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## in this issue...

the year ahead [page 2](#) • tax briefs [page 3](#)  
 disruptive technologies fund [page 4](#) • business briefs [page 5](#)  
 developments for small self-administered pension scheme investors [page 6](#)  
 legal briefs [page 7](#) • do you have a marketing problem? [page 8](#)

# THE YEAR AHEAD

**T**he Irish economy has experienced very strong growth momentum over the past five years and has pretty much left the crash as a distant memory, notwithstanding some negative legacy. While domestic economic and financial management has been generally sound and has been very supportive of the recovery, we have been somewhat fortuitous with external developments. The global economy has been relatively healthy over the past couple of years and the zero-interest rate policy and the programme of Quantitative Easing (QE) pursued by the European Central Bank (ECB) has really suited the Irish economy.



# THE YEAR AHEAD

2018 was another year of solid growth for the domestic economy. Modified domestic demand, which is an indicator of domestic demand where globalisation effects such as trade in intellectual property products and trade in aircraft by leasing companies are excluded, expanded by 4.5%. This is a more accurate representation of what happened in the economy in 2018 and describe an economy that experienced steady rather than dramatic growth as the GDP and GNP growth rates might suggest.

Employment reached the highest level on record during 2018; the unemployment rate fell to 5.3% of the labour force; a small budget surplus was recorded for the first time since 2006; the export sector did very well, despite the weakness of sterling and the UK economy; the tourism sector saw another record year; and although consumer behaviour was somewhat cautious, spending continued to recover. All in all, it was a good year and carried a decent level of momentum into 2019.

The outlook for the Irish economy in 2019 looks reasonably good, but the risks and challenges are clear.

As 2018 progressed, the external environment did give cause for concern. Growth in the Euro Zone lost considerable momentum; a number of emerging economies such as Brazil, Argentina, Venezuela and Turkey experienced considerable economic and political difficulties; UK growth was undermined by Brexit-related uncertainty and China lost considerable momentum. The US was the most notable exception, as the tax package implemented a year ago gave a significant boost to economic activity.

As we look ahead to 2019, many of the signs are pointing towards a more challenging year for the global economy and global geo-politics. It is unlikely that global recession will be experienced, but global growth looks set to be somewhat slower than in 2018 and there are considerable risk factors that will need to be watched closely.

US growth is likely to ease over the coming months as the fiscal stimulus package introduced a year ago dissipates. To date, the economic momentum in the economy has been generally solid, but there are definite signs of easing. There are also justifiable concerns about President Trump and his trade agenda. The growth of protectionism would not be good for global growth, and one has to hope that good sense and sanity will prevail.

Growth in the Euro Zone, the UK and China is likely to soften further, and emerging market economies are likely to continue to struggle.

Global geopolitics also look risky, with Russia, the rise of the right in Italy, Hungary, Poland and Austria; the riots in France; and the relationship between the US and China key issues of concern. US interest rates were increased 4 times during 2018. The Federal Reserve believes that rates will need to be increased by 0.5% over the coming year, but this may not be needed. Based on recent slower growth in the Euro Zone and the complete lack of inflation, ECB rates are likely to remain unchanged for the duration of 2019. The ECB is currently very relaxed about interest rates, and a bit concerned by the slowdown in growth, particularly in Germany. This bodes well for interest rates, but the retirement of ECB President, Mario Draghi, in October and his replacement will be very important in terms of where rates might go in 2020.

The outcome for Brexit remains deeply uncertain and will continue to represent a source of risk for Europe in general, but for Ireland and the UK in particular. A 'soft Brexit' would see sterling strengthen and a significant rebound in the UK economy, which would be very good news for Ireland. However, Brexit remains a source of considerable uncertainty and defeat for common sense.

