

TO: The Council

FROM: Business Development Advisor

MEETING DATE: 30 March 2009

SUBJECT: TEMPORARY CHANGE TO MARKETING SUPPORT PROGRAMME

SUMMARY

The current Market Support Policy (E 101/6) only supports visits to or from new clients or new markets. In the current challenging economic climate the Economic Development Unit believes that solidifying current customers and key suppliers is vital for businesses selling outside Dunedin. The Unit has recommended that the Market Support Policy be altered for the next 12 months to allow grants to be made available for market visits to, and inward visits from, key current customers or suppliers.

In addition to the extended scope of the Marketing Support grants, a streamlined, simplified support grant has been proposed which would cover the costs of flights (up to a value of \$500 per business) to encourage businesses to meet face to face with key customers or suppliers. This grant would utilise the processes of the Marketing Support Policy but would allow faster, simplified approval, and reporting. Initially this "business travel project" would be limited to 20 flight grants.

IMPLICATIONS FOR:

- | | |
|--|-----|
| (i) Policy: | Yes |
| (ii) Approved Annual Budget: | No |
| (iii) LTCCP/ Funding Policy: | No |
| (iv) Activity Management Plans: | No |
| (v) Community Boards: | No |

RECOMMENDATIONS

1. That this report be received.
2. That the proposed change for the Market Support Policy (E 101/6) be approved for the 12 months starting 1 April 2009.

The following criteria would be replaced:

4. *The activity must expand the international, national or local market, with preference for an activity that expands the international or national market.*
5. *The business must be undertaking specific, targeted opportunities to expand their international, national or local market in order to grow their business.*
6. *The Dunedin City Council may provide up to 50% of the funding for a proposal. The applicant will provide the balance.*

with the amended criteria as below:

- 4/5. *The activity must be undertaking specific targeted opportunities to retain or expand their international, national or local market in order to develop their business. This may include ensuring confirming key suppliers.*
6. *While the Dunedin City Council normally only funds up to 50% of the funding for a proposal, for grants of \$500 or less, up to 100% may be funded at the discretion of the Chief Executive.*

INTRODUCTION

This report outlines the reasoning behind proposed temporary changes to the Marketing Support Policy in order to allow the Economic Development Unit to assist businesses in what are challenging economic times.

BACKGROUND

The current criteria in the Marketing Support Policy states that:

4. *The activity must expand the international, national or local market, with preference for an activity that expands the international or national market.*
5. *The business must be undertaking specific, targeted opportunities to expand their international, national or local market in order to grow their business.*

With Dunedin businesses facing a challenging economic climate, the Economic Development Unit has identified a need to support businesses which need to ensure the stability of key current customers and suppliers. Solidifying these key contacts may not lead to business growth, but it could be essential to business survival, and job retention.

At present the application form to apply for Marketing Support is not onerous, and the Economic Development Unit can normally process and obtain approval within 10 working days. However it was felt that it would also be good to have a simpler, more streamlined way of supporting businesses to travel to meet with existing key suppliers or customers. The possibility of fully funding a limited number of flights for business travel has been explored but this would currently contravene the following clause;

6. *The Dunedin City Council may provide up to 50% of the funding for a proposal. The applicant will provide the balance.*

DISCUSSION

1. Expanding scope of Marketing Support programme

It is proposed that from 1 April 2009 that an amendment to the Marketing Support Policy be adopted that replaces criteria 4 and 5 (as quoted above) with;

- 4/5 *The activity must be undertaking specific targeted opportunities to retain or expand their international, national or local market in order to develop their business. This may include consolidating relationships with key suppliers.*

If adopted the wording of the Market Support Programme guidelines would be changed to:

1.1 Market Visits

Current:

The key for expanding business is for firms to visit the marketplace and make direct contact with new customers.

Proposed:

"The key to expanding business is for firms to visit the marketplace and make direct contact with new and current customers and suppliers."

1.2 Inward Visits

Current:

The Market Support Programme will enable Dunedin firms to bring a customer, or customers, to Dunedin for the purpose of strengthening relationships, the introduction of a new range, consummating a sale or similar activities

Proposed:

"The Market Support Programme will enable Dunedin firms to bring a customer or suppliers to Dunedin for the purpose of strengthening relationships, the introduction of a new range, consummating a sale or similar activities."

2. Business travel project

To encourage businesses to meet face to face with key customers or suppliers a streamlined, simplified support grant has been suggested which would cover the costs of flights (up to a value of \$500 per business). This grant would utilise the processes of the Marketing Support Policy but would allow faster, simplified approval, and reporting. Initially this "flights project" would be limited to 20 flight grants.

The programme application would consist of a simple three question entry form:

- Who do you want to see and how important are they to your business?
- Why do you need to meet?
- What do you hope to achieve?

Entries would be reviewed by EDU staff with the final 20 agreed to by the existing Marketing Support review panel consisting of the CEO and Chair of Economic Development Committee. Businesses would be reimbursed up to \$500 upon presentation of flight receipts and would have up to two months to take the flights. A report outlining the visit outcomes would be required three months from the visit. This project is designed to allow for firms to get out into the market in an easy and timely way.

It is proposed that from 1 April 2009 for a period of 12 months that an amendment to the Marketing Support Policy be adopted that replaces criteria 6 (as quoted above) with;

6. *While the Dunedin City Council normally only funds up to 50% of the funding for a proposal, for grants of \$500 or less, up to 100% may be funded at the discretion of the Chief Executive.*

CONCLUSION

The Market Support Programme has proven to be a valuable support mechanism to many Dunedin businesses since first being introduced in 1997. It has been reviewed in the past to take into account changing business conditions and opportunities as they arose.

With the current economic situation it is seen that a change to the criteria of this programme could greatly benefit Dunedin businesses by helping retain existing clients and existing markets along with ensuring that relationships are maintained with key suppliers. The addition of a fully funded business travel grant would also assist local businesses in the short term.

Prepared by:

Approved for submission by:

Ross Grey
Business Development Advisor

Peter Harris
Manager, Economic Development Unit

Approved by: Kate Styles
General Manager Strategy and Development

Date report prepared: 17 March 2009