

XYZ Manufacturing Company

Marketing Plan

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1.0 Executive Summary

The overall strategy for the Measurement Instrument Business Area is to break the markets into three broad segments; building automation, chambers & clean-rooms, and certain specified industrial applications. This marketing plan is specifically developed Chambers & Clean-rooms segment. The plan will delineate the strategy and tactics that we will use in the U.S. and Canadian markets to achieve the corporate mandated target of 15% annual growth. In March 2008, XYZ commissioned Boston Consulting Group to conduct a market analysis and the data is used as support for this marketing plan.¹

The plan will be dynamic in nature in that the long term strategy is to become the preeminent supplier/manufacturer of environmental instrumentation in this market segment and thus going from the current 3% market share to a 20% market share within 5 years. The strategy is to start on January 1, 2009, however, at that time we will not have any new offering or new position with this segment. Therefore, the initial strategy will be to leverage the current brand equity of reliability to sell more of the existing instruments to this market. Existing instruments include devices to measure humidity, temperature, and carbon dioxide configured as fixed, portable, and probes/modules. The future strategy will be to develop of acquire more diverse instruments and gain larger share of wallet as we introduce these new products.

There are 3 critical recommendations that will allow us to execute this plan and make growth and market share gains within the market segment;

- Improve the website to include transactional events for requesting quotes, placing orders, and checking order status
- Purchase and implementation of a lead management system allowing for multiple automated marketing activities, evaluation, and easy creation of materials
- Rapidly increasing the product and service offering so that we are taken seriously as a primary supplier to this market segment

Over 90% of technical buyers go to the internet to research product purchase and vendor evaluation.³ This is an extraordinary statistic and thus it drives the overall strategy where each and every marketing activity is designed to drive people to the website. We want prospective customers and existing customers to have experience with the web site as a place of value. The ultimate goal is to place XYZ top of mind with any person who has or may have a need for environmental measurement within cleanrooms or chambers.

2.0 Situation Analysis

The market segment is defined as cleanrooms and chambers and has been chosen based on past success in selling products to this segment in conjunction with the potential to gain market share by specifically targeting the needs of these markets. Past marketing strategy has been product marketing centered to a very broad array of different industries, markets and applications. The diversity of the marketing strategy and budget is evident in the fact that the 2008 print ad plan included advertising in more than 35 different publications with none of them effective. In order to facilitate growth, the company has chosen to focus resources on three specific market segments.

Cleanrooms and chambers is one of the three segments and this plan addresses this particular segment only. The XYZ brand is associated with reliability, stability, premium performance and premium price. When companies need reliability and top performance, they are willing to pay a premium for XYZ products. The strategy we will outline attempts to leverage this brand equity in order to sell more of the existing products to this segment and, later in 2009, to expand to offer more environmental instruments to the segment through internal development and/or through acquisition.

2.1 Market Summary

The specific target markets are defined in Figure 1 and are based on results of the BCG market analysis. The target markets are grouped into demographics for the purpose of consolidating the message to fit the demographic categories as defined in section 2.1.1. The largest potential for growth is in the cleanroom markets where XYZ owns only 3% market share and where there is not one dominant company that provides instruments to this segment. In the chambers target, XYZ already owns 20% market share and potential is available, but not as robust as in the cleanroom target market¹.

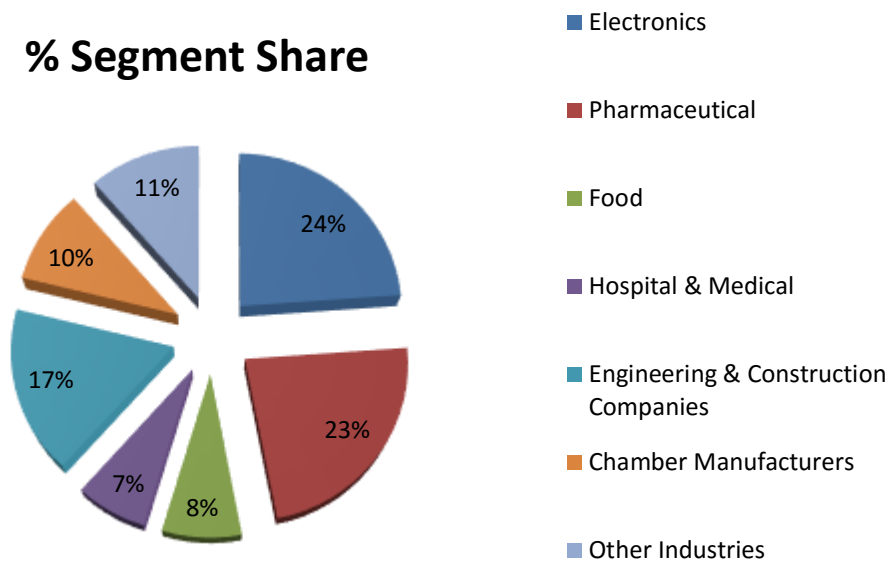


Figure 1

2.1.1 Market Demographics

The marketing plan is constructed for business markets in the United States and Canada. We are amalgamating the 7 target markets into two demographics where cleanrooms and/or chambers are used as a critical part of the manufacturing process. These are classified as “end users” and “OEMs”. An end user is defined as one who operates or owns the cleanroom or chamber as utilized in one of these industries. Original Equipment Manufacturers (OEM) are companies that manufacture or construct cleanrooms and chambers. These groups construct a cleanroom or chamber that would be purchased by one of the end users. The choices are based on past business and potential market growth as defined by the BCG study. We have further separated these two demographics into subcategories and how they tie to the target markets.

