



CHAPTER 3

RESEARCH OF A SOLUTION TO THE PROBLEM



CHAPTER 3

3. RESEARCH OF A SOLUTION TO THE PROBLEM

3.1 EXPLORATORY INVESTIGATION OF ALTERNATIVE SOLUTIONS TO THE PROBLEM

Advertising has a very important role in industrial marketing because the purchases are based mainly on custom requirements and quality specifications. The buyer receives all kinds of professional, technical and specialized publications about each one of the different industrial products. This is due to the fact that advertising is one of the main sources of information about the availability of the products. It includes the following precise information:

- Production capacity
- Characteristics of the product
- Design
- Additional benefits

The marketing of industrial products, is focused on communicating precise and detailed information about the product. Therefore, the most common activities done in the marketing department are:

- Technical catalogues of a product
- Feature based brochures
- Mail-outs announcing the novelties, features and new technology innovations of a product
- Exhibitions
- Advertising in diverse specialized publications: magazines, online sources



Headland Machinery reviewed different possibilities that could resolve the main problem. The following possible solutions were taken into consideration because they cover the precision engineering industry:



TIFA- Tooling Industry Forum of Australia

This organization is based in the state of Victoria and is the peak industry body, which represents and promotes the Australian tooling industry. This on line source covers a small sub-segment of AMTIL (see below) and represents most of the companies that are in the precision engineering industry.

The primary focus of TIFA has been in the automotive industry which is a highly demanded market. All members of this organization have to pay an annual fee. Once a member is signed up, it has unlimited access to information of the market and contact details of other members as well.



AMTIL- Australian Manufacturing Technology Institute Limited

Based in Victoria as well, the Australian Manufacturing Technology Institute Limited (AMTIL) is a national body that represents the interests of companies specifically in the machine tool, precision engineering and ancillary equipment sectors - whether they are manufacturers, importers or distributors, or general manufacturing technological companies. This is the most important organization because it has the most extensive audience, it's owned by members and has a charter to help grow the Australian Manufacturing industry.

Publications

AMTIL also has a printed publication; Australian Manufacturing Technology Magazine. This magazine is a market leader distributed monthly to 10,000 key industry contacts.



This magazine is ran by the industry and for the industry with a special focus on metal machining/cutting and fabrication. AMTIL also issues monthly newsletters to its members, keeping them up to date with relevant industry issues.

Exhibitions

AMTIL owns and operates the Austech trade exhibition, the major machine tool and manufacturing technology exhibition in Australia. Austech provides a unique forum that generates activity between companies exhibiting manufacturing technology and visitors interested in expanding their horizons. Austech runs in Melbourne and Sydney in alternate years and is generally scheduled for the month of May.



FERRET

www.ferret.com.au

Ferret is an online source published by Reed Business Information (RBI) which is Australia's leading and largest business to business (B2B) publisher and information provider.

Ferret is the biggest online information resource for the manufacturing sector that contains the most comprehensive information, searchable news archives and directory on the web. It provides with the latest issues and news online that shape the manufacturing industry in Australia and New Zealand.

Different products and suppliers are advertised on this site, and editorials are posted for free as apart of their services.

The information available online from Ferret is drawn on news and resources from various existing print magazines focused on diverse industries such as Manufacturer's Monthly and FEN among others.



Manufacturer's Monthly

This magazine is regarded as Australia's leading manufacturing industry publication and concise information on new products from Australia and overseas, technology updates and industry



news. It provides in-depth application articles and indispensable exhibition previews, making the magazine essential reading for the industry's decision makers.

Manufacturers' Monthly allows companies to post editorials for free, therefore, it reaches more managers than any other manufacturing magazine in the country.



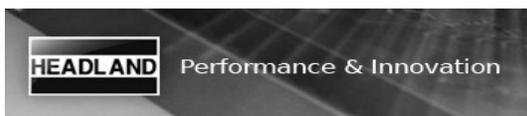
FEN- Factory Equipment News

Since 1965, FEN has supplied readers with the most effective tool available to assist in the specification and purchase of new technologies for manufacturing.

