

USE MODERN INFORMATION TECHNOLOGIES TO PROMOTE FOREIGN AND DOMESTIC INVESTMENT

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Abstract

How can cities use modern information technologies to attract foreign and domestic investment? One tool is a proper website that can build the city's image as a desirable location for investment. The use of internet is so prevalent in business that a city cannot afford to be without a dynamic and attractive website. In attracting investments, a website might make the difference in the first stage of the investment decision process, when prospective investors are looking for basic information and surfing through various websites. The Municipal Investment Promotion Website must be a portal that provides personalized information about the municipality, and a pathway to other content. In this paper included what is a good website, the website content, practical application guidelines: how to set up an investment promotion Website, The ideal conditions for setting up a Municipal Investment Promotion Website, Complementarities with Other Tools and the end Conclusions.

Introduction

The need for an investment promotion website comes from a variety of reasons, all of them making this tool important no matter the geographical, economic and social conditions of the city. Key reasons necessitating a good website are the following:

- The high competition worldwide in Foreign Direct Investment (FDI) attraction requires a specific location image, which should be in line with what targeted investors are looking for.
- Foreign investors have specific informative needs (e.g., information related to the country legal system, economic environment, political stability, investment incentive) and an investment promotion website should be designed in order to provide the necessary information. A website may offer an interactive environment in which services tailored to the investors' needs are offered.
- The website increases the effectiveness of the targeting strategy, helping indeed to attract the kind of investments most beneficial to the area.

The website content

In recent years, thanks to technological development and faster internet connections, websites have been constantly enriched with images, digital assets and online applications available to visitors, who have been able to enjoy the virtual environment. Municipalities and local investment promotion agencies, in their efforts to attract FDI, must take as much advantage as possible from this Internet revolution.

First of all, the content provided on the web site must be *accurate, informational, relevant, well written and to the point*. It should have a friendly layout so that visitors can easily find what their object of interest is.



Figure 1 Copenhagen Capacity Website

Apart from the general information about a location's economic situation and environment, the website should also be *focused on positive aspects, relating them to the investor's needs*. This might be possible only if a specific analysis of location's strengths, weaknesses, opportunities and threats is conducted, parallel to a detailed analysis of the informative needs of targeted investors.



Figure 2 Virginia State Website

The content should be provided in an *interactive way*, coherent with the idea of two-way communication. Both parties should be able to transmit information. Practically, it means that the website should include dynamic project

databases, response forms, customization, etc. Good examples of this interaction can be found on the Copenhagen Capacity website¹⁵³, the webpage of the investment agency of Copenhagen. Here it is possible to run a search on all the companies located in the area, according to a variety of parameters (company name, number of employees, line of business, mother company name, etc.), allowing a potential investor to discover partner opportunities. Another interesting interactive tool made available at the Copenhagen Capacity website is one that allows benchmarking for Copenhagen and Denmark with other countries on a very long list of criteria (bureaucracy, cost of living, e-Government, labor productivity, quality of life, salary levels and many more). This second tool allows prospective investors not only to collect information about Copenhagen, but also to compare those data with other locations, which they might also be considering for investment. The investment decision process is a very long one, where investors may have hundreds of possible locations to choose from. It is due to the analysis of data and information available from the website that from the hundreds of possible locations they could define a top list.

Another example of interactive investment promotion websites is the Virginia website¹⁵⁴, literally a guide to the U.S. state. This site keeps users engaged and answers questions from the investor's perspective. This website is translated into 6 different languages (French, Japanese, German, Korean, Italian and Spanish) offering, apart from locational "competitive advantages", a site selection search that offers investors a *quick and complete overview on properties (industrial buildings, office buildings and lands) available* in the State. Each property is then described in a very detailed way, offering online maps, photos, reports and so forth. It is important to present *success stories* of companies that have already located in your city and recommendations for future investors, stressing the location's strengths and investment opportunities.

Practical application guidelines: how to set up an investment promotion website

When setting up a website for investment promotion, it is important to have a well-defined internet strategy that is coherent with a wider IT strategy. In other words, it would be pointless planning a super technological website when there would not be enough technical (hardware and software) as well as human resources available for such a project.

An Internet strategy has to start from a proper definition of objectives the municipality wants to achieve with such a website. According to its design and the information placed on it, a website could work as a simple information center (a single point of reference for foreign and domestic investors and whoever may be interested in this location), or as a tool to maintain already established contacts (a portal where only established investors could access and find specific information and /or documents), or as a

gateway to reach out to new investors, offering services and information specifically targeted to them.

The Internet strategy should clearly state what the website audience will be. This will have a strong impact on the information and services (that is the content) that will be offered online, as well as the website look, feel and technical capabilities. The content available online has to be properly selected in order to be in line with investors' expectations and needs. Table A summarizes the content investors usually look for in a website.

Table A - Elements to be taken into account when defining an investment promotion Website

- Basic facts about the city, its political situation, level of development, commitment to reforms, regional cooperation agreements, general economic overview, business environment, demographics, competitive advantages, sector profiles, links, etc.
- Access to information about city's strategic plans, market conditions, sectoral trends, etc.
- Business contacts, including investment promotion and other city government agency contacts and contacts for the private business community.
- Data on potential investment opportunities, including land availability.
- Research resources on potential partners.
- The nature and extent of client servicing provided by the city or private business associations in charge of attracting investments.
- A way to keep in touch (e.g., surveys, electronic newsletters).