Life Sciences & Food Industry – end user. This demographic includes pharmaceutical, biotech, and medical device manufacturing companies and food processing companies such as breweries, dairy products, pet food, and any other food industry that utilizes cleanrooms or chambers for process, development, or testing.

Hi-tech Industry – end user. This demographic includes manufacturers of semiconductors, flat panel monitors, automobiles, and other sensitive electronic devices that utilize cleanrooms or chambers for process, development, or testing.

Cleanroom Construction and Design Firms – OEM. This demographic includes engineering and design firms, construction companies specializing in cleanroom fabrication, control system integrators, and modular cleanroom suppliers.

Chamber Manufacturers – OEM. This demographic includes companies that construct various types of chambers including incubators, temperature testing, humidity testing, stability, glove boxes, isolators, and other specialty chambers used in a manufacturing process.

2.1.2 Market Needs

Accuracy, Reliability & Durability. Manufacturing facilities such as those described in the previous section utilize cleanrooms and chambers as critical devices for the manufacturing processes. Because these processes must be tightly controlled, instrumentation must be accurate, reliable, and durable. When instrumentation does not meet these basic requirements, the result may be decreased yield, hazardous waste, poor quality, lost product or excessive waste. The instruments must be durable and able to stand up to harsh conditions such as high humidity and extreme high and low temperature ranges without failing or losing accuracy. Examples of harsh or extreme conditions include; high and low pressure, high and low temperature, very humid air, very dry air, chemicals in the air, wash down environments, and frequent condensation events.

By manufacturing instrumentation that is well known to offer these attributes and has been proven to fulfill these requirements in environmental measurement, we will provide the owners and operators of these rooms and chambers opportunity for more efficient production resulting in higher yield, minimal downtime and more consistent quality.

Efficient & Timely Delivery, Repairs, Spare Parts. The end users and the OEM companies require efficient and timely delivery of new instrumentation. OEMs rely on deliveries to occur as promised so that they can in-turn deliver finished product to their customers. New construction is deadline driven and the ability to maintain the construction schedule often lies with timely and accurate delivery of controlling instrumentation. End users require fast delivery of replacement instruments or repairs since many times the process relies upon a critical measurement in order to continue operation. Repairs must be timely and reliable so that downtime is minimized and manufacturing time is maximized. In addition to replacements, repairs, and spare parts, end users and OEMs require uncomplicated access to competent technical support for quick troubleshooting, help with installation issues, and help with start-up operation.

Ease of operation. Instrumentation must be easy to understand, operate and maintain. An option for in-place field calibration is highly desirable because it allows that the process will not need to be shut down due to removal of the control instrument. Simple and configurable instruments reduce the complications of measuring and controlling a process. It should be noted that although the installation, operation and maintenance are simple, the technology itself is quite complex.

2.1.3 Market Trends

There is an increasing need for more cleanrooms and chambers as process technology requirements become more precise and require tighter control. Pharmaceutical companies are moving from small scale to large scale manufacturing and in so doing will build more multipurpose pilot plants and require more standardization of plant conditions for global distribution, all requiring instrumentation.

As the population ages, hospitals have increasing needs for clean room facilities for quarantine and isolation in critical procedures such as delivery rooms, nurseries, burn units, intensive care units and cardiac care units.

Demand for electronics is expected to increase steadily at least until 2015 globally. Growth is mainly occurring in Asia where labor is less expensive but growth is also expected to be positive in the North American markets.

2.1.4 Market Growth

Based on the BCG analysis of the cleanroom and chamber markets, cleanroom construction and chamber manufacturing is expected to grow at an annual rate of 9% in North America with related increase in the demand for the environmental instrumentation required to measure and control the environments.

2.2 SWOT Analysis

The XYZ brand is strong and well known which will allow the leveraging of this strength to gain market share on top of the expected organic growth of the industries. The company is strong financially and can negotiate from a position of strength in purchasing high quality companies that fit with the overall strategy of increasing market share within this segment. As a company based on manufacturing technology and processes, there is some hesitation to embrace the web commerce and transactional benefits of the web and this may prevent us from gaining some customers who expect on-line automation in ordering, servicing and selecting the instruments in an efficient manner. There is a very strong opportunity to become the dominant player in providing environmental measurement instrumentation to the cleanroom market because, as of today, there is not a dominant player.

2.2.1 Strengths

Brand Equity. XYZ is a 73 year old company that was built on technology that works as promised. Current prestigious and influential customers such as National Weather Service, FAA, Eli Lilly, Intel, Nestle and Pfizer to name a few, standardize on the XYZ brand almost exclusively. The brand is very well known throughout the chambers and cleanrooms industry for humidity, temperature, and carbon dioxide measurement instrumentation. The brand signifies ruggedness, durability and reliability in the marketplace.