## The key domestic challenges include:

- ➔ The imbalance between demand and supply in the housing market is putting considerable upward pressure on house prices and rents and is undermining national competitiveness. It appears likely that house price inflation will moderate in 2019 due to affordability issues rather than adequate supply, but rents look set to remain under considerable upward pressure. Housing supply needs to increase as a matter of priority.
- ➔ The pressure to increase expenditure on public services, particularly health, will remain strong and will pressurise the public finances. Public sector pay pressures will be a particular challenge. Ireland still has a dangerously high level of Government debt that needs to be brought under control.
- ➔ As the economy steadily moves towards full employment, wage pressures are likely to intensify and the recruitment and retention of workers will become a significant challenge for all employers.
- ➔ The personal sector will remain pressurised due to a combination of the high personal tax burden; subdued wage growth for the past decade, although wages will rise more strongly in 2019; rising house prices and rents will continue to soak up household disposable income; and Brexit will remain a source of deep concern and uncertainty.

## The following outlook is suggested for 2019:

	2017	2018f	2019f
GDP	+7.2%	+7.5%	+5.0%
GNP	+4.4%	+7.5%	+4.5%
Consumer Expenditure	+1.6%	+3.0%	+3.2%
Government Consumption	+3.9%	+3.5%	+3.5%
Investment	-31.0%	+7.5%	+7.0%
Exports Goods & Services	+7.8%	+7.5%	+6.0%
Imports Goods & Services	-9.4%	+4.5%	+4.0%
Unemployment Rate (%)	6.7%	5.7%	5.0%
Employment (000s)	2,194	2,257	2,290
Inflation	+0.4%	+0.5%	+1.0%

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## PAYE MODERNISATION

PAYE Modernisation was launched on 1 January 2019. Revenue has launched a number of initiatives to assist with the transition:

- ➔ Provided a dedicated website <https://www.revenue.ie/en/employing-people/pay-modernisation/index.aspx>
- ➔ "Hot Topics" section was added to website page to deal with frequent queries
- ➔ Revenue published the New Employers Guide to PAYE
- ➔ Employer Helpline is available on 1890 254 565

## WAIVER DUE TO DIFFICULTY FILING iXBRL FINANCIAL STATEMENTS

Many companies are now required to file iXBRL Financial Statements with Revenue as part of their Corporation Tax return. Many companies are experiencing difficulty uploading the Financial Statements via iXBRL. Revenue has confirmed that where filers flag the issue with Revenue and resubmit the iXBRL Financial Statements in a timely manner, Revenue will waive any surcharge arising as a result of this issue.

If you are attempting to upload iXBRL Financial Statements and the file displays as "Processing" for an extended period, you should contact the ROS Helpdesk to request that the file is released so you can re-submit it. If the due date for filing the iXBRL Financial Statements should pass while you are awaiting the release of the file, you should also use MyEnquiries (select the "Corporation Tax" and "iXBRL" drop-down categories) to contact the Revenue Branch dealing with your case to request that any surcharge that arises as a result of this issue is waived.

This request should be accompanied by:

- ➔ A screen-grab showing that the iXBRL Financial Statements are stuck at "Processing"; and
- ➔ A copy of the email sent to the ROS Helpdesk requesting that the iXBRL file be released; and
- ➔ A copy of the iXBRL file that was being uploaded.

## TAX TIP

Where taxpayers wish to continue to rely on an opinion or confirmation issued by the Revenue during the 2013 tax year, they are required to make an application for its renewal or extension on or before 29 March 2019.



## HOME RENOVATION INCENTIVE ("HRI")

The HRI scheme provides for tax relief for homeowners by way of an income tax credit at 13.5% of qualifying expenditure on repair, renovation or improvements carried out to the homeowner's main home by qualifying contractors. Relief may be claimed on qualifying expenditure over €4,405 before VAT subject to a maximum spend of €30,000.

The lowest claim amount is €595 ((€4,405@13.5%) and the highest is €4,050 (€30,000@13.5%).

The works may be phased, and multiple payments to different contractors are allowed. Qualifying works must be carried out on or after 25 October 2013 and up to **31 December 2018**. The credit is payable over two years following the year in which the work is undertaken. Unused tax credits may be carried forward to the next tax year.

Homeowners must be LPT (Local Property Tax) compliant. Claims may be made for costs at the 13.5% rate of tax and it excludes anything subject to VAT at 23%.

Contractors must be registered for VAT and RCT compliant. The HRI scheme was extended to rental properties in the State where properties are refurbished and let to tenants under leases registered with the Private Rental Tenancies Board (PRTB), and occupied within six months of the works being carried out.

