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FOREIGN INVESTOR RELATIONS

FOR PRIVATIZATION:

A Communications Model

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Introduction

This plan, developed at the request of the State Property Agency and State Secretary Martonyi, is designed to outline the concrete action steps necessary to implement a highly targeted investor relations effort for attracting investment to Hungary's privatization effort. Obviously, this effort could be expanded to include Hungary's trade promotion and other similar objectives.

The foreign investor communications program should be broken into three parts:

1. Targeting and Research
2. Materials Preparation
3. Communications Plan Implementation

1. Targeting and Research

Before beginning the actual communications effort, it will first be necessary to prepare the groundwork by both selective targets and researching opinions and attitudes in key target countries.

The Targeting and Research section of this effort would have the following components:

- 1. Target the key industries and countries that would be the best prospects for developing foreign investment:**
 - * Target countries with high industrialization and capital to invest.
 - * Target industries that have capital to invest and fit with Hungarian industries that would make for profitable joint ventures.

- 2. Opinion research on key foreign investment decision makers:**
 - * 15 to 20 in-depth-interviews (IDIs) with key opinion leaders in each target country.
 - * 15 to 20 IDIs with key foreign investment decision makers in each target industry.

- 3. List development of key opinion leaders and decision makers in our target countries and industries:**
 - * Key foreign affairs and business journalists.
 - * Key IDIs and corporate leaders with responsibilities in foreign investment.

* Key political and economic opinion leaders in:

- Academia
- Government
- Think tanks
- Trade associations
- Business organizations

- Component:** **Target key industries and countries:**
- Objective:** It is imperative to create a process to research and target both the key industries and countries for its international communications plan in order to ensure that the plan is effective. This should include a major international sector analysis of industries and countries with capital to invest.
- Target Audience:** To be determined, but likely countries would include the United States, Great Britain, France, Germany and Japan. In addition, likely industries might include hotel and tourism, construction and agriculture.
- Languages:** English, German, French and Japanese

Component: **Opinion Research on key foreign investment decision makers:**

Objective: We recommend that once the key industries and countries have been chosen we undertake a research effort to ascertain the opinions and attitudes of key foreign investment decision makers. The more we know about our target audience and their attitudes toward Hungary's privatization effort, the more effective we can make our communications effort.

Target Audience: Likely targets will include CEOs, Presidents and Vice-Presidents in companies in our target industries and countries.

Languages: English, German, French and Japanese

Component: **List development of key opinion leaders and decision makers**

Objective: Develop the capability to communicate directly and economically with the key decision makers in foreign investment.

Target Audience: Key journalists, CEOs, and economic opinion makers in United States, Great Britain, Germany, France and Japan.

Languages: English, German, French and Japanese

2. Preparation

Once the targeting and research is completed we can then design the most persuasive tools to begin our communications effort. These materials should include:

1. Preparation of important materials for communications plan:

- * Major sectorial studies on targeted industries;
- * "100 Questions and Answers on Privatization" briefing booklet
- * Compile all positive news stories and columns in both the Hungarian and international press.

2. Targeted advertising with response mechanism:

The advertising campaign would have the following aspects:

- * Targeted at business publications in our targeted countries: Wall Street Journal, Financial Times, The Economist, Hotel & Resort Industry News (U.S.A.), Agri-Finance (U.S.A.).
- * A response mechanism should be included in the design of the advertising. This will enable foreign investors to immediately contact the appropriate organization so that no prospects are lost. Ideally, the response mechanism should be an 800 number, although a contact address would also work.

Component: **Sectoral Analysis**

Objective: To provide foreign investment decision makers in targeted countries and industries with the detailed information they need in order to make an investment decision. These studies would be the centerpiece of the investor relations effort.

Target Audience: Foreign investment decision makers

Languages: To be determined, but likely English, German, and Japanese

Component: 100 Questions & Answers

Objective: Provide detailed information on privatization process.

Target Audience: Foreign investment decision makers

Languages: Hungarian, English, German, and Japanese

Component: **Compilation of Positive Press Clippings**

Objective: Provide third party positive endorsements of Hungary's privatization effort and investment climate.

Target Audience: Foreign investment decision makers

Languages: To be determined, but likely English, German, and Japanese

Component: Targeted advertising campaign with response mechanism:

Objective: We recommend a targeted advertising component for the communications effort, but like opinion research it is optional. Paid advertising will give our communications effort much more impact and visibility, as well as allowing us greater control over the message we want to send. The idea would be to create a print advertising campaign that highlights Hungary's successful privatization effort and include a response mechanism so that interested investors could contact the SPA immediately. And again the content of the message would be based upon our research.

Target Audience: Investment decision makers, journalists and economic opinion leaders in our targeted industries and countries.

