

Figures show that Spain has slower technological progress than Great Britain. The Spanish economy would profit from better technological improvement, but in the current situation the country is already a modern country with technologies similar to those in Great Britain. Fuel PR would not be held back by this small difference, and their doing business in Spain is by any means possible.

Economically Spain has had a bad few years. With economical regression the country saw unemployment plummet to around 25%, around 21% of the people are living below the poverty line, lending rates are high around 8%, and international competitiveness is at a low in comparison to previous years. This all together does not paint a pretty picture. However, on the bright side Fuel PR is not a production company. Their product is a service, which does not need funding from Spain, nor does it involve investments of the like needed to build a factory. Forecasts are positive, and the economy is expected to grow over the coming years. Companies experience higher domestic competitiveness due to tougher conditions, so marketing is more important than before. PR being a part of marketing is therefore increasingly important as well, and with growth expected in the near future, both demand and means are present for the products of Fuel PR. The current economical situation gives many possibilities for PR agencies in Spain in the near future, Fuel PR only has to be able to penetrate this market.

There is small to medium political unrest in Spain. Confidence in ruling politicians is low, and over the last few years ongoing protests are held in the centre of several cities. However, these have never escalated. Furthermore Spain contains several regions looking for an autonomous government, but they have never come close to realizing this and thus separating themselves from Spain. Forecasts show no indications that the country will suffer serious consequences of either of these situations, and so no problems are to be expected for business life.

### **3.3 Conclusion CICD**

In the segmentation of customer industries, it is visible that in food& drinks and lifestyle all indicators show forecast growth. In health&beauty, Fuel PR's specialty, some indicators show growth while others show negative numbers. This does not rule out the industry, but it has to be met with consideration. Over all industries, relevance of public relations as a marketing tool is valued as 'medium' by managers. A little over 50% is working with a public relations agency or department. This means the market is far from saturated. 40.7% of all companies is not using public relations yet, but would start doing so if its relevance is proven. Most companies that don't use public relations agencies name as reason that they are not convinced of the potential of public relations as a marketing tool.

Companies looking for public relations agencies hold most value (96%) to the results they can deliver. Reliability comes second. Low costs are also appreciated, managers are looking for a strong compromise between these factors. Managers that make these decisions usually hold positions as marketing manager or CEO. To find agencies all managers use personal network as a first option. Second comes internet. However, 44% would only start looking if necessary from a financial point of view. This means cheaper alternatives to regular marketing tools are needed.

Public relations as an industry in Spain is still in strong development. Having started a stronger growth in the 90's, it yet has far from matured. Many managers are not convinced of the potential of public relations, or do not see it as a valuable asset to their marketing strategy. In addition, the public relations market is further scattered because of the difference between company's public relations departments, and agencies. Public relations departments usually derive from communications departments and have a more conservative attitude. Also their staff is slightly older and more male.

The majority of employees working in public relations claim to have good English skills as a second language, but the reality shows that this is not the case. As a whole, the branch is also not working with the most modern public relations techniques and theories. This is caused by a still slightly reserved attitude. This lack of belief in public relations withholds the branch from living up to its full potential.

Fuel PR focuses their image on the quality they deliver, not the industries they serve best or most. However, they have most experience in health&beauty.

The strongest indirect competitors of Fuel PR's product are advertising and digital marketing. Spanish managers tend to believe stronger in advertising, but public relations can have different or stronger effects due to its anonymity. The strongest direct competitors are agencies, divided in three categories according to size (see appendix). The most dangerous category is the one that goes for the same clients as Fuel PR, namely local companies with 50 FTE's or less.

Fuel PR's product is an intangible service, which is distributed through media. They are the instruments that carry the service, as they deliver results for the client. The most frequently used distribution channels are newspapers, magazines and business journals. They have regular frequency of appearance and allow for a defined customer targeting. Also they allow for accurate exposure measurement. Second comes internet, which allows for direct customer feedback.

### **3.4 Opportunities and threats**

#### Opportunities:

1. Spain's economy is recovering from an economical regression with forecast growth. This created an environment where companies will compete for market share, and thus need public relations services.
2. 40.7% of all companies in Spain do not yet use a public relations agency.
3. The public relations business as a whole is still in development which causes skills and most modern knowledge of public relations techniques to be lower than in Great Britain.

#### Threats:

1. Strong cultural differences between Spain and Great Britain complicate creating business connections and networking.
2. Within the sector health&beauty, some industries show forecast shrinkage.
3. As the public relations business in Spain is still in development, faith in its effectiveness has not yet spread among all managers and companies.

## Chapter 4: SWOT

The following strengths, weaknesses, opportunities and threats result from both the internal and external analysis.

### Strengths:

1. The internal organization works efficient and fast, with regular feedback as a quality control tool.
2. Staff is highly skilled with native speakers in several languages and all bachelor degrees or higher.
3. The company's image is not linked to specific target groups which makes the company very flexible in terms of widespread customer acquisition.

### Weaknesses:

1. There is no formulated strategy.
2. Low diversity in personality types among staff creates a small scope.
3. High work pressure creates stress on employees and a high staff circulation.

### Opportunities:

1. Spain's economy is recovering from an economical regression with forecast growth. This created an environment where companies will compete for market share, and thus need public relations services.
2. 40.7% of all companies in Spain do not yet use a public relations agency.
3. The public relations business as a whole is still in development which causes skills and most modern knowledge of public relations techniques to be lower than in Great Britain.

### Threats:

1. Strong cultural differences between Spain and Great Britain complicate creating business connections and networking.
2. Within the sector health&beauty, some industries show forecast shrinkage.
3. As the public relations business in Spain is still in development, faith in its effectiveness has not yet spread among all managers and companies.

### 4.1 Confrontation matrix

	Strengths		
	S1	S2	S3
Opportunities			
O1	+		
O2			+
O3		+	
Threats			
T1		!	
T2			!
T3			

Exploit:	+
Use:	!

Figure 4.1

Figure 4.1 shows the confrontation matrix. This figure features the strengths combined with the opportunities and threats in order to find the best way for Fuel PR to enter the Spanish public relations market. The three green areas show the best combinations between strengths and opportunities that deliver different options for market entrance. These options are further elaborated in an option matrix, which focuses on the differences between each option and their feasibility. Next to these options, the confrontation matrix also features two blue areas that signal threats that can be taken away with certain company strengths. These two do not form a possibility for market entrance, but their relevance lies in risk control:

- S2-T1 The threat of cultural differences can be partially taken away by the fact that Fuel PR's staff is skilled in foreign languages and cultures.
- S3-T2 The threat of shrinkage in the health&beauty industry can be eliminated by catering more to other industries, where Fuel PR also has expertise and connections.

## 4.2 Option matrix

The option matrix features three options presented by combining strengths and opportunities in the confrontation matrix. These three options are shown in figure 4.2.

Option:	Combination:	Description:
1.	S1 - O1	In a market with growing demand, Fuel PR can use their efficient and fast work style to participate in the race for large market share.
2.	S2 - O3	Skills of Spanish public relations agencies are still in development. Fuel PR is already highly skilled, and can use this as a competitive advantage.
3.	S3 - O2	The market saturation degree is 59.3%. Fuel PR attends to all types of clients, which means that the full 40.7% of companies without public relations agency forms potential customers that can be acquired.

Figure 4.2

While figure 4.2 defines the options, figure 4.3 zooms in on the feasibility of each option. The one with the highest outcome is of course the most suitable to define a strategy on.

Option:	Feasibility:	Rating:
1.	Although this option is executable both financially and organizationally, it has some disadvantages. Quick expansion upon entry means more employees are needed. These cannot all be taken from the English office as this would become understaffed, so new people must be hired. Setting up an entire division abroad with personnel that is new to the company makes it difficult to maintain the same corporate style, customs and general work ethic. This could create a barrier between the British and the Spanish office which works counterproductive.	+
2.	Creating an image of having more skill than the competition is possible through strong evidence, namely that of coming from a country with a higher developed public relations market. Designing a marketing strategy around this competitive advantage does not raise more costs than any other marketing strategy would, and therefore this option is highly feasible.	+++
3.	This option is executable but leads to the same end result as the first option, that of quick market share expansion. Therefore the same problems are encountered.	+

Figure 4.3

The ratings in [figure 4.3](#) are based on overall feasibility of each option. Although all are possible in financial, organizational, legal, social, and technical terms, not all options have the same advantages in outcome. As clearly visible, the second option has 3 plusses, where the 1<sup>st</sup> and 3<sup>rd</sup> only have one. This is mostly based on end result. Options 1 and t3 will result in aggressive moves to gain a large market share. This idea is fueled by the opportunities the market offers by growing and not being saturated. However, it is unrealistic for the market to be saturated in at least the following five years. Therefore this strategy is not essential, and it also brings a disadvantage as mentioned in the feasibility of the first option. Fast growth creates the need for many new employees. This can cause the Spanish office to grow a different corporate style than in the English office, and this creates a gap between two parts of the same company.