There are special provisions in place that allow for the conversion of one premises to two rental units. The effect of this is to allow the maximum claim of €4,050, to apply to each unit, although the minimum spend of €5,000 equally applies to each unit.

**This incentive expired on 31 December 2018, however relief will still apply where planning permission was secured before 31 December and where works are fully completed by 31 March 2019. Works complete in 2019 will be deemed to have taken place in 2018.**

## PAY AND FILE SUMMARY

The following is a summary of upcoming pay and file dates:

### INCOME TAX

Filing date of 2018 return of income (self-assessed individuals)	<b>31 October 2019</b>
Pay preliminary income tax for 2019 (self-assessed individuals)	<b>31 October 2019</b>
On-Line pay and file date for 2018 return of income	<b>TBC</b>

### CAPITAL GAINS TAX

Payment of Capital Gains Tax for the disposal of assets made from 01 January 2019 to 30 November 2019	<b>15 December 2019</b>
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### CORPORATION TAX

Filing date for Corporation Tax returns for accounting periods ending in July 2018	<b>21 April 2019</b>
Balancing payment of Corporation Tax for accounting periods ending in July 2018	<b>21 April 2019</b>

# DISRUPTIVE TECHNOLOGIES FUND OFFERS €500 MILLION TO CANDIDATES

**The National Development Plan (NDP) under Project Ireland 2040 confirms the establishment of a €500 million challenge-based Disruptive Technologies Innovation Fund (DTIF) that will see investment in the research, development and deployment of disruptive technologies and applications on a commercial basis.**

Disruptive technology is technology which has the potential to very significantly alter markets and their functioning and significantly alter the way that businesses operate. While it involves a new product or process, it can also involve the emergence of a new business model. Disruption is not about technology alone but the combination of technology and business model innovation.

The DTIF is about exploiting research to deliver new technologies and new solutions. The Fund will drive collaboration between Ireland's world-class research base and industry as well as facilitating enterprises to compete directly for funding in support of the development and adoption of these technologies.

Broadly, projects must include the use of disruptive technologies that will significantly alter the way we work and live, involve collaboration, innovation and/or be disruptive in its impact on one of the sectors in the competitively-funded Research Priority Areas designated by Government, which are:

- ➔ ICT;
- ➔ Health and Wellbeing;
- ➔ Food;
- ➔ Energy;
- ➔ Climate Action and Sustainability;
- ➔ Manufacturing and Materials;
- ➔ Business Services and Processes.

Within each of these six themes we identified specific priority areas such as

- ➔ Robotics,
- ➔ Artificial Intelligence,
- ➔ Augmented and Virtual Reality,
- ➔ Advanced and Smart Manufacturing,
- ➔ Smart and Sustainable Food Production and Processing.

In order to ensure we fund projects of scale and impact, we would like to see applications for project funding amounts of €1 million or more. It is proposed that SMEs would have priority access to a ring-fenced share of the funding available in a particular call for project proposals that meet the criteria. Projects submitted by SMEs should also involve a collaborative element.

A Steering Group will be chaired by the Department of Business, Enterprise and Innovation and comprised of

nominated members of Science Foundation Ireland (SFI), Enterprise Ireland (EI), IDA Ireland, Department of Public Expenditure and Reform and others. The role of the Steering Group will be to ensure that the objectives of the DTIF project are delivered.

A Stakeholder Consultative Committee will be consulted on the operation of the DTIF and will be comprised of the Department of Business, Enterprise and Innovation, the Department of Education and Skills, the Higher Education Authority (HEA), industry representative bodies such as IBEC, the American Chamber of Commerce in Ireland (AmCham), Asia Matters and others.

Project proposals will be assessed by two independent panels comprised of national experts and international experts. Projects making it through the assessment stage will be presented to the Steering Group for approval and then final approval by the Minister.

Collaboration is central to the Disruptive Technologies Innovation Fund. We also want to fund projects of scale and impact. Therefore, proposals will primarily be sought from multi-partner consortia seeking funding of €1 million or more. Applicants may include collaborations between companies, higher education institutions (HEIs), other Research Performing Organisations (RPOs) and public sector bodies.