Culture of Innovation. The R&D department consists of more than 100 scientists and engineers with annual expenditure typically 10% of net sales. The founder of the company, Vilho XYZ, was an innovator and that culture carries through to the company as it stands today. This culture of innovation allows the company to continually strive to lead the environmental measurement industry in developing cutting edge technologies.

Manufacturing Processes. By creating and maintaining an efficient, fast delivery process, customers receive instruments in as few as 3 business days. Instruments are configurable with hundreds of thousands of different configurations available to customers providing the versatility and customization that many customers need and want. These processes are in place with a high barrier to entry for new companies to compete at the same level of efficiency and production.

Proven Superior Performance. The measurement technology is superior to most other humidity sensors on the market. Customers choose and stay with the XYZ instruments because the sensors are stable, repeatable and stand up to harsh conditions where competitors are not able to perform.

Strong Balance Sheet. At the end of June 2008, the company reported liquid assets of 90 million EUROS². The company carries no debt and reports a solvency ratio of 86%. Because of this high level of liquid assets, the company is able to expend resources to expand the offering to this segment and enhance the position as the leading supplier of environmental measurement instrumentation. Additionally we are able to expand awareness through increased marketing activities and develop new technologies and instruments internally.

2.2.2 Weaknesses

Lack of ability for e-commerce. In the current global market environment where a company sells products that are simple and in many cases the price is less than \$1000, it is essential to offer the option of on-line purchase transactions. XYZ does not offer this feature and does not plan to offer this feature. The company also avoids providing transparent pricing on the web pages even though pricing is published for the general market. Not only is this causing a loss of sales to competitors that do offer on-line commerce, but it demonstrates a lack of technical savvy which may lead to eventual and gradual erosion of brand equity. Typically, the humidity, temperature or CO₂ instrumentation are a very small expenditure for a cleanroom project and buyers want to buy quickly and feel confident in performance and deliverability. Having to go through a cumbersome process of requesting a quotation, waiting for the quote, preparing a purchase order, faxing the order, receiving a manual invoice, etc. is fast becoming a hindrance to the efficient purchasing processes that most companies strive for in this modern business age.

Slow Moving to Launch New Modern Technology. Although the company spends significant funds for R&D, technology is slow to launch. In the past new technology has taken 5-10 years to get to market. After a market asks for new technology, by the time the XYZ technology reaches the market, other companies may have already developed the solution and the technology may no longer be “new”. It is important to be able to move quickly in providing customers or prospective customers with the specific features and benefits that they need.

Weak integration of enterprise systems. In conjunction with the lack of e-commerce, the enterprise software system is not efficient and not integrated. Customer information is stored in 2 separate databases and the two do not share information. Because of this, the sales and customer service teams are not able to easily determine the buying history of a customer. Without complete customer data, it is difficult to serve customers completely and understand their buying habits and instrumentation needs. This lack of information and the lack of ability to parse the information causes a less effective marketing machine.

Limited product offering within the CLEANROOMS segment. At present the product offering within this segment is limited to instrumentation that measures humidity, temperature, and CO₂. To penetrate this market successfully and be taken seriously as the major environmental measurement instrument vendor, the company will have to develop or purchase other products such as differential pressure, particle measuring instruments, air flow, bacteria measurement, etc. Small business customers have stated that they prefer to buy all the cleanroom instrumentation from one source because of reduced paperwork, eliminating multiple shipments, and eliminating having to deal with multiple vendors. It will be difficult to gain business from these smaller companies without a more diverse offering.

2.2.3 Opportunities

Strong Brand Equity allows for increased sales through cross selling and up selling. Because the brand is well known for reliable and stable humidity measurement, there is opportunity to leverage the brand in selling and marketing other synergistic environmental measurement instrumentation.

Bundling. There is not a major player in this market segment that controls significant market share in the offering of a complete environmental measurement suite. The segment may be penetrated and significant market share gained by offering a bundled suite and positioning the suite specifically for the cleanroom and chamber markets.

Acquisitions. Because there is sufficient cash available and debt is non-existent, there is strong opportunity for acquiring a company that manufactures synergistic instrumentation. The purchase would be made in Euros and with the relative strength of the Euro and the relative weakness of the U.S. economy, businesses may be available for purchase at steep discounted pricing.

2.2.4 Threats

Economic downturn. The US economy is in recession and possibly heading towards worse conditions. With a downturn in the economy, consumers will spend less and therefore manufacturing companies that are our customers will see reduced income. With reduced income we could see less expansion, fewer renovations and lower chamber sales.

Unable to organize to update products. In order to grow sales in this market segment and prove that the company is more than a humidity company, updated products, new technology and a wider variety of products is essential. If the organization is not able to streamline the process and increase the speed of making acquisitions and developing or updating products that are in some cases 20 years without changes, it will be difficult to make a serious statement to this segment that we have a message or solution that will benefit the customer.

Web sales by the competition. The competition is selling instruments similar to what XYZ sells via e-commerce. The current XYZ web site is not using all of the technology available to a modern, high tech company. At present the web pages are mainly “brochureware”. The resultant global image reflects poorly on our ‘technology brand’.

Competitors are catching up. There are instruments that the company is selling to the market today that have not been redesigned for as long as 20 years. Within those 20 years, the competition has caught up with the less sophisticated technology and these old instruments are becoming obsolete. Selling old products does not say “we are innovative and leading edge”. It is important to be aggressive in redesign and new design if we are to retain our brand image as the leader in measurement technology.