This monthly printed magazine offers the insight of different experts into current and future trends with real application for the manufacturer. These insights help buyers and specifiers determine where a particular technology is going, when to buy and what to buy.

This publication offers free editorials to manufacturing industries, just like FERRET. Due to the partnership between FEN and FERRET, FEN's customers can freely post questions related to products through Ferret's website.

This magazine is widely known for its approach to trendy products and latest technologies.



Website

www.headland.com.au

Another alternative approach to help resolve the main problem of Headland Machinery was the need to update their website. The key issue in this case was the lack of proper website content. In other words, it was outdated, the information was not complete, it was too simple and the precision engineering section was not included.

Since a website is such an important tool for every company, when it is incomplete it cannot reach to a larger and appropriate audience. In the case of those few customers across Australia that were aware that Headland was new into the precision engineering industry, they could not obtain the proper information on products and suppliers. At the



same time, the suppliers were not able to access the information of what products were displayed.

Due to the fact that Headland Machinery owns several branches in the country, it was very important and necessary to update its website so every customer could access to the information and services at any time.

E-mail Newsletter

This resource is one of the most effective instruments used in industrial marketing. Due to the fact that industrial business to business (B2B) approach is different from business to end customer (B2C), the distribution of newsletters as a solution to reaching the target market can be extremely useful.

Because e-mail is the most common tool used in industrial business to business as well, customers are more likely to read news than they are to read ads.

One of the significant features of resorting to it, it's the capability of approaching large audiences (in Australia and overseas) for a very low cost. This tool is cost effective and helps announce important events, new products and news of the company. It is particularly important to send quality and valuable information in such way to keep the customer/reader interested by mentioning topics that are important instead of just making use of their mailboxes. Since the content should not be long, it is important to immediately 'sell' the benefits and features of the product.

In addition to the rapid growing Internet use at the workplace, almost every company is capable of accessing it. Therefore, in each email newsletter in a B2B application, the company would only miss a small percentage of the target market or decision makers.

Note: In the case of industrial manufacturing, specifically in precision engineering, radio and television do not play an important role in advertising due to its high cost and the



small target audience they can reach. Also, these media are focused on mass advertisement, while the segment in precision engineering is small and specific.

3.2 EVALUATION OF THE SOLUTIONS

Magazine

This point refers to FEN and Manufacturer's Monthly availability to reach a large audience within the segment of interest and the cost of a full page coverage to advertise Headland Machinery and its products.

To complement this point, it is very important to consider the quality of the articles printed as well as the images. In this media, the reputation plays an essential role, because it should be sustained in credibility of the information presented.

Search Engine

In the specific case of FERRET, as proposed engine, the evaluation criteria that will be taken into consideration is the amount of readers it can reach, the content of the articles posted by the search engine as well as the information provided in the editorials published by different companies. Also, it is important to consider the availability to reach the proper target segment.

TIFA- Tooling Industry Forum of Australia

The criteria that will be taken into consideration for this online source are the benefits of becoming a member, the reputation of the organization, content of the information and type of audience it reaches.

AMTIL- Australian Manufacturing Technology Institute Limited



As mentioned before, AMTIL can be found on a printed source (magazine) and online source (through its website). Also it owns Austech, which is the most important exhibition in the country. Therefore, the criteria for each one is different. In the case of the magazine and online source is highly important to consider the cost of becoming a member and the benefits it includes. For the printed source should be considered the diffusion of the magazine in the market and the amount of readers it can reach. In the case of the online source, it will be considered the reputation of the members, the information published online and its content. For Austech, the criteria to evaluate are the cost to set up a stand at the show, availability and location of the exhibition.

Note: Competitors

Due to the limited media available for the precision engineering industry, it is important to consider in which media the competitors advertise. In this way it is possible to measure the effectiveness of the used media because they direct their sales message to the same market as Headland Machinery.

3.3 SELECTED SOLUTIONS THAT CORRESPOND TO THE CRITERIA OF HEADLAND MACHINERY

FEN/FERRET

Magazines have a high degree of printing quality due to they type of paper they use which allows excellent photographic reproductions and the use of color. The life span of the magazines is probably the longest of all the media available, which allows the message to perpetuate as well.

