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10-Second Briefing

INDUSTRY: Marketing

LOCATION: Shibuya, Tokyo

ESTABLISHED: 1999

EXECUTIVES:

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COMPANY TYPE:

Yugen Gaisha

NO. EMPLOYEES: 6



David Powell and
Amanda Fulton



Expert Insight newsletter
produced by Business Grow
www.businessgrow.net

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Expert Insight

Marketing Secrets that Get Results

What drives customers to open their wallets and buy from a vendor? What impact can delivering value have on client relations, and ultimately long-term sales?

Business reporter *Jonathon Walsb* discussed these issues with a groundbreaking entrepreneur who has helped create one of the most well-known benefit marketing companies in Japan's foreign community – one that now reaches more non-Japanese than any other single media in the country.

Single request led to startup

British entrepreneur **David Powell** is Managing Director of **Kudos**, a Tokyo-based marketing company co-founded in 1999 by himself and fellow British businessman Graham Harris in response to a request from the British Chamber of Commerce (BCCJ) for a benefits program for their membership.

Kudos started out by offering a growing range of value-added travel and lifestyle products and services from some of the world's biggest service providers to defined databases of customers in Japan's international community. "As long-standing expats in Japan, both of us felt that a service in English, conveniently delivered across a range of services and providing benefits, would appeal to the international community," Powell says.

That was then. Kudos now promotes products and services of almost 100 Partner Supplier companies through their 4 websites (2 English, 2 Japanese), a regular English magazine *FIRSTbenefit*, e-mail highlights, events, prize competitions and draws for various audiences comprising more than 200,000 English-speaking individuals in Japan.



Kudos Travel Fair

Talented staff key growth driver

It is said that behind every successful man is a surprised woman; however that's not quite the case with Kudos. Powell defines the **secret of their success** in a nutshell: "We have been very fortunate in finding very talented people whose energy, creativity and dedication have helped us grow and expand our range of services and customers."

This, Powell says, has been solidly reinforced by excellent support from some of Kudos'

Show Me the Money

So, where does the money come from?

Kudos' business model generates revenue through a 3-pronged income stream:

- ▶ charging marketing fees to Partner Suppliers for their participation in various programs
- ▶ charging membership fees to individual members, and
- ▶ charging program management fees for customized versions

Increasingly, Kudos also offers sponsorship and highly targeted advertising opportunities.



Kudos marketing at work.

Partner Organizations, such as BCCJ and the American Chamber, and a growing portfolio of Partner Supplier companies.

Looking back, he says their very first agreement with BCCJ provided the **biggest breakthrough** for the business in the early stages. “This arrangement enabled us to grow very rapidly from there to quickly reach over 10,000 individuals within about 18 months.” The company’s next breakthrough was the launch of the Vodafone keitai platform, which allowed them to offer benefits, special offers and news through members’ mobile phones. “This was extremely challenging and led to much greater awareness, and our first Japanese benefits programs.”

The perfect match

How does Kudos find and encourage people to become members? “Mainly through membership organizations and companies with relevant databases,” Powell explains. Once people become members, how does Kudos incentivize them to buy, and encourage potential Partner Suppliers to join Kudos? **“We closely match Partner Suppliers’ quality products, special offers and services to the varied needs of Kudos members** with the aim of providing relevance, convenience and value.”

Efficient marketing has also played a major role in driving membership growth. “Building relationships with organizations or companies with large memberships has been a quick and effective way to reach a relevant audience,” Powell says. This has been backed up by quality communications via websites, magazines, e-mail bulletins, events, and other market-

ing tools. But like a plant, growth does not come without constant watering and a little care and attention. “Relationship management and constant exploration of how we can improve based on marketing needs of partners aids in this process.”

Personal contacts drives marketing

The most successful marketing initiative Kudos has carried out was the launch of Japanese benefit programs. “While it was hugely demanding and challenging, it forced us to move faster than we thought possible, adding some 50 additional Partner Supplier companies within 6 months – doubling our portfolio of Partner Supplier companies,” Powell says.

Despite the success of the company, Powell admits that given a chance to rewind the clock, management would have been better off finding a corporate investor partner to bring greater strength to overcome some of the problems inevitably faced by a small and growing company.

Demonstrate ability to deliver

Although increasingly reliant on the Internet and new technology for communications, Powell says that Kudos realizes that old-fashioned “face time” is still critical to their success. “We market our services mostly through personal contacts with supplier partner companies, corporate partners and partner organizations.”

What one factor does Powell believe is crucial to the way Kudos builds relationships with members and Partner Suppliers? “As in all things, you have to **demonstrate an ability to deliver value cost-effectively** that is relevant to both members and Partner Suppliers and then put a lot of effort into relationship management of the latter.”

“It’s mostly hard work,” Powell says about the keys to becoming a successful entrepreneur. “Also, **concentrate on the fundamentals that drive a particular business and find good people to work alongside.**” Touching on words of advice for aspiring entrepreneurs in Japan looking to get their ideas off the ground, Powell finishes with the following – **“Think it through, plan in detail and secure adequate funding to get you through at least a year.”**

Hot Tips

- ▶ **Match your company products and services to Clients’ needs as closely as possible**
- ▶ **Aim to provide relevance, convenience and value**
- ▶ **Efficient marketing can more rapidly drive Client growth**
- ▶ **“Face time” is still important in business**
- ▶ **Demonstrate an ability to deliver value cost-effectively**



Core Services:

1. Multilingual customized benefits programs
2. Point based reward and incentive programs
3. PC and keitai website design, operation and hosting
4. Direct marketing, database management and collateral material
5. Event and campaign marketing

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