2.3 Competition

Direct competitors include ABC, Novasina, GE Sensing Druck, Emerson Rosemont, Testo, Minco and E+E. None of these competitors owns a significant share (>5%) of the environmental measurement market for cleanrooms or chambers. Competition may also come from on-line catalog companies that aggregate multiple types of instrumentation where customers can purchase all of their instruments from one vendor. Rather than shop at XYZ and multiple other vendors, due to the time and relative complexity it takes to place an order with XYZ, prospective customers may go elsewhere.

2.4 Critical Issues

The critical issue for success in this segment is being able to deliver on the promise of specializing within the cleanroom and chambers markets. It is easy to say and market a message that states this fact, but it is another thing to deliver on this promise. Without a clear concise message about why XYZ now specializes in this market segment and without delivering more than we deliver today, the message will not ring true. It is critical that the company is able to respond to provide the customers with what they want rather than try to herd the customers towards the products we offer.

The second critical issue is in obtaining the requisite marketing management software suite. This suite will allow us to execute the robust marketing activities as described below without having to add personnel or independent contractors. The software will allow us to increase productivity by at least 50% and in turn will allow us to deliver the message to the segment.

2.5 Macro-environmental

The current financial situation in North America is very poor. Credit markets are freezing, default on debt is increasing and consumer spending is decreasing. This will prevent many businesses from obtaining the capital they need for new construction or expansion and modernization and these activities may constitute a significant portion of the business that is or is not generated through this market segment. These companies are manufacturing a product for manufacturing companies that produce goods ultimately used by the consumer. If the U.S. consumer curbs spending as expected, there could be a cascading effect back to the sale of XYZ instrumentation. However, because the customer base is very broad; pharmaceutical, semi-conductor, food processing, automotive, and electronics, the effect should be dampened. In today's financial climate, we must maintain our vigilance in monitoring the business and from where the business is flowing.

3.0 Marketing Strategy

The primary strategy to grow this segment and gain market share will be to design each marketing activity to drive people to the web site. Each and every marketing piece and activity will be designed to position the company as a source of knowledge leading to the position as a source of solutions for environmental measurement applications. By offering knowledge and value as a solutions provider, we will assume the position as the expert in environmental measurement within the segment. The value offering will include a variety of white papers, case studies, seminar registration, webinar registration, engineering calculators, e-books, and others as developed through the year. In order to access these various tools, a person must register and in registering, we will capture their information to the marketing database. Once in the marketing database, we will monitor their activity on the web pages and determine their readiness to purchase resulting in direct follow up by the sales team or inclusion in a nurturing program assuming a future purchase. The basic idea is to make sure prospective customers know what we do, know how we can fill their environmental measurement needs, and then be readily available when they need our solution.

3.1 Mission

The CLEANROOMS segment products and services significantly improve the cleanroom owner and chamber operator's ability to control the environment through higher accuracy, stability and repeatability of the environmental instruments. In so doing, research is better controlled, quality is improved, and efficiency is gained.

3.2 Marketing Objectives

Initially within the first 6 months of 2009, the objective will be to promote the solutions and knowledge centered on the existing products. The current product line includes various instruments that measure humidity, temperature, and carbon dioxide. Objectives will be twofold;

1. Increase awareness of the products and the brand image by promoting the knowledge tools among the target group of potential customers not already in our CRM database through various activities including print ads in target trade journals, tradeshows, internet search, vertical web portals, direct mail, and e-mail.
2. Identify and market to current CRM database target customers and prospective customers to reinforce their selection of products and reinforce the value of the continuing to do business with XYZ.

We will measure effectiveness by the number of on-line form registrations we receive in exchange for various informational items. Secondary measure will be the number of inquiries received directly via e-mail or telephone. We will track the results with an on-demand lead management system such as Eloqua, Vtrenz, or Manticore.

Subsequent to the first six months, the strategy may evolve to include promoting additional instrumentation acquired through internal development or acquisition. As we are able to offer a more comprehensive solution to the target segments, the objective would shift from product features and benefits to the offering of complete instrumentation packages as specialists in this market.

3.3 Target Markets

1. Life Sciences & Food Industry Cleanrooms. This market is made up of pharmaceutical, biotech, and medical device manufacturing companies where cleanroom operation is a critical component for efficient and successful production. Also included here is food manufacturing including breweries, dairy, bakeries, pet foods, etc.

2. Electronics and Automotive Manufacturing Cleanrooms. Target includes semiconductor, solar cells, flat panel monitors, disk drives and other sensitive electronic manufacturing facilities. Automotive and engine manufacturing companies utilize various combinations of chambers and rooms for engine testing, painting, and other processes.

3. Cleanroom Engineering, Design and Construction Companies. These companies may be involved with cleanrooms in new construction, retrofit, design, HVAC, or instrumentation and controls integration. This target market would be resellers or recommenders of the instruments.

4. Chamber Manufacturers & End Users. This target includes companies that manufacture chambers of all sizes and purposes that would require controlling instrumentation. Specifically, these chambers are incubators, temperature cycling, humidity cycling, carbon dioxide, and others. The end user is the company that purchased a chamber from the manufacturer, but requires further instrumentation for testing or confirming operation, replacement parts, or refit of existing instrumentation.