Department of Public Expenditure and Reform (DPER) have confirmed funding for the Disruptive Technologies Innovation Fund (DTIF) to 2022 as follows:

Year	DTIF
2019	€20m
2020	€30m
2021	€40m
2022	€90m

27 successful applications have been announced since November 2018 and these projects will receive their awarded funding throughout 2019. Among the recipients of the first tranche worth a total of €75m between now and 2021 are projects in life sciences, medical devices, ICT, manufacturing, food, agriculture, energy sustainability and the creative industries. Applications for 2020 are expected to be open in late 2019 and more information can be found at

<https://www.gov.ie/en/campaigns/disruptive-technologies-innovation-fund/>

## PATERNITY LEAVE IS UTILISED BY OVER 50,000 FATHERS

Since September 2016, over 50,000 fathers have availed of their two weeks' paid paternity leave, affording them time at home with a partial income that won't cost anything in wages or holiday time.

Similar to maternity leave, paternity leave entitles you to two weeks off following the birth of your child. Paternity benefit means that new fathers can also qualify for a weekly payment of €235 for two weeks. It is required to take all of your paternity leave in one single block. Paternity Benefit can be claimed by the spouse, cohabitant or civil partner of the child's mother regardless of their gender. If the child is being adopted, it can be claimed by the spouse, cohabitant or civil partner of the adopting mother. Or it can also be claimed by the spouse, cohabitant or civil partner of a sole male adopter.

This benefit is not taxed but the Department will notify the Revenue Commissioners of the amount of Paternity Benefit that is taxable for income tax purposes. They will then review it to decide whether you need to be taxed.

In order to apply for paternity leave, you will need to give your employer at least four weeks' notice. A medical certificate confirming your baby's due date is required if you are applying before the baby is born, or their date of birth if you are applying for paternity leave after they are born. If you're adopting your child, you must provide confirmation of the date of placement.

The other requirement for online applications is that you need a Public Service Card. You can then register for the Department's MyWelfare service so that you can apply online via the website. Getting this admin work out of the way early will help to make the application process as painless as possible.

If your baby arrives early, just contact the Paternity Benefit section of the Department and include a medical cert confirming the date of birth and the original expected date.

For more information visit the Department of Social Protection website: [www.welfare.ie](http://www.welfare.ie)



## LOANS TO BUILDERS

HBFI (Home Building Finance Ireland) is a private company formed under the Companies Act 2014 and the Home Building Finance Ireland Act 2018. HBFI is wholly owned by the Minister for Finance and has been established for the purpose of funding the construction of new homes in Ireland. It is a commercial entity, providing finance at market rates for commercially viable residential developments.

In order to apply for a funding facility from HBFI, certain minimum criteria must be met. These are:

- The minimum number of units (houses/apartments or a mix) for which funding will be provided is 10.
- The site must have planning permission, or at a minimum a planning application must be submitted.
- Funding will only be provided to corporate entities, HBFI will not lend to natural persons.
- A borrowing entity must provide a minimum of 20% equity, which can include the site value. HBFI may fund up to 80% of the LTC (Loan to Cost) of a project.
- HBFI may provide funding for site purchase subject to certain terms and conditions.

The application process is a 3-step approach with the first two steps indicating your eligibility for this funding facility. Once a HBFI Lending Manager has been in contact with you to discuss your expression of interest, you may proceed to the final step in the application process.

The lending rate will depend on the risk profile of each project, the quality of collateral, the creditworthiness of the borrower and the track record of the borrower in delivery of residential development projects. HBFI will lend on commercial, market-equivalent terms and conditions.

A borrowing entity must provide a minimum of 20% equity. HBFI will fund up to 80% of the LTC (Loan to Cost) of a project. It is also worthwhile to note an entry and exit fee on any facility provided may be applied by HBFI. Any professional fees accrued in providing a facility will be for the account of the borrower.

For more details on this finance facility, go to [www.hbfi.ie](http://www.hbfi.ie)





# Important Developments For Small Self-Administered Pension Scheme Investors

**U** pcoming changes proposed by the Department of Employment Affairs and Social Protection due to the need for Ireland to transpose the European IORPS II Directive into law will inevitably have discouraging and restrictive consequences for members of Small Self-Administered Schemes to fund for their own retirement.