The second option has 3 plusses. The first plus is given the same as with the other two options, namely for possibility. The second plus is given because the strategy fits the company better, and the third is given because there is lower risk. An explanation:

In Great Britain Fuel PR is a medium sized company with a market share that fits their size. Their entire work structure is based on this company size. Rapid expansion would call for a reorganization of the entire company. If Fuel PR would become a huge company in Spain by gaining a large market share, the work structure and strategy between the offices in the two countries would strongly differ. This calls for a reorganization more rigorous than the company is ready for at the moment. Their success lies in the current corporate style, and reorganizing the company would entail having to re-invent this style into something different and new. As a company it is important to keep an eye out for possibilities for growth, but it is important not to run too fast. The second option from [figure 4.3](#) offers exactly that. A possibility for growth in Spain while maintaining a strong basis from which to operate.

### 4.3 Objective smart strategy

Because the second option is the most feasible, this is the foundation for the strategy. To recap, the second option entailed basing the marketing strategy on the competitive advantage of being more skilled than the competition. Simply saying you are more skilled is not enough however. The market research conducted for this report showed that trustworthiness, results and speed are seen as the most important qualities of a public relations company. These qualities are achieved by skill of the company. That element must be taken into account in the marketing strategy. To clarify, the whole of objective and strategy are formulated as follows:

Objective:

*To acquire enough clients in the Spanish market to have the Spanish department of Fuel PR being profitable within one year.*

Strategy:

*The primary message in all marketing communications must be that Fuel PR is a high skilled public relations office caused by the fact that they originate from a highly developed market such as the British market, which enables them to better deliver qualities such as trustworthiness and end results.*

This strategy is key in the marketing campaign of Fuel PR while entering the Spanish public relations market. It must be kept in mind during every marketing decision.

## Chapter 5: Entrance strategy

The primary goal of Fuel PR is to create market share in new markets in order to gain expertise on them. This will help catering to needs of existing customers, and in the future the door is open for new clients with international needs. In order to create this market share, local clients need to be acquired. This implicated a growth strategy, which exists in four types according to the Ansoff-model:

		Product	
		Existing product	New Product
Market	Existing market	1. Market penetration	3. Product development
	New Market	2. Market development	4. Diversification

Figure 5.1

Fuel PR will provide the same product, which is public relations services. They will provide this product in a new market, namely the foreign market in Spain. Therefore this is a growth-strategy in the shape of market development.

In this case market development means creating a presence in the Spanish market by acquiring Spanish clients. This can be done in several ways:

- Coordinate all actions from Great Britain
- Setting up an office in Spain
- Using an agent

Using an agent would prevent Fuel PR from setting up their own network, which is the main goal of the operation, and is therefore senseless. Coordinating all actions from Great Britain avoids the costs of setting up a local office, but since both effective execution of public relations as well as maintaining customer satisfaction requires a lot of personal contact, in return there are travel expenses. This is scenario A. Scenario B entails opening an office in Spain.

### Scenario A:

In Great Britain, contact with clients can be weekly or two-weekly with large accounts. Imagine this would be reduced to monthly in Spain. Somebody has to fly every month for one week to Spain, to have meetings with all clients and other contacts. In the cheapest scenario, all contacts are at one location. This brings the following monthly costs:

Average flight ticket London-Barcelona (British Airways):	€220.-
Average hotel costs for 4 nights (one business week):	€200.-
Food and drinks budget 1 week (including business meals):	€750.-
Extra communication costs (due to international phone calls):	<u>€500.-</u>
<b>Total costs per one week a month:</b>	<b>€1670.-</b>

### Scenario B:

Setting up an office can be done without large investments. There are organizations that provide offices for rent that come fully furnished, including energy and internet. These offices are divided into smaller rooms with one or more desks, and rent is calculated per desk needed. Rent starts around €400,- per desk, and thus per employee. To have a save margin these calculations the rent is set at €600.- Several employees at one desk are not allowed. These are office buildings with several

companies operating on one floor, but it suffices for a start-up point. The only investments will be a laptop and a cell phone, and additional monthly costs contain the phone bill and salary for employees.

Investment on laptop:	€2000.-
Investment on mobile phone:	<u>€600.-</u>
Total investment (with three-year return due to write-off):	€2600.-
Monthly office rent (per person occupying the office):	€600.-
Phone bill (on average, depending on use):	€750.-
Salary employee:	€2300.-
Office supplies:	€150.-
Write-off:	<u>€72,00</u>
Total monthly costs:	€3.872,00

In this calculation the employee salary is based on an average salary in the company in Great Britain. This is higher than it would be for Spanish employees, but it is unfair to cut a British employee in salary while sending him overseas. The higher standard of living he would attain with that salary in Spain can be considered a compensation for working abroad.

With this calculation, monthly costs of scenario B are more than double the costs of scenario A making it the most expensive one.

Both scenarios have another problem. Scenario A involves a British employee going to Spain. First of all this employee needs to have Spanish skills, and every month he is for one week unable to perform his existing work in Great Britain. Scenario B requires someone in Spain with both Spanish and English skills, and preferably knowledge of the company. That makes the best candidate an existing employee with Spanish skills, who's work will be taken over by a new employee in Great Britain. To solve this common problem, an employee has to be given courses in Spanish language and culture. This costs £300.- (€365.63) at Instituto Cervantes, an official Spanish school in London, and adds up to both scenarios.

Based on a forecast of client base gathered in the first three months, [figure 5.2](#) shows the minimum and maximum profit of both scenarios. Income is calculated per hour. Fuel PR charges £150.- which at the moment of this writing equals €182.86. Because exchange rates vary and for smoother calculations this amount is rounded off to €180,-. The costs of a Spanish course is not included in these calculations, because it would be needed in both scenarios, and therefore does not make a difference.

Six-month prognosis:		
	Scenario A:	Scenario B:
<b>Expected accounts:</b>		
1-3 hours a week	2	3
3-5 hours a week	2	3
5-10 hours a week	1	2
10-15 hours a week	0	1
15+ hours a week	0	0
<b>Total earnings:</b>		
Min:	€ 2.340,00	€ 5.760,00
Max:	€ 4.680,00	€ 10.620,00
<b>Monthly costs:</b>	€ 1.670,00	€ 4.122,23
<b>Minimum profit:</b>	€ 670,00	€ 1.637,77
<b>Maximum profit:</b>	€ 3.010,00	€ 6.497,77

Figure 5.2

Differences between expectations of both scenarios are caused by the different possibilities they offer. Fact is that a continuous presence in Spain allows for more regular and extensive contact with both (potential) clients and media contacts. This results directly in more/larger accounts. As clearly visible, scenario B is more profitable.

Scenario A brings trouble in time management as the person travelling back and forth will fall one week behind each month. To solve this problem, an assistant could be hired, but it stays a less convenient and more important less profitable option. Therefore the optimal entrance strategy is scenario B.

There are several things needed for scenario B:

- An existing employee following a Spanish course.
- A new employee to replace the one sent to Spain.
- An office space in Spain.
- A laptop and a cell phone.

The first issue, the Spanish course, will take most time. Usually courses cover a semester, and some schools offer possibilities for intensive courses. Instituto Cervantes offers Spanish courses in London at €365.63 per course. These courses follow the language levels of the European Framework of Reference. Level B2 is the minimum required for doing business. That means at least four levels have to be achieved, A1, A2, B1, and B2. Each level is given in a one-week crash course or a two-week intensive course. As quality matters over time, the intensive courses are more appropriate. This gives students more time to efficiently learn the material. Four intensive courses will take 8 weeks at a total price of €1,462.52. This is the minimum amount of time before the employee can be sent to Spain. In the meanwhile the other issues can be arranged. After these three months, both the employee and the office are ready, and a new employee at the London office can have been installed in the company.