These target markets were chosen based on previous success in selling to these markets and the potential for growth. The total global instrument market for cleanrooms is \$315 million per annum and expected to grow at an annual rate of 12% for the next several years. At present XYZ owns only 3% market share¹. Because of the past success in these segments without focusing specifically on the segment, we feel that by focusing and marketing direct to this target, there is significant opportunity for growth of 15 – 20% per year.

3.4 Positioning

Cleanroom and chamber owners and operators require reliable, stable, and repeatable measurement with flexibility in configuration of power, output, signals, probe type, and communication options. XYZ fills these needs unlike competitors whose sensors tend to drift excessively over time especially in extreme humidity or temperature. Pricing of XYZ instruments is higher than the standard offering and customers will choose XYZ for reliability as described above. Cleanrooms and chambers with less critical tolerances may choose a less expensive brand if the reliability, accuracy, and repeatability is not important. Additionally, we will position the company as “the expert” in making these measurements within the specific applications throughout this segment. By positioning the brand as the expert, providing value and causing customers to return to our website over and over, the ultimate position we will attain is top of mind so that when the day comes along when they do need to purchase an instrument, XYZ is the first place they will go for the purchase.

3.4.1 Perceptual Map

When we compare XYZ and the three main competitors with regard to performance and service, XYZ ranks high in both areas. Performance takes into account accuracy, stability, and repeatability while service takes into account availability of service and calibration within the U.S., parts availability, and speed of repair and general perception of customer care. ABC and GE Sensing offer comparable performance, however neither company is able to offer a high perception of customer care or rapid delivery of service. Minco offers a lower level of performance with mediocre service opportunities. Because the XYZ brand is related to superior performance and superior service, we are able to command a premium price if a customer has the need for both of these attributes. See Figure 2 for a graphical representation of the perceptual map.