Due to the outstanding reputation they have; FEN as a printed magazine and FERRET as an online source, including the good content on the published articles, and the possibility to publish editorials for free in both of them are a great solution to solve partly the



problem. FERRET can reach a broad international audience and both of them have a good impact on the precision engineering market.

Strategy

The editorial will be written and designed by me, and the same article will be published in both sources. With the use of FEN and FERRET, Headland Machinery expects to increase the number of enquiries, obtain new contacts (through enquiries) to add to the data base, and market recognition in the industry.

Website

As mentioned previously, the current website is incomplete. Therefore, the company decided to update the content, the image and the information displayed. For first time the precision engineering section and its suppliers will be added. Suppliers will be able to verify the information of their products and the way they are advertised.

Strategy

I will be working in junction with a graphic designer to make the proper changes. I will be in charge of adding the section of precision engineering.

With a proper website, the company expects to obtain a better market recognition, get enquiries from all over Australia, introduce Headland Machinery into the new industry and its suppliers association, acquire new customers and provide the right information to the existing ones.

Email Newsletter

Because e-mail is the most common tool used in industrial business to business the company decided to use email newsletters to help solve the problem. This is because



email can reach large audiences, it can be sent to the proper target market and most of all because of the low cost.

Strategy

I will be in charge of writing, designing and mailing the proper newsletter to the customers. The content of the newsletter should be discussed according to the yearly Strategy done by me and my supervisor.

With the use of email newsletter; the company expects to get placed in the customer's mind. It should also create brand awareness and build customer relationship. Relying on newsletters is a powerful tool to advertise events such as Austech, machinery on sale, new technologies and any other kind of information the company wants the customer be aware of.

TIFA

Headland Machinery will briefly rely on TIFA just to increase the number of customers on its data base. Because the company will not sign up to become a member, it will get only limited access to the website information.

Strategy

I will be in charge of exporting all TIFA's contacts to Headland's current data base in order to build it up. The lack of a proper data base was one of the main causes of the problem as mentioned previously in chapter 2.

With a complete data base, the company is able to reach to a bigger and proper audience in Australia and send any kind of information regarding precision engineering, through the newsletters.



AMTIL

Headland Machinery has been member of AMTIL since 1999, therefore, it would only be normal to continue its membership and take advantage of it to solve the great way the problem.

In February of last year Di Kloe, director of the company, was named president of the member's board of AMTIL. Being an AMTIL member, offers a wide range of benefits including discount on floor space at Austech Exhibition, discount on advertising in AMTIL's magazine, access to members information, and regular newsletter and industry updates.

Strategy

Headland will use the member's benefits to increase the number of contacts in the data base. With this, the number of newsletters sent will be higher and it will reach a larger audience with more possibilities of positive results.

The company will advertise its new suppliers in the back cover of the monthly magazine. The ads and its content should be done according to a Strategy designed by me and my supervisor. Secondly, Headland will advertise all of its suppliers in Austech which usually runs in May. It is important to point out that exhibitions are a very reliable source because their main objective is to set the environment for future transactions, promote public relations, gather information related to the industry, and gives to the industry and the consumers the opportunity to see up close the product and the technological advances, and bring together potential customers at the same place.

At the exhibition, a Nakamura Tome machine will be shown and demonstrations of the machine's performance will be given live to the customers. It is important to recall that the machines brought to the exhibitions have to be sold in advance. It is not possible to bring a machine of each supplier due to the amount of space that each machine takes and the costs it implies. In the case of the Nakamura Tome machine it has not been sold, yet



Headland will display it and pay for all the expenses. This is part of the Strategy to introduce the suppliers to the customer and build market recognition for Headland.

During the exhibition all important staff of Headland will be present including the directors to attend the customer's needs and a team of service engineers to do the demonstration.

AMTIL is the strongest source that will help resolve the main problem. Headland expectations are: customer's brand recognition in the precision engineering industry and its suppliers association through the constant ads in the AMTIL magazine, increase the number of enquiries through the newsletters and Austech exhibition, and eventually sell the machinery.

In the next chapter, a detailed strategy and budget structure will be explained with all information to complement this chapter.