All other costs and investments are mentioned above. Forecast profit over longer periods of time are described in the financial chapter.

Once installed in Spain, the representative of Fuel PR has to gain clients and build a network. This requires authority to make decisions up to a certain level. During the startup phase it is advisable to have short feedback at the end of every business day to coordinate moves and track progress. How to gain these clients and build the network is described in chapters 6 and 7.

Once the Spanish office is stabilized in terms of client base and profit, possibilities of expansion can be researched. At this time that is not yet relevant. However, it would involve the balance between the extra costs of another employee and the extra profit he or she can generate.

## Chapter 6: Marketing plan

*'The essence of strategy is that you must set limits on what you are trying to accomplish' – Prof. Dr. Michael Porter*

These words confirm and supplement one of the conclusions of the confrontation matrix in chapter 4. The SWOT-combination W1-T3 (Because the public relations market in Spain is still in development, it is important for companies to have a sense of direction, meaning in which way they want to follow or lead these developments) also suggests the use of a strategy. Such a strategy can be formulated in a goal at which marketing activities are aimed. The fact that Fuel PR's main business goal is to enter the Spanish market without the need of competing with local companies for market share leads to the following marketing goal:

*Within three months after opening the Spanish office, Fuel PR must have at least 4 clients with an average account size of 4 hours work per week.*

This average account size is low in comparison with large accounts of for example 15 hours per week. However, this is sufficient to create a basis. Wanting too much too fast has taken companies to the ground. A minimum number of 4 clients is ambitious but realistic within three months, and useful in order to create diversity in the portfolio. To create this diversity, different account sizes are needed, as well as companies from different segments. These segments are identified in chapter 3 and shown in [figure 6.1](#).

Segment:	Growth:
Health&beauty	4,27%
Sports	-5,93%
Food&drinks	11,36%
Construction / Technology	-11,90%
Lifestyle	12,10%

Figure 6.1

The growth rates indicated in [figure 6.1](#) are average growth rates based on branch indicators as identified in chapter 3, [figure 3.3 \(appendix\)](#). Food&drinks and lifestyle have the highest growth rates, while health&beauty is the segment Fuel PR has most experience in. The 4.27% growth rate is the result of a scattered overall picture however. As seen in [figure 3.3\(appendix\)](#), the personal hygiene industry and the make-up industry are decreasing, but the fragrances-industry sees 7.40% growth while hair care sees 12.70%. These growth rates are appealing, and combined with Fuel PR's experience in the segment, health&beauty is the most important to aim at. There is one condition as also identified in chapter 4. Combination S3-T2 in the confrontation matrix states that the threat of some shrinking industries in the health&beauty segment can be eliminated by catering more to other industries, meaning also industries from other segments. These are the others that see growth, food&drinks and lifestyle. That leaves the hierarchy in segment targeting as follows:

1. Health&beauty
2. Lifestyle
3. Food&drinks
4. Sports
5. Construction / technology

## 6.1 Product

In short, Fuel PR offers only one product, and that is a service in public relations. This service can come in many shapes however. Every client has different needs and wishes, so for every client a package of services is created. This package, the execution of it, and the communications with the client form the product as a whole. Figure 6.2 shows a schematic of all elements of the total product.

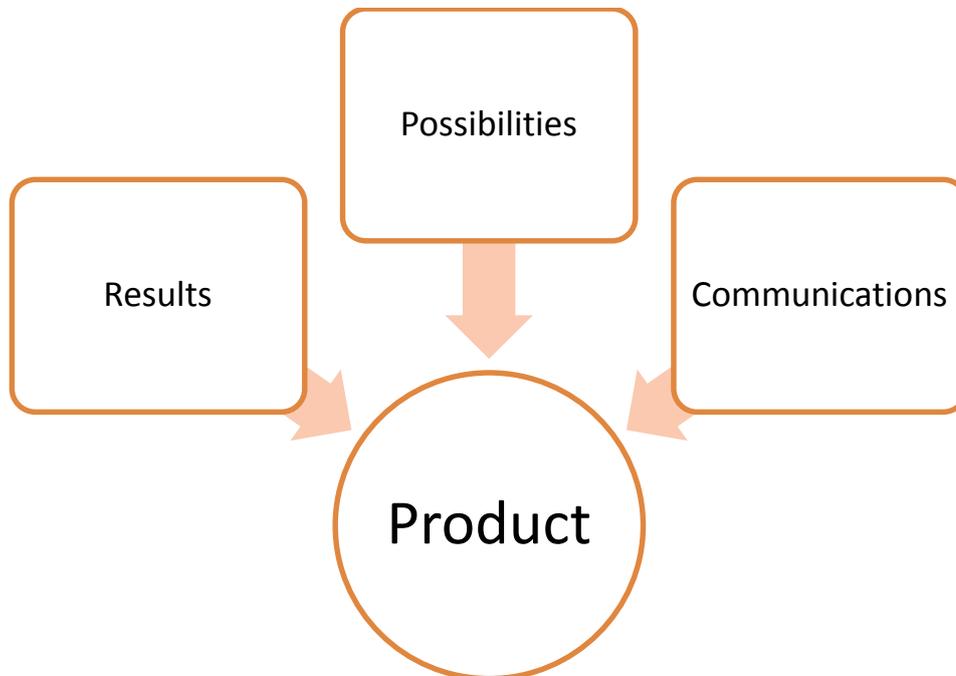


Figure 6.2

The possibilities shape the package of services for the client. Figure 6.3 is an excerpt from the website of Fuel PR, and shows what end results can be delivered.

### What We Do

We can help you in a number of ways – positioning, message development, raising awareness, increasing education, overcoming barriers, minimizing risk, managing issues and crises, generating endorsement, enhancing relationships and boosting sales and profits. We try to do this as simply, as effectively and as cost-efficiently as possible.

### What We Can Offer You – Consumer, Trade, B2B and HCP PR

- Accredited training programmes
- Brand building promotional activities
- Celebrity outreach
- Copywriting
- Design
- Digital and social media
- Education and demonstration
- Exhibition support and speaker opportunities
- Industry relations
- Internal PR
- Issues and crisis management
- Launches
- Key opinion leader support and endorsement
- Literature development
- Market intelligence
- Media relations campaigns
- Retailer support
- Website building



Figure 6.3

The end results depicted in [figure 6.3](#), combined with the optimal media to obtain those results, form the package of possibilities. Optimal media are specified in types of media, such as newspapers or magazines, and which ones exactly.

The results, as depicted in [figure 6.3](#), are end results delivered to the client. This means the amount of exposure the campaign has ensured. It is also important that this amount of exposure is the same as desired, or possibly more.

Communications as depicted in [figure 6.3](#) refer to how the client is treated. Fuel PR has to show that they listen carefully to the client, and that they care about their opinion and wishes. This part is only optimal when the client feels he is served best, and he is getting his money’s worth. That is obtained by transparent communication of results, a positive attitude towards the client and always being available for contact.

All these factors together form the total product. The ‘packaging’ of the product is the image of the company. That determines how the company looks, and because the company and the service they provide come down to the same thing, it also determines how the product looks.

In Great Britain, Fuel PR has positioned itself as a quality-delivering all-rounder. They promote themselves with three words: Power, Passion, and Energy. Emphasis is deliberately taken off company size or specialization on market segments. The image is built to be minimalistic and to represent a professional company that can tailor to everybody’s needs. The consequence of this choice is that specialized public relations agencies may be favoured by some potential clients. The advantage, and their intention, is that they won’t scare off potential clients that may operate in different sectors. Simplified this means that Fuel PR’s marketing strategy is aimed at gaining every customer possible, no matter what qualities they may have.

With the main marketing goal for Spain in mind, gaining several customers that are preferably from different sectors, the same marketing strategy as in Great Britain will suffice. An all-round image fits the market because there are many potential clients in different sectors. The competitive advantage is having all-round higher skill than Spanish public relations agencies, gained from foreign experience. Developments in public relations in Great Britain are further and more modern. These facts were also identified in the confrontation matrix, as combination S2-O3 provided the strong suit for Fuel PR. This combination states that Fuel PR is highly skilled, as opposed to Spanish public relations agencies who are still in a growing phase and learning curve. Fuel PR can use this fact to distinguish themselves from the competition. In a competition dominated market it might be smarter to seek a competitive advantage on specified expertise, but the immature market provides many holes in competition in general which leaves room for aforementioned strategy.