The IORPS II Directive is an update on the original European IORPS Directive which was intended to be transposed into Irish Law on 13th January 2019. This did not occur on this date and it is now expected to do so before the end of March 2019.

For those with Small Self-Administered Pension Schemes (SSAPs) which are in the main company directors, it is worth nothing that there are two primary areas of concern;

- 1** The insistence that one-person pension arrangements are forced to invest a minimum of 50% of their scheme assets in regulated markets such as investment funds. This directs SSAS holders to invest in areas that may not be suitable or of interest to the savvy investor. In will at the very least, restrict clients looking to invest in property and instruments such as loan notes or other unregulated investments such as property.

## 2

If transposed in the way proposed, IORPS II will prohibit borrowing for one-person pension arrangements. This will prevent SSAS scheme holders purchasing property as an asset in their pension scheme where they need to borrow to secure the investment.

Originally, when IORPS I was introduced, the pensions industry lobbied and successfully secured a derogation allowing for one-person arrangements to be treated differently to large corporate schemes. This derogation allows for the investment in unregulated assets and for investors to borrow. However, if the Department of Employment Affairs and Social Protection are successful in having this derogation removed from when IORPS II is transposed into Irish law then it will affect the ability of one-person pension arrangements to control their investment strategy in areas potentially more profitable and transparent than regulated instruments.

It is understood that existing investments made by SSAS arrangements will not be affected but this remains to be clarified. Approved Retirement Funds (ARF's), Personal Retirement Bonds (PRB's) and PRSA's are not affected by the proposed change as the Directive only applies to occupational pension arrangements a category of pension arrangement governing Small Self-Administered Schemes.

At this point it remains to be seen whether pension industry lobbying will be successful in having the derogation retained. It is understood that the Department of Employment Affairs and Family Protection are resisting the application of the derogation as perhaps it fits with their longer term national pension strategy currently being worked on by this very department.

If a Self-Administered Scheme investor is currently in the process of closing out on an unregulated investment such as a property, loan note or other then it is important to consult with your Advisor, SSAS provider or legal representative carrying out the due diligence on your investment and push to have it closed as soon as possible as it may not be permitted to proceed from when IORPS II is transposed into law.

## HANDLING ABSENT EMPLOYEES DURING PROBATIONARY PERIOD

Many employers hold the mistaken view that they can easily dismiss an employee during their probationary period, as the employee does not have recourse to the Unfair Dismissals Acts 1977 - 2015. However, this does not give an employer carte blanche to dismiss during probation. Employees have recourse to other legislation, most notably the Employment Equality Acts 1998 - 2015, Industrial Relations Acts 1969, as amended, and the Protected Disclosures Act 2015, none of which has a minimum service requirement.

Where an employee is on medically certified absence during probation and is dismissed as a result of this absence, the employee could pursue a claim for discriminatory dismissal under the Employment Equality legislation, applying the 'disability' ground. Disability has been broadly interpreted by the WRC and its predecessor the Equality Tribunal, and it is likely that where an employee is ill and obtaining medical treatment, this will bring him or her within the disability ground. In the circumstances, the approach to dealing with absence during probation should be balanced and appropriate.

In the first instance, the employee should be assessed by the Company doctor, to determine fitness for work and whether this condition is likely to remain or reoccur in the foreseeable future. In addition, the Company doctor can advise whether any accommodating measures can be introduced in respect of the employee. A return to work meeting should be arranged with the employee and the situation discussed. It is also advisable to extend the probationary period for the duration of the

sickness absence and this should be confirmed in writing. The situation should be kept under review and managed in the same way as any employee on long term sickness absence. This may include hiring an employee under a fixed term contract to backfill the absence. It may ultimately be the case that the employee does not have the capacity to undertake the role and dismissal could occur as a result. However a dismissal for incapacity needs to be examined in a structured way, relying heavily on medical advice and consultation with the employee.

