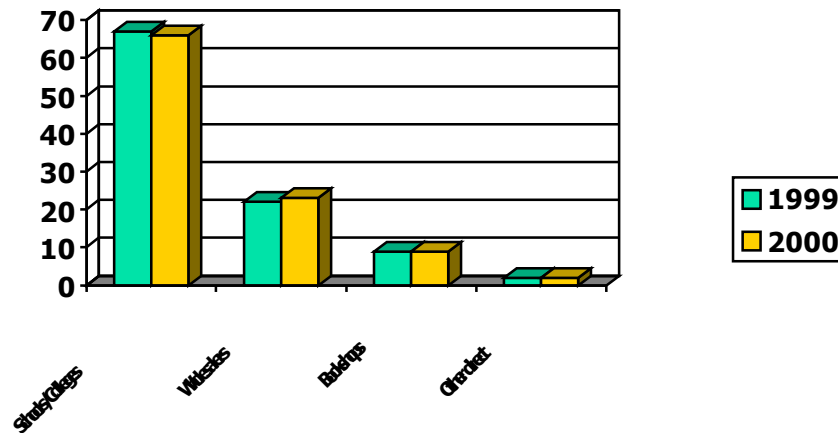

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Introduction

This report has been prepared for the management team of Victory Publishing Ltd. It is intended to outline the current sales and marketing situation within the company. The major areas of sales and marketing activity over the past year and propose some areas for development over the next twelve months. This report will be circulated to the management team during January 2001. It will then be presented by the Marketing Director at the next Sales and Marketing conference to be held early in February. It is hoped that all members of management will have had the opportunity to read and digest the report by this time. All queries or issues raised by the report will be addressed at the conference.

1.1. Market Areas



1.1.1. Direct to schools and colleges

The main market for the company is direct to schools. This represents approximately 60% of total sales. This market is divided between the following:

Type of Institution	Market %ge
Primary Schools	30
Secondary Schools	40
6 th form colleges	10
FE Colleges	10
HE Colleges and Universities	5
Special Schools	3
Prisons	2

Figure 1

There is also a small sector of this market that comprises LEA advisors, External Verifiers, Examining bodies etc. If these figures are compared with the figures for 1999 (taken from 'Interim Report – Sales and Marketing, June 1999) then no obvious changes to the market divide have occurred. The report for the previous year also shows no differences (Sales and Marketing Report, January 1998).

1.1.2. Direct to Retail Outlets

The company supplies very few orders direct to book shops as these are normally channelled through wholesalers. However recently the Sales team have made direct approaches to several high street names without any success to date.

1.1.3. Sales to Wholesalers

We supply five major UK wholesalers and enjoy a good relationship with them all. The rates of discount vary and some provide more profitable business than others. They order regularly with approximately two large orders for 'back to school' promotions each year. Two of the wholesalers also employ sales staff and at times there has been some confusion about who is supplying particular retail outlet.

1.1.4. Sales direct to the Public

A very small part of our business which is normally conducted at book fairs or exhibitions where the books are sold as promotional items.

1.1.5. Overseas

Again a small part of our business, we normally deliver to a shipping agent in this country.

1.2. Sales Marketing methods

1.2.1. Sales Team

1.2.1.1. In-house

We currently employ a team of twelve salespeople divided into three teams. One team is assigned to School and College sales and goes round to various institutions and exhibitions displaying books and talking to teachers to assess their needs. This information is relayed back to the Marketing staff.

The second team consists of sales people who visit bookshops and wholesalers. Sometimes they travel abroad, especially to Southern Ireland, where they have a strong presence.

The third team are back in the office taking and entering orders, answering customer queries and liaising with the Marketing and Distribution Departments. For example when a special promotion is implemented, such as an advertisement or flyer with an order form for a particular book, they will set up a special response code for orders resulting from the flyer so that the Marketing team can gauge how successful the promotion has been.

1.2.1.2. Sub-contractor

Over the past year we have tried a new venture with a sub-contracted sales team who are visiting schools on a regular basis to sell a variety of educational resources. We have not found this a very fruitful exercise as the sales staff concerned do not seem to be very well-informed about our products and few sales leads have resulted.

1.2.1.3. Wholesaler

This has been a far more successful area as these sales people have good contacts with some of the major chains. This has enabled us to run a number of marketing promotions within large chain stores throughout the country.