The summary of Fuel PR’s positioning is seen in [figure 6.4](#).

Image:	A highly skilled public relations agency that delivers quality results with power, passion and energy.
Competitive advantage:	Having higher skills than Spanish agencies due to working with the most modern technologies and developments in public relations industry in Great Britain.
Target group:	Companies of all sizes with all types of needs, mainly in the market segments health&beauty, lifestyle and food&drinks.

[Figure 6.4](#)

This positioning leads to a qualitative marketing goal next to the quantitative goal mentioned above:

*At least 25% of all clients must be willing to write a testimonial after a minimum of 6 months cooperation.*

This goal does not restrict business if it is not met, but it inspires employees to provide the best service. Doing this will maintain the competitive advantage. Testimonials will also make it easy to prove the competitive advantage to potential clients.

## 6.2 Promotion

The Spain office will be tasked with all local marketing activities based upon the planned positioning. At least in the first months this office will consist of one employee with limited resources. Because of the wide target group, cold calling would be extensive and as a result expensive. Therefore a complete push-strategy is not useful. A pull-strategy demands creating brand awareness in order to attract potential clients to the company. This eliminates sales costs. However, most sales in Spain are done through networking. Therefore a combined push-pull strategy is optimal for Fuel PR. On the pull-side, brand awareness is created. On the push-side, companies are personally approached through direct mailing or via a personal network. In this way the pull-strategy supports the push-strategy, as clients -become are easier to persuade if they have already heard of Fuel PR. The balance in input effort in both parts of the strategy is 50-50.

Because of the limited resources, creating brand awareness has to be done with low cost marketing tools. This mainly rules out advertising in magazines and business journals. However, as a public relations agency, creating brand awareness through public relations is a perfect fit. The one problem is that most forms of public relations require a network, while building a network still has to be done as it is the main goal of the operation. This means that creating media connections has to be done before getting the first clients. There are two conventional ways of doing this:

1. Attending journalism events for networking.
2. Inviting journalists for a drink of lunch to gain their helpfulness. This is the most usual method.

Once connections are made, they can be used to get articles or news stories about Fuel PR published to create brand awareness. In the process of customer acquisition, the client targeting is business to business. This makes business journals favourable media to use. One condition is that journals from several industries have to be used. Their disadvantage is that they tend to appear on a monthly basis. Therefore newspapers are a faster addition. The following financial newspapers are most aimed at Fuel PR's target group:

- ActualidadEconómica
- CincoDías
- La Gaceta de los Negocios
- Expansión

Two other independent/liberal newspapers are:

- El Mundo
- El País

Also local newspapers can be used like:

- La vanguardia catalá
- Cataluña económica
- 20 minutos de Barcelona
- ConfidencialeconomiaCatalunya
- Jornal

- Opcion

The content of the publications should focus on the fact that Fuel PR has made a recent move into the Spanish market, and the image and competitive advantage should be mentioned. Further elaborations on the style and contents of communications can be found in chapter 7.

Creating brand awareness is only the first step in client acquisition. As a tool itself it is very passive, as it can attract clients to come to you. The largest part however of client acquisition is more active, and in this case the brand awareness serves as a base from which to work from. It is the first introduction. After this the potential clients can be actively approached to get into business. There are several ways to approach potential clients such as:

- Through cold calling
- Through personalized mail
- Through personal contact

Cold calling is the least interesting of these three possibilities. Although no exact numbers on the success rate of cold calling in Spain are available, the technique does not suit the Spanish business culture in business to business relations. As identified in the external analysis, Spaniards do business based on personal connections. They are likely to do business with people that come well introduced, or that they get to know and more importantly, they get to like. Cold calling companies will take up a large amount of time and money with the likelihood of poor results. As identified in the market research conducted for this report, the majority of companies would select a public relations agency based on availability in their network, or recommendations through this network. That renders the second and third option more interesting.

The second, personalized mail, can be done in several ways. For example letters can be sent out, possibly with flyers attached. It is however cost intensive. A cheaper and no less effective way is personal mail through e-mail. A standardized format can be used where only the names of the addressees change, and they can be sent out to all potential clients. The advantage of direct mailing over cold calling is two-folded: it is cheaper, and less interruptive. Calling usually tends to be perceived as annoying because it interrupts the respondent in his daily activities. However, the respondent himself chooses the time he reads his e-mail. Also, when in doubt, on the telephone it is tempting to say 'no' faster while an e-mail can be saved to consult again at a later time.

The third option is personal contact. This means approaching potential clients in person and befriending them to do business. The most effective way to approach clients is with advantage of scale, for example at fairs or events. This way it takes one day to acquire several contacts in a certain industry. The following weeks are used for call-backs and further extension of the relationship. The biggest advantage of personal contact over cold calling is that you can leave a stronger impression. It is also less intrusive because people come to events expecting to be approached with several propositions or business ideas. The key to success in personal selling is personal presentation. Therefore it is essential to keep in mind cultural differences, and to adapt to the culture of the potential client. Also a well-prepared elevator pitch helps heighten the effectiveness of such networking days.

Because setting up strong media connections takes time, at first media exposure will be limited, and supplemental moves are required. As said most forms of public relations require a network, but not all. For example organizing events can be done without. Also other unique activities such as a flash mob are easier to put together. This phenomenon has gained worldwide popularity over the last few years because of its effectiveness and low costs. The one condition is that it has to be original.

The flash mob has to be designed to represent the core value of Fuel PR, which is defined in the words Power, Passion, Energy. The most likely scenario is a dance group with a classy look to represent quality, and a powerful dance in a public place that impresses commuters or attendees at a large public event. Dancing is very appropriate for a flash mob because it expresses a lot of energy and it makes a big impression on the public.

This flash mob can be organized at low costs as many dance groups are willing to participate in order to get some name awareness themselves. They will get this through the mention of their names in the YouTube video made of the flash mob. They can also be mentioned in news items covering the flashmob. Next to this free publicity it is also a fun experience for them. There are three more things important:

- The flash mob must be executed within the first month of Fuel PR’s move to Spain, because of the added effect of news value.
- A YouTube video registering the event that can go viral online is essential to spread the brand awareness.
- For the same reason the flash mob must be executed at an early stage, the video must appear maximum one day after the execution. This is also to keep the benefits of news value.

Dance schools are easy to find in Barcelona, as there are many. Some examples of larger schools that provide quality\* are:

- Quality dance studio
- Dance studio Vic
- Escuela Salsa Barcelona
- Seven Dance Escola de ball

\*Their quality is shown through participation and results in competitions.

Due to the advantages for dance schools they could be willing to participate for free. In this scenario the costs of the flashmob will come down to the following:

Dance teams:	Free
Rental professional camera equipment:	Average €100,-

In recapitulation, **figure 6.5** shows the strategy type along with the appropriate actions.

<b>Push-strategy:</b>	
Personalized mail	Approaching clients through e-mail with business information and offers.
Personal selling	Approaching clients at business fairs and events.
<b>Pull-strategy:</b>	
Creating brand awareness	Sending out press releases about Fuel PR's entrance in Spain. Setting up a flash mob to draw attention to Fuel PR.

Figure 6.5

### 6.3 Place

The fact that the office will consist of one person with limited resources at the start, also limits the geographical reach. However, the push-strategy involves personal meetings. Therefore it is optimal to be located close to as many potential customers as possible. The mayor urban areas which contain also the most companies are Madrid, Barcelona and Valencia (cia.gov). Madrid takes the lead in size with around 5.7 million inhabitants over 5 million in Barcelona, but the latter is well-known to have

more economical importance. The Valencia area contains a lot of business and thus potential clients as well, but with a little over 0.8 million inhabitants it still falls far behind Barcelona. Therefore Barcelona is the optimal location to start business. This provides close distance to entire Catalunya, economically the most important region in Spain and bordering the second most important region, Valencia.