The probationary period itself should also be managed carefully and any performance or conduct issues arising should be addressed, separate to the absence issue, and at all times have regard to fair process and the principles of natural justice. Otherwise the employee could pursue a claim for unfair dismissal under the Industrial Relations Act, 1969, as amended. It is worth noting that claims taken pursuant to the Industrial Relations Act provide for a recommendation only, which is not binding on the employer. Therefore, in many cases, employers respectfully decline to attend. However, from a practical perspective it is worth bearing in mind that adverse publicity may result for a recommendation. In addition, if the employment is unionised, it will be difficult for the employer to ignore a recommendation from the WRC or the Labour Court.

In any case, employers should exercise caution when effecting dismissals during probation and have particular regard for due process and the principles of natural justice.

## THE CONSUMER PROTECTION (REGULATION OF CREDIT SERVICING FIRMS) ACT 2018

The Consumer Protection (Regulation of Credit Servicing Firms) Act 2018 (the "2018 Act") is effective from 21st January, 2019. Its enactment comes following a period of intense domestic political pressure to provide for the direct regulation of the purchasers of loan portfolios.

The 2018 Act extends the scope of regulatory oversight provided for in the Consumer Protection (Regulation of Credit Servicing Firms) Act 2015 (the "2015 Act"). The 2015 Act was introduced to ensure that borrowers whose loans were sold to unregulated entities would continue to have the benefit of the regulatory safeguards that they enjoyed prior to the sale, including those provided by the Central Bank of Ireland (the "Central Bank") Code of Conduct on Mortgage Arrears, Code of Conduct for Business Lending to Small and Medium Enterprises and the Consumer Protection Code (together the "Codes").

The 2018 Act now requires that the actual owners of in-scope credit agreements or any person who has material decision making powers in relation to those credit agreements be regulated.

This change is introduced by the amendment of the definition of "credit servicing" in the 2018 Act. Credit servicing now includes:

- (a) holding legal title to credit; and
- (b) managing or administering such credit, including by:
  - (i) determining the overall strategy for the management and administration of a portfolio of credit agreements; or
  - (ii) maintaining control over key decisions relating to such portfolios.

The 2018 Act is now directly applicable to all owners of in-scope credit agreements. Existing and prospective loan portfolio owners will need to consider and, if necessary, revise their servicing and structuring arrangements to ensure compliance with the 2018 Act.

## ACCOMODATING FOR DISABILITY IN THE WORKPLACE

Ireland has legislation set out in which to protect employees that have a disability from being discriminated within the workplace. For example, the Employment Equality Acts 1998-2015 and the Equal Status Acts 2000 - 2015 outlaw discrimination in employment, vocational training, advertising, collective agreements, and the provision of goods and services. Irish legislation sets out nine grounds on which discrimination is prohibited including; age, sex, sexual orientation, race, disability, civil status, family status, religion and membership of the traveller community. The purpose of the Acts is to eliminate discrimination in relation to employment and to provide a framework of enforcement to achieve this aim.

'Reasonable accommodation' refers to modifications which would allow an employee with a disability to either continue or to take up a position to enjoy equal employment opportunities. It can include anything from the adaptation of the workplace and workplace equipment to changing working time and hours, restricting of tasks, retraining, etc. When all the above accommodations are being considered to facilitate an employee's return to work, it must be considered as to whether the provision of reasonable accommodation would impose a disproportionate burden to the company. Reasonable accommodation must only be provided where the provision of such measures would not impose greater than a disproportionate burden on the employer.

In January 2018, the Court of Appeal delivered its decision in *Nano Nagle School v Daly* [2018]. This case dealt with the very practical question of just how far an employer is required to go to provide reasonable accommodation to an employee with a disability in the workplace, and at what point can an employer lawfully conclude that an employee's disability is such that they are no longer capable of performing the role that they have been hired for. In the Court's view, while it was reasonable for an employee to expect the employer to review certain "non-essential elements" of the role, it was wholly unreasonable to suggest that the legislation required an employer to disregard the "precisely essential elements of the role" or the "main duties or essential functions of the role".



# DO YOU HAVE A



# MARKETING PROBLEM?

It's pretty easy to tell when you have a cashflow, or HR problem. But what are the symptoms that you have a marketing problem? These indicators below allow you to evaluate your marketing strategy and its efficacy -

- ➔ There are people who would benefit from your work who aren't engaging with you.
- ➔ There's a change you seek to make in the culture, but it's not happening.
- ➔ You're having difficulty persuading other people of your point of view.
- ➔ The service or product you make isn't resonating with those you seek to serve.
- ➔ You're fighting in a race to the bottom, and it's wearing you out.