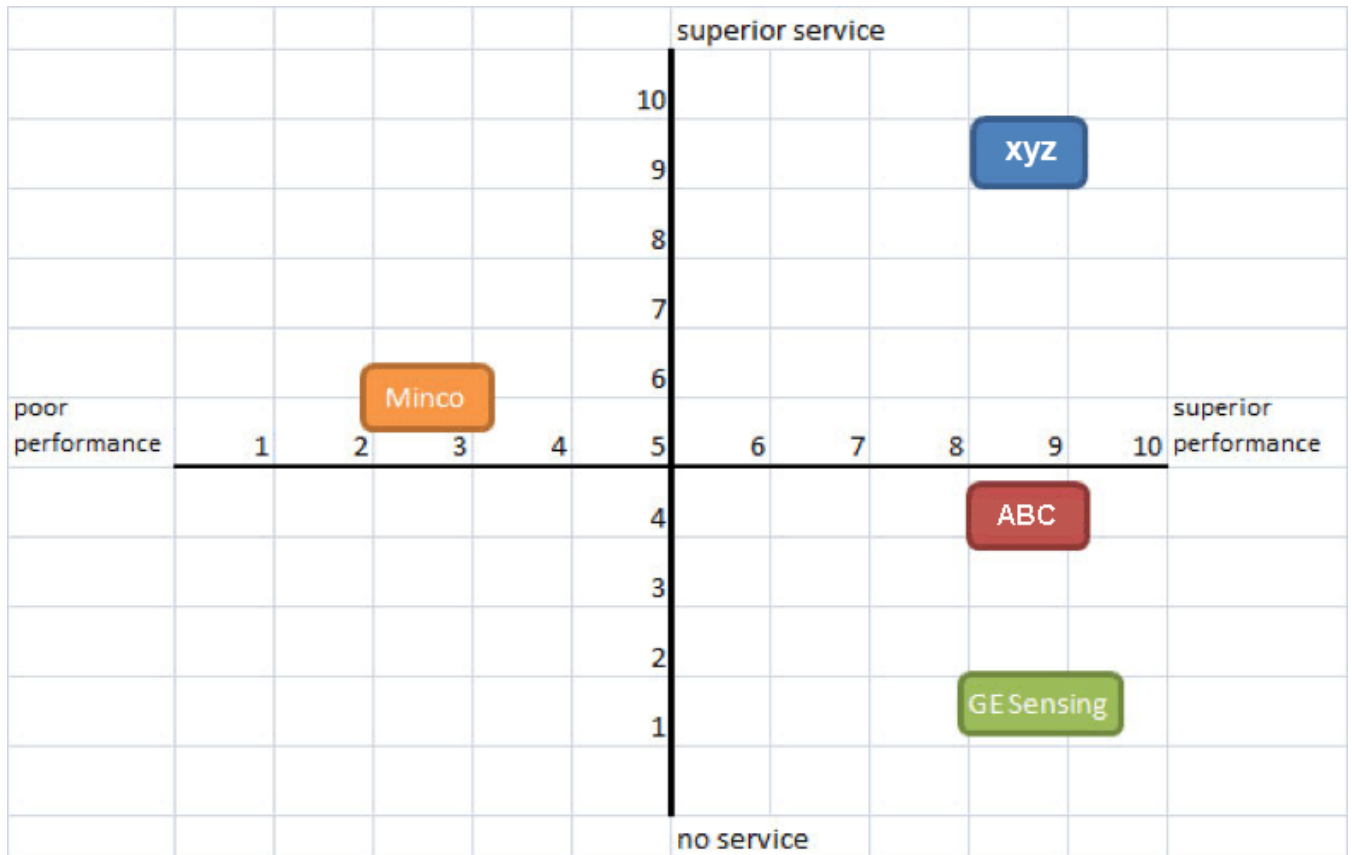


Figure 2 The Perceptual Map

3.5 Strategies

Value Proposition. The message to customers and prospective customers is that XYZ offers reliability, plain and simple. Reliability means that the measurement is accurate, stable, repeatable, and traceable to national standards. Reliability also means that the instruments are delivered quickly which is from 3 to 5 business days from date of order. Reliability means that service, repair and calibration are readily available through a U.S. based depot repair and calibration lab located in Boston, MA. Reliability means that XYZ stands behind the instruments with 100% guaranteed repair or replacement within one year for warranty issues and available overnight or in some cases

same day for critical cases. Reliability means that there is U.S. based and globally based technical support and application support available by phone, e-mail, or instant chat on the web site.

Objectives. The sales and marketing objective is to increase sales to this segment by 15% over 2008. The strategic marketing objective is to position the brand as the preeminent supplier to the segment. We will do this by emphasizing the value proposition and striving to add new products and services to the offering mix. New products will be added through internal development and through acquisition. Specific new instruments may include particle measuring, differential pressure, flow measurement, bacteria measurement, and others. New service offering may include on-site calibration, service contracts, instrument exchange or trade-in program, and others. The ultimate objective is to become the preeminent supplier and the one-stop supplier for most environmental measurement instruments within cleanrooms and chambers.

Target Market. The cleanrooms and chamber markets were chosen based on historic sales to these markets along with growth potential. Based on the BCG Market analysis, at present XYZ owns only 3% market share in the cleanroom instrumentation market and 20% market share in the chamber instrumentation market. Cleanroom market growth is expected to be 12% to 13% and chamber growth expected to be 3% - 4%. The largest growth potential is with the cleanroom market, but we have been quite successful in the chamber market where we can gain market share with a concentrated marketing effort.

Lead Management System. A large segment of the strategy includes the use of a lead management software suite. The technology is relatively new and allows for automating the lead management process which includes prospecting, tracking results, entering information, qualifying, and delivering leads to the sales team. The software allows the Marketing team to manage multiple campaigns without adding additional people to the payroll. It is an on-demand service which means it is hosted at the vendor site and requires approximately \$80,000 annual investment. Specifically, the software supports the marketing strategy by automating demand generation programs, analyzing ROI of each campaign, monitoring actual behavior of individuals on the web site, scoring each lead for readiness to buy, and facilitating creation and maintenance of e-mails and landing pages. See www.eloqua.com for an example of this type of system.

3.6 Marketing Mix

90% of technical buyers go to the internet to find information about products and vendors.³ This is an astounding statistic and this is why our promotion/communication mix is heavily weighted towards the electronic media and why the remainder of our mix, print ads, tradeshow, direct mail is designed to drive people to the web site.

3.6.1 Products/Services

Current Offering. The products offered to the segment at present include combined humidity/temperature instruments, carbon dioxide instruments, portable instruments, and OEM probes and modules. Services include lab calibrations, lab accredited calibrations, and general repair. These products along with the service support the value proposition of reliability and superior service.

Future Offering. In order to fulfill the segment strategy of becoming the preferred supplier of environmental measurement parameters, it is important that the product and service offering is expanded quickly. Without offering a more robust suite of instruments, it is likely that the customer will lose confidence in the assertion that we specialize in this segment since humidity, temperature, and CO₂ are usually considered a small portion of the entire suite of environmental instruments. Additional instruments that should be developed or acquired include particle measuring, bacteria, air flow, and differential pressure. The service offering should also be expanded to

include on-site calibration, repair, and installation through a group of certified independent contractors. Service is a strong avenue to additional instrument sales such as upgrades, adding portables, and cross selling.

3.6.2 Price

Price will be set as ‘going-rate pricing’ based on current market prices of similar instruments. Price will be set at 10% above the market rate to support the position of a premium offering that is used when the best is needed. A certain portion of the market will not require reliability or will not be aware that they need reliability and these users will choose the less expensive instruments that are available on the market. Customers that need reliability as put forth in the positioning statement above will pay the 10% premium for XYZ instruments. Historically, the brand position has always been premium pricing for a premium offering and choosing to deviate from this would be a major departure from 25 years of market history and brand equity.