Being geographically close to customers enables for easier planning of meetings. Part of delivering quality service to clients is regular feedback of results in terms of exposure. In turn, customers have to express their level of satisfaction to determine if strategy needs to be changed. This feedback can be done through phone calls, e-mails or meetings. The latter are most efficient in measuring customer satisfaction but are also the most time consuming. Which of all three are used, whether or not a combination is desired, and in what ratio depends on the clients. Fuel PR's policy is to attend to the client's wishes on this matter, and for good customer relations the same strategy will apply in Spain.

The scenario-comparison in chapter 5 involves an estimation of accounts volume after six months. This included a minimum and a maximum required hours and profit. It showed that the chosen scenario B requires 32 hours at a minimum, and 59 at a maximum. In this maximum scenario, the one employee would be overloaded with work for clients, and no time is left for new client acquisition. To prevent this situation, the office can be extended in case of success. The limit is a balance where 30 hours are required for regular work, and 10 are left for client acquisition. At this stage a second employee for the Spain office needs to be recruited. This person will take accounts that are acquired from that moment on. This way creates a structure where the most experienced employee keeps spending a part of his time on customer acquisition, and new employees become account managers. It provides a steady structure for either maintaining profits or even growth. At a further stage expansion in the direction of Madrid can be considered, providing another region with many potential clients and a central access point to the rest of the country.

## 6.4 Price

In Great Britain, Fuel PR charges customers according to a cost structure consisting of two parts. First of all they charge a flat rate of £150.-per hour, and secondly they charge costs made by the public relations activities executed for clients. These can be for example publishing costs of articles, or costs of a promotional stunt. This price strategy will be similar in Spain. Competition works with similar price structures, so it is not an unfamiliar concept to clients. As a matter of fact there are competitors that have more complicated price structures, which makes it complicated for customers to estimate costs. This price structure used by Fuel PR is transparent, and offer easy insights for the customer.

Next to the price structure, also the height of the standard rate will stay the same. Adjusted to variable exchange rates, this translates into a flat rate of €180,- per hour work. This is a little over the average charged by competitors of similar size (according to a professor at Universitat de Barcelona who preferred to remain unnamed). However, that helps setting Fuel PR apart as a high-standard quality delivering company as described in the competitive advantage. Additional costs to cover the execution of the campaign vary, and depend on costs charged by media in Spain. These costs can be charted for customers once the marketing campaign is formulated. In short, that process is as follows:

1. Fuel PR has a meeting with the client to discuss all their wishes.
2. All wishes are translated to public relations activities.
3. Fuel PR charts the costs of these activities.
4. The client receives a cost overview, including the flat rate and the costs of public relations activities.

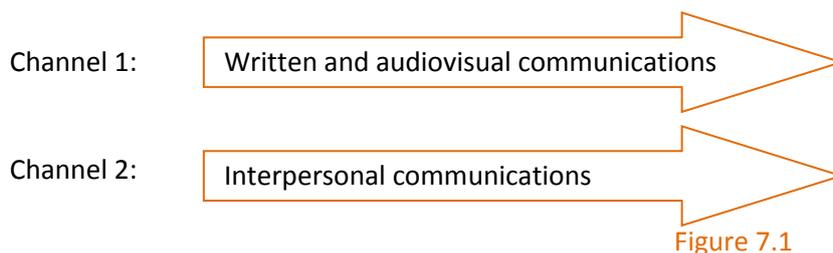
5. The client decides if he wishes to do business with Fuel PR.  
This is the most transparent way possible for the client, and caters to their comfort. This is an appealing factor that helps build the company image.

## Chapter 7: Marketing communications

Communication towards potential clients needs to contain three elements. It needs to transfer the company's image, it needs to communicate the competitive advantage and it needs to fit the target group. All these elements have been identified in chapter 6. However, the target group as named there contains market segments that form potential clients. Marketing communication must be aimed more specific than that. The message is not sent to entire companies, but their decision making units. The market research conducted in the external analysis proved that these usually exist of a team of department managers. Usually this involves at least a CEO and a marketing or communications manager. Therefore the marketing communication must fit people in these positions, and also, with Spanish nationality and culture.

To identify the companies that are most suitable as a potential client, there are two possibilities. One way is simply by internet research, or getting to know them while present in the market. A second way is via the Spanish chamber of commerce. This institution provides databases with all companies present in Spain, in all markets. This way clients from different desired branches can be approached. All information is available via the website [www.camerdata.es](http://www.camerdata.es). To request data on companies, the chamber charges €0.25 per entry.

In the execution of the marketing strategy as described in chapter 6 there are two communication channels. Creating brand awareness is done through media which involves written communication, and in the case of a flash mob-video audiovisual communication. Personal selling uses an interpersonal channel. These channels are identified as channels 1 and 2, as described in [figure 7.1](#).



### *Channel 1*

The first channel has the advantage that everything can be planned up front, thus creating the opportunity to fine-tune communications before they are sent out. All communications must be formulated efficiently due to restrictions imposed by the channel. In written media this comes down to the limited length an article in a magazine or newspaper might have, in audiovisual media this comes down to the limited length of a video, and technological possibilities.

The aim of all communications through channel 1 is to create brand awareness in such a way that Fuel PR appeals to managers and ceo's of Spanish companies. It must have a professional tone, but at the same time make an emotional impact. The combination of Power, Passion, and Energy must be used. However, these words have different meanings for managers in Great Britain and Spain. For Spanish managers, being passionate about things is more natural, so they will hold a more gentle value to this word. The word 'energy' has a more similar impact between both nationalities. The combination of words can be used in the same way, but the passion should be expressed more between the lines as well. In a written piece, basically all sentences can be phrased a little stronger, in a way where it would be experienced as 'a bit over the top' in Great Britain.

It is a pitfall to think that a British approach would help make a distinction with regards to competition. The Spanish perceive the British style of communication as 'cold' or 'distant' and therefore untrustworthy.

In the initial phase there are two things that need to be communicated through this channel. The video of the flash mob counts as one. This video is a registration of the flash mob, finishing with Fuel PR's name and a slogan written in the screen. This slogan should be short and clear. For example:

*Fuel PR. Relaciones publicas de alta calidad.*

This simply means 'Fuel PR. High quality public relations'. It explains in a few words what Fuel PR does, and it fits the competitive advantage of being more skilled than the competition. The slogan itself does not provide a really distinctive image itself, but that is done through the video and style of the flash mob. Everything seen in the video should radiate class, quality and a certain simplicity to represent the modest image of the company.

Other than the video, channel 1 is used to create exposure in newspapers and possibly magazines. A pre-written press release can be given out that tells about Fuel PR's entrance in Spain. It will explain in short that Fuel PR is a modern, high-end public relations agency from Great Britain that opens an office in Spain.

#### *Channel 2*

Channel 2 has the advantage that it allows for direct feedback. Also it adds another dimension to the communication process, namely body language. This part of communication is different in Great Britain and Spain, and these differences need to be taken into account.

Communications through this channel are all direct personal contact. This means cold or hot calling potential clients, and second business meetings. In case of cold calling an elevator pitch can be used to open the conversation. When calling a company it is very important to respect the hierarchy among staff. Spaniards hold more value to this than the British.

By nature all communications through this channel are not pre-written but are created 'on the spot'. It is therefore very important that Fuel PR's employee is skilled in Spanish. In most social or business situations Spaniards do not mind speaking English, might only be they are not fully skilled at it. Also there is one condition, the foreigner has to at least try some Spanish at the beginning of the conversation. However, one of the core competencies of a public relations agent is communication skills. Not being able to speak proper Spanish does not inspire much confidence that one is able to produce quality communications representing a client's company. This might be a pitfall, and therefore is it highly important to prepare the employee's with care.

As mentioned, the extra dimension of body language has a strong influence. As a foreigner, it is important to keep these in mind and adapt yourself to it, but don't try to come off like a Spaniard. They will be able to tell the difference, and the latter approach will make you unlikable. These are some important key notes:

- Spaniards have closer personal distance. Train yourself to feel comfortable with this situation, and don't back away. This will unconsciously be perceived as distant and overall have a negative influence.
- Spaniards make more and bigger hand movements. Don't let these distract you. Also don't try to imitate them, just feel free to move around yourself. At least make sure your posture is not rigid and still.

- In case people kiss you on the cheek, do not mistake this as flirtatious. Join in, it is a normal way of greeting each other, at times as well in business. Only different levels in hierarchy greet in a more distant manner.