General source: The IPAworks web Sites¹⁵⁵

The website needs to have appropriate information architecture. Website designers should organize information resources into a structure (architecture) that helps the user navigate the site and easily locate the desired information. Table B presents some key steps in the architecture designing process.

Table B - How to create an efficient information architecture

- Create an inventory of all your existing information resources and those you know should be included on your investment promotion web site.
- Assign understandable levels of importance to each information resource as you go along (e.g., A=very important; B=adequate; C=up for discussion).
- Group the final inventory pile into several broad topic categories. Make sure that the label for each group is appropriate and makes sense.
- Analyze the paths particular users will take on the web site to access the information resources they require, and ensure that there are efficient routes to all destinations. Efficient navigation paths are critical to browsing and successful retrieval of information

¹⁵³ www.copcap.com

¹⁵⁴ www.yesvirginia.org

¹⁵⁵ <http://www.ipaworks.com/downloads.htm>

- Position navigation bars so they are clearly visible and uncluttered. Navigation bars, logos, legal disclaimers and intellectual property notices should have consistent positioning throughout the web site.

Source: MIGA Toolkit¹⁵⁶

Another important thing to keep in mind is the need for *updating and maintaining the website* especially if it is aimed at providing information to foreign investors. This should be decided from the beginning, as a website strategy is being conceived. Resources will need to be committed to this critical task. For instance, responding to potential investors' emails in timely fashion shows the seriousness of the city's commitment, and its ability to deal with the issues raised. Keeping links current, updating news sections and uploading the latest version of the files available improves the usefulness of the website as a portal for investors.

A further step in defining an Internet strategy is to carefully analyze websites offered by other municipalities (especially ones that compete for FDI). This helps in understanding the best practices but also defines what kind of website investors are already familiar with when approaching FDI. Looking at best practices doesn't mean simply "copying" them, but understanding where the excellence in this field lies and trying to improve it and/or interpret it in a different way.

The ideal conditions for setting up a Promotion Website

Setting up an investment promotion website requires technical knowledge mixed with a specific knowledge of foreign investment desired as well as of marketing techniques. In an ideal situation, all those resources could be found internally and could cooperate jointly for website development, involving staff members from the municipality. Table C includes the multidisciplinary skills required.

Table C – The necessary job functions for developing a proper Investment Promotion Website

- Technical Director brings both technical expertise and goal-oriented management to the venture. Should be able to design, build, develop or oversee the development of a web site.
- Marketing Director is the person who will combine the Internet and traditional marketing experience. Should be able to stay abreast of trends in online marketing and develop marketing and advertising materials. Must be focused on specific goals and measurable results.
- Partnership Director establishes and manages key relationships. Presentation skills must be coupled with knowledge of clients and project management experience. Must be a business minded individual, comfortable working with organizations in both the public and private sectors.

¹⁵⁶ <http://www.fdipromotion.com/index.cfm>

- Content Manager/ Web Site Editor plans and either updates or coordinates the update of new content on the Web site. Should be familiar with the investment promotion process and conversant on issues related to the investment promotion priority sectors. Must be detail-oriented and able to set and enforce editorial standards and high level of quality assurance. Must understand technology enough to use the website's content management system.
- Creative Director/Graphic Designer helps shape the identity of the city's FDI brand by implementing a consistent design throughout all investment promotion publications, marketing instruments, and Web site pages. Must be familiar with Web designing software or be able to communicate with outside vendors.

Source: MIGA toolkit¹⁵⁷

Financial resources available will of course also have an impact on the final outcome of website development. The greater are the available resources, the more potential is for increasing the technological solutions and more people can be dedicated to the project. A city should do all it can to develop a website which can positively impact investment attraction. At a minimum, the website should be interactive, as a one-way static website that is not updated could have either no effect or a negative effect on the image of the city and therefore on investment attractiveness.

Complementarities with Other Tools

A strong complementary relationship can be found between the website and the use of email for communicating with investors. The more email is chosen as a communication instrument, the easier it is for the investment professionals in the municipality to suggest the links to find information or specific data required.

Furthermore, what gives value added to the website is a specific entity to support it, maintain it, and provide feedback to all investors that get in touch with the municipality through the website. This entity might be an Investment Promotion Agency or a department of the municipality, where all the necessary skills for supporting prospective investors are concentrated. The better this entity is organized and staffed, the more positive is the effect on investment promotion.

Finally, municipalities must make use of and coordinate closely with the national investment agency. That agency will wish to direct foreign investors to the best municipal locations. If the municipality can provide information quickly to the national agency, and can respond in a professional way to investors that the national agency sends to it, the partnership between the municipality and the national investment agency will be a strong and productive.

¹⁵⁷ <http://www.fdipromotion.com/index.cfm>

Conclusion

In attracting investments, a website might make the difference in the first stage of the investment decision process, when prospective investors are looking for basic information and surfing through various websites. The Municipal Investment Promotion Website must be a portal that provides personalized information about the municipality, and a pathway to other content. In this portal, foreign investors must find all the information that fit their personal needs, but also should be able to find updated news regarding the municipality's economic climate, economic plans for development, a list of services and staff

dedicated to attraction of foreign direct and other investments, and contact information. The website should be a "dynamic flyer" constantly updated with the latest information, available in different languages, and having a user-friendly layout. Without such a tool, the municipality might not be even considered in the first long list of places where investment could take place. It is important to keep in mind the planning activity, resources and work that must go into the development of every good investment attraction website. This effort is necessary in order to create a tool that conforms to the municipality's investment promotion strategy.

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