Languages: English, other languages as necessary

3. Communications Plan Implementation

After completion of the Targeting and Research and the Preparation sections, the communications effort can begin. All of these communications efforts should have a unified theme and message based upon the results of the research. The communications plan should consist of the following components:

1. Mailing from President Arpad Goncz to targeted journalists and foreign investment decision makers. The mailing package should consist of the following:

- * Personal letter from President Goncz outlining Hungary's successful privatization efforts and Hungary's interest in foreign investment.
- * Favorable news clips on privatization in Hungary.
- * Brochure on SPA and 100 Questions on Privatization.

2. Mailing from SPA Managing Director Csepi:

The mailing package should consist of the following:

- * Letter from MD Csepi highlighting examples of the excellent working relationships the SPA has developed with early foreign investors.
- * Major sector analysis and detailed information on investment process in Hungary.

3. Hungarian delegation trip to targeted countries consisting of:

- * Personal delegation meetings with key business decision makers in targeted industries. These meetings would not be covered by the press, but they would clearly be the foundation of the delegation.

- * Speeches to high profile business organizations in our targeted countries.
- * A news conference announcement of a major new foreign investor in that investor's home country. Obviously this would be contingent upon the development of a new investor, but if possible it would have great impact.
- * Editorial Board meetings with key business and opinion leader publications.
- * Interviews with key business or trade reporters.
- * Participation in academic forums at major universities. There should be great interest in economics departments and at business schools about privatization. These forums often receive excellent news coverage.

4. Follow-up mailing by Hungarian commercial counselors that includes:

- * Personal letter from commercial counselor.
- * Information requested by the foreign investors or business leaders involved in the delegation meetings.

5. On going press relations, including:

- * Creation of a quarterly newsletter from SPA to the press and business leaders. This newsletter should contain information on how to invest in Hungary and updates on the privatization effort.

* Institutionalization of an on going press relations program:

- Immediate response to negative news stories.
- Continual identification of positive news story "hooks" -- like publication of favorable reports or figures.
- Press releases and news conferences on each new foreign investor.
- Personal cultivation of key business reporters by senior SPA officials.

Component: **Mailing from President Goncz**

Objective: This mailing should be the opening salvo in the communications and positioning effort. It should gain the attention of opinion leaders and set the stage for our following communications plan. The exact message of the mail package and letter should be based upon our opinion research studies.

Target Audience: Investment decision makers, journalists and economic opinion leaders in our targeted industries and countries.

Languages: English, German, French, Japanese

Component: **Direct Mail from SPA Managing Director Csepi**

Objective: To provide specific corporate and sector information for possible foreign investors. This mailing should come on the heels of our advertising campaign and continue to make a persuasive case for investment in Hungary.

Target Audience: Investment decision makers, journalists and economic opinion leaders.

Languages: English, German, French and Japanese

Component: **Hungarian delegation trip to targeted countries**

Objective: A series of foreign trips should be organized for a senior delegation of Hungarian officials. This effort should be the cornerstone of our press and communications program to attract foreign investment.

The main focus of the trip should be holding persuasive one-on-one sales meetings with foreign investors but also generating extensive press coverage.

Target Audience: Investment decision makers, journalists and economic opinion leaders in our target industries and countries.

Languages: English, German, French, and Japanese

Component: Follow-up by commercial councilors:

Objective: To use Hungarian commercial councilors to follow-up immediately after the delegation trip to bring in investment prospects. Following the delegation trip the councilors in each country should sending a mailing to those individuals who attended a meeting with the delegation

Target Audience: Business and foreign investment contacts from delegation trip

Languages: English, German, French, and Japanese

Component: Outreach to foreign commercial counselors in Budapest

Objective: Establish relationships with and provide regular flow of information to local commercial representatives

Languages: Hungarian, others as appropriate

Component: On going press relations:

Objective: To institutionalize an on going press effort, designed to ensure a flow of positive information about privatization and opportunities in Hungary.

Target Audience: Key journalists and economic opinion leaders

Languages: Hungarian and English

INVESTOR RELATIONS EFFORT

MONTH	1	2	3	4	5	6
 Targeting And Research <ul style="list-style-type: none"> - <i>Key Industries</i> - <i>Key Countries</i> - <i>List Development</i> - <i>Opinion Research</i> 	=====					
	=====					
	=====					
	=====	=====				
 Preparation <ul style="list-style-type: none"> - <i>SPA Brochure</i> - <i>100 Questions</i> - <i>News Clippings</i> - <i>Sectoral Analysis</i> - <i>Print Ad Campaign Development</i> 	(part of internal effort) (part of internal effort)					
	=====					
	=====	=====				
	=====	=====				
 Implementation <ul style="list-style-type: none"> - <i>Presidential Letter</i> - <i>MD Letter</i> - <i>Delegation Visits</i> - <i>Commercial Councilor Follow-Up</i> - <i>Ongoing Press Relations</i> 			=====			
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