Except from body language, in meetings the following is also important to keep in mind.

- Understand that meals are an important opportunity to talk business. They don't serve so much a functional activity as a way to get to know each other. Also small talk takes longer than in Great Britain. Let the length depend on your companion. Once he or she switched to business, feel free to join in.

The main goal of all situations where communications in channel 2 take place is to gain a company as a client. Therefore these communications should represent the image as described in chapter 6. The competitive advantage, also described in chapter 6, is an important tool to convince potential clients and should be emphasized.

Channel 2 allows for a more extensive message than channel 1. The main message in channel 2 is:

- Fuel PR is a trustworthy public relations agency that offers service of higher quality than Spanish agencies can. Becoming their client will result in higher revenue's through the building of a stronger image and greater brand awareness.

In addition, the secondary message is:

- Fuel PR offers this unique opportunity for companies to increase sales and prospects of continuity of business. Without Fuel PR, this would not be possible.

Fuel PR's employees based in Spain must learn these messages by heart. They can then use them in their client conversations, where they use the structure of carefully assessing the client's needs and then pairing this with what Fuel PR can offer.

## Chapter 8: Execution

The previous chapters defined what has to be done for Fuel PR to move to Spain, in what manner, and what has to be kept in mind. This chapter elaborates on the order in which to coordinate everything, and what to do in case things do not go as planned.

Figure 8.2 shows all actions that have to be executed with the according time periods. Each letter corresponds to an action as elaborated in Figure 8.1. In this figure, the actions are divided in two parts: A to E and F to I. The first part is the exploratory phase where all preparations are done. The second part is the execution part. Figure 8.3 shows the time line of all actions in a Gant chart.

A	Hire a new employee for the London office to replace the employee moving to Spain.
B	Put the expatriate employee through intensive Spanish courses.
C	Choose an office space in Barcelona and arrange contracts. Also arrange a cell phone with a Spanish provider and a laptop.
D	List upcoming events in Spain that are relevant for networking.
E	Contact dance schools to explore interest in cooperation with the flash mob.
F	Execute flash mob in collaboration with one or more dance schools.
G	Write news reports about Fuel PR's move to Spain and send them out.
H	Attend events as listed in activity D.
I	Arrange meetings with potential clients and possibly set up contracts with them.

Figure 8.1

Action A is planned over the first two months. It is preferable to finish this in the first, the second month is only for delay. As soon as the employee is hired, it takes time to learn all tasks, and this needs to be done by the end of month three.

Action B has to prepare the expatriate employee for doing business in Spain. The Spanish course is focused on professional Spanish and has to include Spanish manners of doing business.

As identified in Chapter 6, the first office location will be in Barcelona. Action C involves choosing this office, arrange lease contracts and provide all other accessories. Because there are plenty of adequate offices available with power, water, internet and furniture included, the only accessories needed will be a phone, a laptop and some office supplies like pens and paper.

Business events such as fairs or networking drinks can be really helpful to create a network. Especially those aimed at journalists create opportunities to get a foot in the doorway at newspapers and other media. These events can to a lesser extend also be used to get acquainted with potential customers. Action D involves creating a list with all events deemed useful for said purposes.

The flash mob as planned in chapter 6 comes in the form of a public dance performance. Dance schools can provide these dancers, in exchange for free publicity and a fun experience. Action E entails contacting dance schools that are known for quality and survey, and if necessary arouse, their interest to cooperate.

Said flash mob will be executed in the first month after opening the office in Barcelona. This period is essential, because the flash mob is designed to create publicity on Fuel PR's move to Spain, and if too much time has passed, the news value has lowered. Therefore action F is placed in September. The

YouTube video made of the flash mob should appear online within one day maximum, also to retain news value.

Action G is self-explanatory. The news of Fuel PR moving to Spain can be used as a news item. The more exposure this news gets, the more free publicity Fuel PR gets.

Action H involves attending the events as listed in action D. It is important to prepare for these events. That means checking up front who will be there, and if possible contact some people in advance to establish a bond.

Action I is where a client base is created. In these meetings all communications as described in chapter 7 must be considered.

ID		Task Mode	Taaknaam	Duration	Start	Finish
1			A	45 days	Mon 2-6-14	Fri 1-8-14
2			B	45 days	Mon 2-6-14	Fri 1-8-14
3			C	65 days	Mon 2-6-14	Fri 29-8-14
4			D	65 days	Mon 2-6-14	Fri 29-8-14
5			E	65 days	Mon 30-6-14	Fri 26-9-14
6			F	1 day	Wed 10-9-14	Wed 10-9-14
7			G	45 days	Mon 1-9-14	Fri 31-10-14
8			H	Infinite	Mon 1-9-14	
9			I	Infinite	Mon 1-9-14	

Figure 8.2

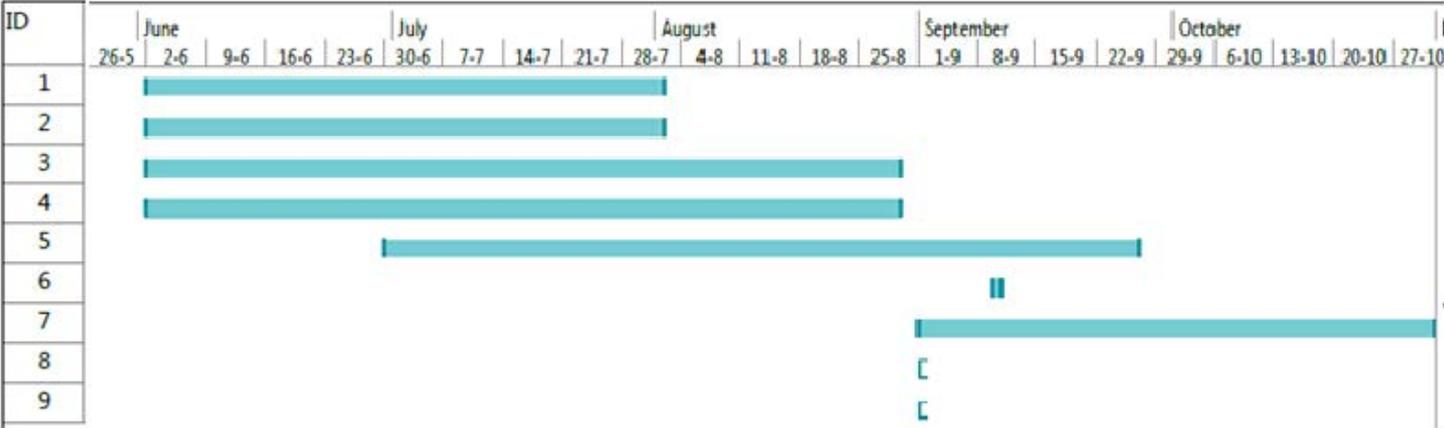


Figure 8.3

According to the time line as shown in figures 8.2 and 8.3, all activities involving market entry and the first promotional activities are done at the start of September. Some activities will however continue in the following months. Foremost these will be activities H and I, which have to be executed continuously to expand the network and client base. Next to these, it is also possible to continue with activity G. Writing news reports about the company entering the country might turn obsolete, but press releases containing other company information will keep Fuel PR in the sight and mind of target groups.

During the execution of this five-month time line, weekly extensive feedback must be given to the management. Extensive means a full report on progress discussed over the phone. This helps to accurately evaluate progress and intervene if necessary. When this five-month period is completed successfully, feedback on progress can still be given weekly, but extensive phone calls can be replaced by written reports.

## 8.1 Plan B

Although every step is carefully planned, unforeseen factors could always occur that cause things to go South. This paragraph elaborates on how to cope with different failing scenarios. Each of the possible problems below are numbered and correspond accordingly to the solutions given.

Possible problems:

1. Three months is a short time for a British employee to learn the Spanish language on professional level. Although it is realistic, it might not be sufficient.
2. Spanish media might not be willing to publish pre-written press releases about Fuel PR's move to Spain. As a result publicity is lower as planned and the customer acquisition process is more difficult.
3. Networking goes slower than expected.
4. Dance schools are not willing to participate in the flash mob.
5. Any problems with the office space might occur, such as dissatisfaction among Fuel PR's employees about facilities, or issues with the real estate agent.
6. Acquiring customers is not working as well as planned, or there is less profit than expected.