3.6.3 Place

Sales will be made through a direct channel from manufacturing through a regional sales and customer service team. We do not utilize channel partners such as distributors or retail outlets as they have proven unable to offer the expertise to the customer that supports the premium brand position. Sales support, application support, technical support and ordering support will all be based in the Woburn, MA office. The facility is manned during business hours and customers can call, e-mail, or fax to order instruments or to ask questions about pricing or choosing the correct instrument. Regional sales managers will be responsible for field consultation and presentations/demonstrations of the instruments and the value proposition. In the past, instruments have been sold to re-sellers at a standard or negotiated discount of between 15% and 25% for resale to end users, but because most of these sales are the result of a direct request by the end user, this practice should be discontinued and we should take the position that instruments are only sold via the direct channel and no entity is designated as a reseller. It is important to develop the website so that quotations and sales can be conducted online. **This type of transactional sale is a “must have” if we are to accomplish the goal of becoming the preeminent vendor for environmental instruments to this segment.**

3.6.4 Promotion Mix/Communication Mix

Marketing Tactics. The market activity strategy is designed to drive people to the XYZ web site; www.XYZ.com. Once they arrive at the web site, we want them to find valuable content such as application knowledge, case studies, white papers, diagnostic tools, e-books, etc. which will require registration to access. When they register we will automatically capture the information and it will be entered into a lead management system for qualification, distribution to sales, or nurturing. This method serves to automate the lead entry process and allows us to track the prospects web behavior so that we can evaluate where a prospects interests may lie and market specifically to that interest. The premise is that we increase the perception of value by offering knowledge based information in the form of papers, case studies, tools, seminars, webinars, etc. helping to position the company top of mind when they think of environmental measurement instrumentation.

Print Advertising. We will choose 3 trade journals that are distributed and read by the target market decision makers and influencers. Ads will be full color and 1/3 page in size appearing 4 to 6 times per year. The message will be in accordance with the value proposition of reliability and in accordance with the overall company brand image. Each ad will include a specific web page alias pointing to a landing page that will offer some type of knowledge based value in the form of a white paper, case study, webinar registration, seminar registration, etc. The purpose of the ad is to reinforce the brand and the value proposition but also

include a call to action to go to the web page (or a landing page) to acquire more knowledge about the measurement or parameter.

On-line Ads & E-newsletters ads. The trade journals where we place print ads also offer online advertisement and e-newsletter advertisements that coincide with the printed publications. We will include online ads with links to the website and e-newsletter ads with links to the web site designed to re-emphasize and integrate with the print ads.

Web Portals. A web portal is a website that aggregates companies together in an online directory of services for industry. The web portals offer a basic listing, product listing, contact information, ads, web links, e-newsletters, etc. Prospective customers visit these portals when they are searching for a product. We will subscribe to 3 web portals that are germane to this segment; ThomasNet (www.thomasnet.com), GlobalSpec (www.globalspec.com), and Direct Industry (www.directindustry.com). We will list a variety of information on these sites with the objective of driving prospects to the main website or to a landing page where they will register for more information and whereby we will capture their information for further processing towards development of a loyal customer.

E-newsletters. Effective January 2009, we will send a series of 7 e-newsletters to customers and prospective customers who opt-in. Of the 7 newsletters, one is dedicated to the cleanrooms and chambers segment and 3 others will be generic in nature to be of interest to this segment. The newsletters will be sent periodically 4 or 6 times per year supporting the objective to position XYZ as a purveyor of reliable instruments and valuable related knowledge directing people to the web site or to a landing page where they can register if they like or only to position the brand top of mind. See Exhibit 1 for the sign-up sheet and newsletter descriptions.

Humidity Measurement Seminars & Webinars. We will produce 6 live seminars around the U.S. and Canada teaching people about humidity and how to best measure humidity. We will also produce 6 webinars that act as introductory events to the live seminars and as educational events by themselves. The purpose of these events is to position the company as “the expert” in measuring humidity and related parameters. Additionally, the events will promote the knowledge on the website, reinforce the reliability of the XYZ technology, and position the company top-of-mind.

Tradeshows. We will exhibit at 5 trade shows during 2009. Three of the five are germane to this segment; Interphex, for pharmaceutical manufacturers; Pittcon, for research instrumentation; and ISA for general measurement instrumentation. The tradeshow strategy is to reinforce our value proposition for the particular segment, show people our value in the knowledge we offer, collect information for further nurturing, sign up people for the e-newsletters, and provide specific answers as appropriate. We will attend fewer shows and have a bigger presence in 2009 with a new 10' x 20' booth as opposed to the 13 shows we attended in 2008 with a small, old 10'x10' booth.

Integrated Campaigns. An integrated campaign will include a series of contacts to a purchased list of qualified prospects. The sequence will usually be; e-mail, mail, e-mail with a consistent message and call to action. The mail piece may be a postcard or a letter and in some cases we may experiment with including telemarketing as an integrated piece of the campaign. We will conduct 3 campaigns throughout the year.

Lead nurturing. As leads are collected through these various activities, they will be scored based on their activity and their basic information. Depending on the score, they will be distributed to the sales team if determined as ‘sales ready’, or they will enter the lead nurturing program. The nurturing program will send periodic contact pieces (e-mail, mail, phone call) to those that are potential customers but do not have an immediate need to purchase. The purpose of the nurturing program is to keep the company, value proposition and brand top-of-mind so that when the day arrives where the prospect decides they need to purchase, XYZ is the first choice and gets the first look.

Google Search and Adwords. Customers commonly find us through search engines and these devices are maintained by our corporate headquarters which will continue through the next few years.

Field Sales Team. The field sales team consists of 7 seasoned professionals with technical engineering backgrounds. The sales process is mainly consultative technical selling based and each sales rep is assigned a geographical territory to manage. The sales force also act as key account managers for major customers to ensure that their needs are taken care of and that the company is kept informed of those requirements. The sales team is focused on the specific market segments through a Balanced Scorecard System which rewards achievement of the overall sales goal as well as focusing on three specific market segments, Chambers and Cleanrooms, Targeted Industrial Applications, and Building Automation. With regard to this specific segment, each salesman would be expected to devote 33% of their time and activities towards Cleanrooms & Chambers market segment.