We all know how important it is to build a solid business plan. In fact, you'd (hopefully) never dream of charging into a new business without one. And yet, surprisingly, many of us aren't putting in nearly the same effort when it comes to building a strong marketing strategy. What's the point of investing so much time and money into building and creating a new business, only to have no customers?

If you want customers, you're going to need to actively get out there and find them, and then let them know you exist. The only way to do that is with a solid marketing strategy. According to a study by Smart Insights, 46% of brands don't have a defined digital marketing strategy yet, and 16% do have a strategy but haven't put it into effect yet. That means that more than half of the businesses out there aren't getting the exposure and customers they could be, simply because people don't know they exist yet.

When you don't have a marketing strategy, you run the risk of becoming directionless as a company, wasting money on channels that aren't bringing you results, and losing potential customers to your competitors. There is a simple 4 step approach to this that will allow you to assess where you are in your marketing activities and what you can do to move forward.

1. Know Your Audience
2. Know Your Competitors
3. Choose Your Channels
4. Break Down Your Sales Funnel

In order to explore each step adequately, we will look at the first two steps in this article.

## 1. KNOW YOUR AUDIENCE

The first step in building your marketing strategy is to know who it is you're marketing to. Doing so ensures that your marketing efforts are focused, and as a result, you'll be getting the return on investment that you're after.

One common way to go about this is to create a buyer persona. By creating a buyer persona, you can be sure that you're marketing to people who are actually interested in what you have to offer. Otherwise your marketing strategy is pretty much the equivalent of a man on a box yelling through a megaphone at random people on the street.

Think about what you'd like your ideal customer to look like. Start getting granular and create a list of demographics that your

customer falls into. Depending on your product or service offering, some questions you can ask yourself are:

- ➔ Location: Where do they live?
- ➔ Excluding Location: Where do they not live?
- ➔ Age: What is the age range?
- ➔ Interests: What are their interests?
- ➔ Job Title: What fields of work do your customers work in, and what types of job titles do they carry?
- ➔ Income Level: What is their income range?
- ➔ Language: What languages do they speak?
- ➔ Favourite Websites: Why types of websites do they frequent?
- ➔ Buying Motivation: What are their reasons for buying your product?
- ➔ Buying Concerns: What are their concerns when buying your product?

The easiest place you can look to define your buyer persona is to explore your current database. Ask your customers for 10 minutes of their time for an interview, or send out a simple survey. Interview people who aren't even your customers yet, but people who fit the profile of your target customer. Once you know what your target customer is all about, it's time to move onto the next step of building your marketing strategy.

## 2. KNOW YOUR COMPETITORS

No business exists in a vacuum, even if you are the only brand on the market in your own very specific niche. You can be guaranteed that sooner or later, you're going to find yourself with some competition, and they're going to have their own ideas about the best way to acquire customers. This is why it's important to spend some time doing research on the competition.

The point of running a competitor analysis is to help you figure out what you can be doing better or different than the rest of the crowd. It's not so you can replicate their every move, but rather, so you can find out what's working for them and do it better or, find untapped opportunities.

One way to get a good initial grasp of what marketing channels your competitors are using is to go directly to their customers and find out what they're saying. You can easily do that with Mention, a social media monitoring tool that allows you to quickly scan the web and find mentions of your competitors online and on social media. You can analyse online conversations that are happening about your competition and, most importantly, what online communities are forming around them.

Tap into the conversations that you come across and see if you can find out what products people are purchasing, how they found out about them, and whether their experiences have been positive or negative. Learn what promotions and deals they're offering through social media. You may also simply sign up to their email list and see what their email strategy is like. Not only will this give you invaluable insight as to what their email marketing efforts look like, but it'll also give you an up close and personal view of their overall strategy.

In our next issue, we will explore the final two steps of this marketing audit where you will learn about choosing your most effective marketing channels and how your sales funnel will help you to find the right marketing tactics for your business.