Solutions:

1. All outbound communications must be in perfect Spanish, especially work representing clients. If the expatriate's Spanish level is not sufficient yet, Spanish assistants must be used. These can be students studying marketing or communications who do it as an unpaid internship. In the meanwhile, the expatriate must continue to improve his or her level in Spanish language and culture.
2. Find out what their objections are. If media only refuse to publish a pre-written article, it is still optional to let them create their own story. Just make sure they are provided with information that paints a positive image. If media refuse to publish anything, a second option would be to post articles online although this would have less exposure. The flash mob will have to make up for that exposure.
3. Try to identify the reason. The most likely reason is a gap in cultural standards. People in general are most likely to reject people they cannot identify with. With Spaniards, it is not important to act exactly like them, but to show the willingness to understand them and work with them. Take more effort in studying the cultural differences between Great Britain and Spain.
4. In the highly unlikely event that dance schools are not willing to cooperate, other groups can be approached. Examples are a club of gymnasts who can perform a show, or acting classes.
5. It is wise to have date of other suitable offices in the area, in case it is required to vacate the first option.
6. If acquiring customers is going slow, and it cannot be improved with solutions 2 and 3, it is important to keep in mind a financial limit. If costs are not covered in the first month, this is still a recoverable situation. Keep in mind however the break-even point as mentioned further in this chapter.

Next to these smaller problems, the entire operation could be endangered by a combination of circumstances. If the entire plan turns out too problematic to execute, it is viable to check if scenario A as mentioned in chapter 5 can be executed. Executing this scenario would mean not to open an office in Spain. Instead all business will be conducted from Great Britain. An extra employee in London will still be needed. This person replaces another employee, who spends three weeks a month in London working on Spanish accounts, and one week in Spain to meet with clients and media relations.

The marketing strategy changes in two ways. First the flash mob becomes illogical because its main purpose was to call out the fact that Fuel PR is now physically present in Spain. Only being present by having clients in Spain does not fit the core quality of a flash mob. Second the message sent out in press releases has to be changed. Plan A dictated a message similar to that of the flash mob, but in plan B the message can only read that Fuel PR is now looking for clients in Spain as well.

On the financial side this scenario is less profitable than the first plan of choice. It is however still profitable. To what extent depends on the ability of the employee to acquire clients while only being in Spain one week a month.

When to switch from plan A to B depends on the financial status. Figure 8.3 shows the costs and break-even points of the two scenarios. Plan A is as described in chapters 5, 6, 7 and 8. Plan B is scenario A from chapter 5, called plan B in chapter 8. 'Break-even hours' indicates the minimum required hours of work on accounts to cover the costs.

	<b>Plan A:</b>	<b>Plan B:</b>
Cost:	€3.782,00	€ 1,670.00
Earnings per hour:	€ 180,00	€ 180,00
Break-even hours:	21.51	9,28

Figure 8.3

For plan A, all accounts need to accumulate to at least 18 hours of work a week to cover the costs. It is possible that this amount is not yet reached in the first month. It should be reached however in the third month. If this is not the case, and sales are not increasing, a switch can be made to Plan B. However, only when there is a minimum of 10 hours a week work and customers agree to have only one week a month the possibility for meetings. If hours are lower than 10, the switch would be from one loss-generating scenario to another, and that is not advisable.

## Chapter 9: Financial plan

*'The lack of money is the root of all evil' – Mark Twain*

Obviously there must be no lack of money. Therefore this chapter shows all costs and possible profit scenarios. **Figure 9.1** is an overview of all monthly costs. The returning investments every three year are taken into account in the monthly costs as write-off.

<b>3-Year investments:</b>	
Laptop:	€ 2.000,00
Mobile phone:	€ 600,00
Total:	€ 2.600,00
<b>Monthly costs:</b>	
Office rent:	€ 600,00
Office supplies:	€ 150,00
Phone bill:	€ 750,00
Salary:	€ 2.300,00
Write-off:	€ 72,00
Total:	€ 3.872,00

**Figure 9.1**

The 3-year investments are based on the time it takes for technological products to get outdated. The quantities, one each, are determined for one employee. That also goes for the other costs. Office rent is calculated per person occupying the office, and all other costs are made by one person. As a result costs will rise with the total amount of this schedule with every next employee hired. Variations may occur due to salary differences, but for the sake of continuity this has not been taken into account in all calculations.

The marketing strategy involves public relations techniques and personal selling through networking. Therefore there are no costs raised by extensive marketing activities.

Clients are charged in two ways:

1. £150.- per hour work
2. All expenses made in executing activities for clients.

This means the client pays his own campaign, plus £150.- for Fuel PR's service. Fuel PR has to cover all own expenses with this £150.-.

Exchange rates vary day by day. Several calculations lead to an amount of €180.- opposing £150.- Therefore this standard price is set for clients in Spain.

Because of this price structure, turnover is directly generated by hours of work for clients. Therefore a break-even point per month is determined in hours. The monthly costs are €3,872.00 in the first months, while earnings per hour work are €180.-. That means that  $€3.872,00 / €180 = 21.51$  hours work per month will cover the costs. That comes down to a rounded average of 5 hours per week.

The size of an account depends on the planned marketing strategy for that particular client. The more extensive this marketing strategy is, the more hours of work are needed and the more money the account is worth. This is a linear relation. Therefore accounts are categorized by hours of work needed. In general smaller accounts can be easier to acquire because they involve less money and thus less importance. Companies that want extensive campaigns and spend a lot of money on this are obviously more critical in their public relations agency selection process.

Figures 9.2, 9.3 and 9.4 show an overview of the financial forecast for the first 14 months. Expected account sizes are based on the marketing strategy. Because account sizes are never pre-set, it is not possible to scale in every particular account size. Therefore they are divided in categories, which provides a minimum and a maximum total account size. Matching these variations, all monthly turnover, costs, profits and net profits are also displayed with a minimum and maximum amount. This provides the forecast with a worst-case and best-case scenario. The reality is likely to lie in between.

As mentioned, monthly costs are calculated in figure 9.1. They are costs per employee, which means an extra employee means a monthly raise of the total costs with €3,872.00. Rent is also calculated per employee, because prices on office spaces go per desk needed. These are off course relatively small office spaces, but they suffice for the small size of Fuel PR in Spain during the first years. With the addition of every new employee the monthly costs rise with the amount of €3,872.00, as also seen in figures 9.2, 9.3 and 9.4. A second employee is hired at the moment where the accumulated account sizes reach 35 hours per week. Based on a 40-hour work week with a maximum of 5 hours of extra time, an employee has 35 hours per week to work on accounts, and 5 to 10 hours for client acquisition. With two or more employees, every new employee is hired when the others together have 10 hours or less per week to spend on client acquisition.

In the first month another one-time investment is noted with the value of €1,462.53. These are the costs of four Spanish courses to get one employee up to the level of B2. These investments are only in place for the first employee. The following employees installed in the Spanish office are Spaniards (with English language skills) in order not to drain the entire British office. Therefore these employees will not need a language course.

Minimum and maximum profit per month is calculated by deducting the monthly costs from the monthly turnover. Because of primary investments, and investments done throughout the process, monthly profit is not the same as overall profit. The net profit/loss bars show the total required investment and the break-even point of both the worst-case and best-case scenario.

Break-even point:				
	1st Month	2nd Month	3rd Month	4th Month
<b>Expected accounts:</b>				
1-3 hours a week	0	2	2	3
3-5 hours a week	0	1	2	2
5-10 hours a week	0	1	1	1
10-15 hours a week	0	0	0	0
15+ hours a week	0	0	0	0
Min. account hours:	0	10	13	14
Max. account hours:	0	21	26	29
Monthly turnover:				
Min:	€ 0,00	€ 1.800,00	€ 2.340,00	€ 2.520,00
Max:	€ 0,00	€ 3.780,00	€ 4.680,00	€ 5.220,00
Monthly costs:				
Min:	€ 3.872,00	€ 3.872,00	€ 3.872,00	€ 3.872,00
Max:	€ 3.872,00	€ 3.872,00	€ 3.872,00	€ 3.872,00
Minimum profit p/m:	-€ 3.872,00	-€ 2.072,00	-€ 1.532,00	-€ 1.352,00
Maximum profit p/m:	-€ 3.872,00	-€ 92,00	€ 808,00	€ 1.348,00
Investments:	€ 1.462,52			
	€ 100,00			
Net profit/loss:				
min:	-€ 5.434,52	-€ 7.506,52	-€ 9.038,52	-€ 10.390,52
Max:	-€ 5.434,52	-€ 5.526,52	-€ 4.718,52	-€ 3.370,52

Figure 9.2

Investments are divided into two parts. The first, of the amount of €1,462.52 consists of the Spanish course the employee sent to Spain has to go through. The second part, of the amount of €100.00 are marketing costs which represent the costs of the equipment needed to record the flash mob.