4.0 Financials

Sales in 2008 are expected to be \$32 million in the U.S. and Canada. We can attribute about 25% of the total to the CLEANROOMS segment as defined herein. This equates to \$8 million and with a marketing budget of \$385,000 we expect to contribute about 5% of the segment sales towards the marketing budget.

4.1 Break-even Analysis

Following data is obtained from the last interim report 01-08 to 06-08²:

Variable cost 43%

Objective & Task Analysis. The growth objective is 15% per annum; the marketing activities budget for the CLEANROOMS segment is \$385,000.

- Average price per unit = \$1,100.00 and is based on sales associated sales from 2008
- Variable cost is \$1,100 x .43 = \$473

Break-even volume = fixed cost/(price-variable cost) = \$385,000/(1100-473) = 572 units = \$629,200

4.2 Sales Forecast

Figure 3 represents the sales breakdown by market is taken from the BCG market study. Growth of 15% is in line with the overall growth achieved in 2008 as compared to 2007 year to date.

4.2.3 Sales Breakdown by Target Market		2009	2010	2011	2012
Potential Customers	Growth				
Electronics	15%	2,083	2,395	2,754	3,167
Pharmaceutical	15%	2,016	2,318	2,666	3,066
Food	15%	672	773	889	1,022
Hospital & Medical	15%	605	696	800	920
Engineering & Construction Companies	15%	1,500	1,725	1,984	2,282

Chamber Manufacturers	15%	850	978	1,125	1,294
Other Industries	15%	1,000	1,150	1,323	1,521
Total	15.00%	8,726	10,035	11,541	13,272

Figure 3

5.0 Controls

There are two areas where we will monitor the results of the marketing activities; sales growth and lead count. Sales growth will be determined from company accounting records. Lead count will be obtained from the lead management system. Both leads and sales will be evaluated on a monthly basis to determine if targets are being achieved. Each marketing activity will be evaluated and results compared to other campaigns to determine which are working well and which are not working well with appropriate adjustments made to optimize the activities throughout the year. In the case of direct marketing activity, we will conduct testing of variations such as different subject lines, placement of graphics, html versus text, and so on thus selecting the optimal detail for best results. We will evaluate electronic media such as e-mail and on-line ads with web analytics tools and e-mail open and click through rates to determine effectiveness.

5.1 Measuring Success

Sales growth will be evaluated monthly to determine if annualized growth remains on track to accomplish the 15% target. Leads will be counted with each lead receiving equal weight. A lead will have been created each time a new person registers to obtain information on the website, for each unique qualified visitor to a tradeshow booth, for each unique direct e-mail or phone call requesting pricing or application assistance, for each request for information in response to an ad and for each unique attendee at a seminar or webinar. The lead count target is 1000 leads per month which is a 25% increase over the monthly lead accomplishment of 2008. The 25% increase in leads is expected to yield a 15% growth rate.


6.0 References


1. Study commissioned by XYZ, Oyj, to Boston Consulting Group, completed March 2008
2. XYZ Corporation Stock Exchange Release, July 8, 2008;
3. Marketing Sherpa 2008-2009 Business Technology Marketing Benchmark Guide; Copyright 2008

7.0 Exhibit 1



Check the Knowledge NewsLetters you would like to receive.

 **Humidity Solution Notes** (4x per year)
Theoretical and practical information about humidity measurement, science, psychrometrics, pressure & temperature effects, etc. Excellent for anyone who wants to better understand humidity and reinforce good measurement practice.


 **Oxygen & CO₂ Gases Solution Notes** (4x per year)
Theoretical and practical information about the gases oxygen and carbon dioxide, science, pressure & temperature effects, etc. Excellent for anyone who wants to understand these two gases and to reinforce good measurement practice.

 **HVAC Instrumentation Spotlight** (6x per year)
Information about instrumentation and measurement related to HVAC applications. Deals with Demand Control Ventilation, Indoor Air Quality and certain parameters that are routinely measured in the HVAC industry. Newsletters include an Application and Instrument Spotlight.

 **Cleanrooms & Chambers Instrumentation Spotlight** (6x per year)
Information about instrumentation and measurement related to cleanroom and testing chamber air measurement & control. Newsletters include a Case Study and a related Instrument Spotlight.

 **Air Dryers Measurement & Control Spotlight** (6x per year)
Information about operation and theory behind all types of air dryers and the measurement and control of critical parameters, dewpoint or humidity. Newsletters include a section on dryer operations and applications followed by a related Instrument Spotlight.

 **Industrial Process Spotlight** (6x per year)
Information about various measurement parameters in certain industrial processes. Processes covered include; lube oil quality, food drying, glass manufacturing, heat treat and construction material manufacturing. Newsletters include a Case Study and a related Instrument Spotlight.

 **What's New** (6x per year)
Information about new instruments, new application solutions, and new company developments. Generally this news letter will keep you up to date about the latest news and leading edge technology directly from Vaisala.

Name: _____

E-Mail: _____

Company: _____