Break-even point:				
	5th Month	6th Month	7th Month	8th Month
<b>Expected accounts:</b>				
1-3 hours a week	3	3	3	3
3-5 hours a week	2	3	4	4
5-10 hours a week	2	2	2	2
10-15 hours a week	1	1	1	1
15+ hours a week	0	0	0	0
Min. account hours:	29	32	35	35
Max. account hours:	54	59	64	64
Monthly turnover:				
Min:	€ 5.220,00	€ 5.760,00	€ 6.300,00	€ 6.300,00
Max:	€ 9.720,00	€ 10.620,00	€ 11.520,00	€ 11.520,00
Monthly costs:				
Min:	€ 3.872,00	€ 3.872,00	€ 3.872,00	€ 3.872,00
Max:	€ 7.744,00	€ 7.744,00	€ 7.744,00	€ 7.744,00
Minimum profit p/m:	€ 1.348,00	€ 1.888,00	€ 2.428,00	€ 2.428,00
Maximum profit p/m:	€ 1.976,00	€ 2.876,00	€ 3.776,00	€ 3.776,00
Investments:				
Net profit/loss:				
min:	-€ 9.042,52	-€ 7.154,52	-€ 4.726,52	-€ 2.298,52
Max:	-€ 1.394,52	€ 1.481,48	€ 5.257,48	€ 9.033,48

Figure 9.3

Break-even point:				
	9th Month	10th Month	11th Month	12th Month
<b>Expected accounts:</b>				
1-3 hours a week	4	4	4	4
3-5 hours a week	4	4	4	4
5-10 hours a week	2	3	3	3
10-15 hours a week	1	1	2	2
15+ hours a week	0	0	0	1
Min. account hours:	36	41	51	66
Max. account hours:	67	77	92	107
Monthly turnover:				
Min:	€ 6.480,00	€ 7.380,00	€ 9.180,00	€ 11.880,00
Max:	€ 12.060,00	€ 13.860,00	€ 16.560,00	€ 19.260,00
Monthly costs:				
Min:	€ 7.744,00	€ 7.744,00	€ 7.744,00	€ 7.744,00
Max:	€ 7.744,00	€ 11.616,00	€ 11.616,00	€ 11.616,00
Minimum profit p/m:	-€ 1.264,00	-€ 364,00	€ 1.436,00	€ 4.136,00
Maximum profit p/m:	€ 4.316,00	€ 2.244,00	€ 4.944,00	€ 7.644,00
Investments:				
Net profit/loss:				
min:	-€ 3.562,52	-€ 3.926,52	-€ 2.490,52	€ 1.645,48
Max:	€ 13.349,48	€ 15.593,48	€ 20.537,48	€ 28.181,48

Figure 9.4

As seen in figures 9.2, 9.3 and 9.4 a new employee is hired in the minimum scenario in the 9<sup>th</sup> month. In the maximum scenario new employees are added in the 5<sup>th</sup> and the 10<sup>th</sup> month. These months therefore show a setback in monthly profit. This is caused by the added investments, which will result in higher outcome in the following months. Therefore it is not problematic, merely a sign of the growth of the company.

In the minimum scenario the break-even point is reached in the 12<sup>th</sup> month. In the maximum scenario the break-even point is reached in the 6<sup>th</sup> month. As mentioned before, the reality usually lies between the worst- and best-case scenario. This would mean the break-even point would be on average reached in the 9<sup>th</sup> month. Following the same calculations, the average expected profit after 1 year is €14.913,48. This shows that once the investments are paid off over the first year, the company has a lot of potential to grow.

The total amount of money reserve needed in the worst-case scenario is €10.390,52. In the best-case scenario the total investments are €5.526,52. To be sure the worst-case scenario needs to be taken into account, which makes the first number the required amount of money.

These minimum and maximum profit and the investments lead to the return on investment. To calculate this, the worst-case scenario investments are used to prevent unpleasant surprises. Figure

## Chapter 10: Conclusions and recommendations

### 10.1 Research questions & answers

As mentioned in chapter 1, many things have been written over the years about the key to success. This report was aimed at finding a successful way for Fuel PR to enter the Spanish public relations market in order to establish a client base and network. The goal was formulated as:

*To investigate if the Spanish public relations market is viable for Fuel PR, and if so to create a step-by-step plan according to which Fuel PR can enter the Spanish market and create a profitable client base in Spain.*

To create a structured view this goal was separated in three sub-questions:

4. Is Fuel PR capable of expanding their business into other markets?
5. Does the Spanish public relations market offer possibilities for outsiders to enter and make profit?
6. If 1 and 2 are answered with 'yes', how must Fuel PR enter the Spanish market?

The first question was answered in the internal analysis. Fuel PR was described along the 7-S structure. This led to the following conclusions:

- Fuel PR has a fast working structure and is organized efficiently.
- Staff is highly skilled, on average quite young and work ethic is hard.
- The company is result-oriented, with regular checkups and informal control tools in place.
- The company is running well and seems strong enough to expand their business.

Summarized, the answer to the first question is 'yes'.

The second question was answered in the external analysis. The DESTEP-analysis delivered the following image on macro-level:

- Ecological, demographical and technological factors are similar to other western European countries and do not pose any threats to the Spanish economy as a whole, or the public relations market.
- Politics cause for small social issues, but these are not likely to pose any threat.
- The Spanish culture is very different from the British culture.
- The Spanish economy is recovering from a severe recession, which causes forecast growth and with it the rise of possibilities.

The CICD-analysis delivered the following image on meso-level:

- The public relations market in Spain has been growing over the last years but is still far from being matured yet.
- Managers are divided on the relevance of public relations. Some are convinced, some have a more conservative attitude.
- Competition is very much present but has not filled the entire market.

As a result of these images, the answer to the second question is also 'yes'.

These two 'yesses' allow Fuel PR to enter the Spanish market. The third question is how to do this. The answer to that is found in chapters 5, 6, 7, and 8, and is also summarized below.

The best entrance strategy is to open up an office in Spain, manned by one employee. This person has the possibility to meet with customers at all times instead of for example one week a month. Also it generates more profit than coordinating business from Great Britain.

To keep investments low, it is possible to launch a zero-cost marketing campaign. As a public relations office, Fuel PR has the tools and knowledge to use free public relations to create brand awareness. Most clients will be gained by personal selling through networking.

Communications can be difficult because of cultural differences, but these can be circumnavigated with knowledge of both cultures and skills in the Spanish language.

Break-even point can be reached between 3 and 7 months.

## 10.2 Recommendations

- Create a company strategy that involves the British office, the Spanish office and any other possible expansion. Use corporate communications to create awareness of this strategy among employees.
- Take extra care in learning the Spanish language and culture. This can make a big difference in the success ratio of personal selling.
- Pay attention to regular feedback. An extensive weekly evaluation of progress can help foresee problems and avoid them.
- Be patient with Spanish managers. Doing business takes more time as Spaniards value getting to know each other on a more personal level than the British.
- Avoid wanting to much to fast. Like prof. dr. Michael Porter said, it is important to set limits on what you are trying to accomplish. Keep to the estimated schedule as seen in chapter 9.
- In the first years, the Barcelona office staff will be small. High rotation in employees destabilizes the office. Make sure work ethic is high, but does not pressure employees to the point of resignation.
- While selecting potential clients, keep in mind which sectors are shrinking, and which are expanding. Companies in the latter sector will have bigger budgets, and thus form larger accounts.
- If cultural or linguistic problems to arise, do not hesitate to call in the help of for example Spanish students. They are more than likely willing to help as a school project, and can give valuable contributions.

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