1.2.2. Exhibitions

1.2.2.1. UK

We have attended a number of educational exhibitions throughout the UK this year, attempting to cover as large a geographical area as possible. Unfortunately these are expensive, not just for the exhibition stand and equipment etc. but for staff expenses such as hotel accommodation etc. Specialised book fairs appear to produce rather better contacts although this is hard to evaluate.

1.2.2.2. Overseas

A small number of these are attended each year and have resulted in foreign rights sales to a number of overseas publishers.

1.2.3. Direct Mailing

We use a direct mailing house to undertake large mail-shots on a regular basis. We have now built up a comprehensive database of named contacts who are mailed new catalogues and details of any special promotions.

1.2.4. Advertising

We have not found this to be very cost effective. Advertising space in educational magazines etc. is very expensive and generates little new business.

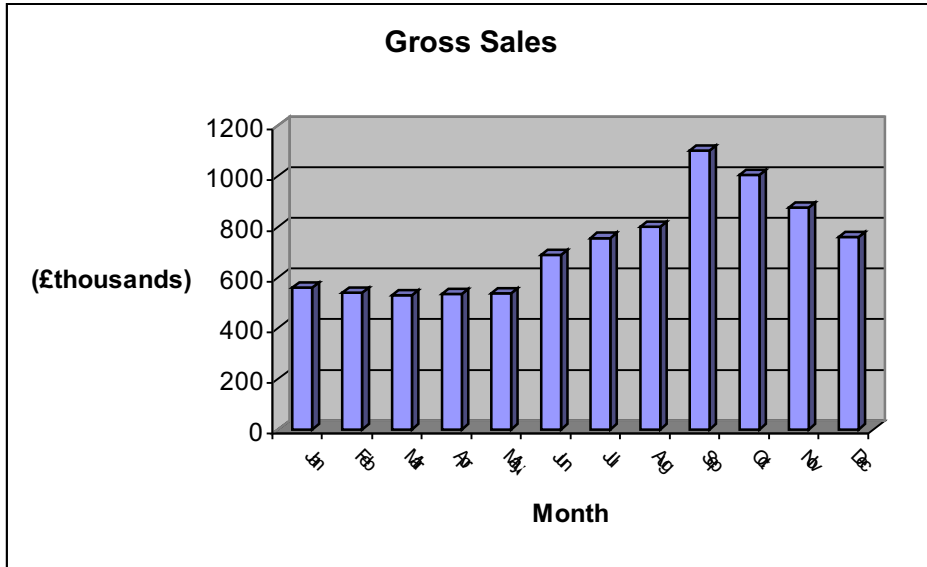
1.2.5. Overseas Trade Missions

Members of the Marketing team have joined UK Trade Missions to a number of countries in South America and Asia. These have been very productive with contacts, distributors and publishers now established all over the world.

Last Year Performance

1.3. Sales

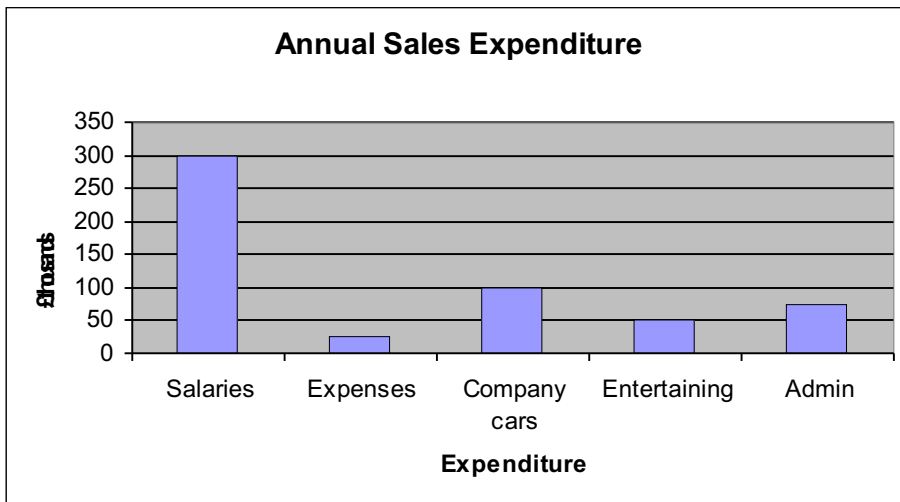
The following chart shows the gross sales from Jan-Dec last year. Note the peak for the Back to School campaigns and promotions.



1.4. Expenditure

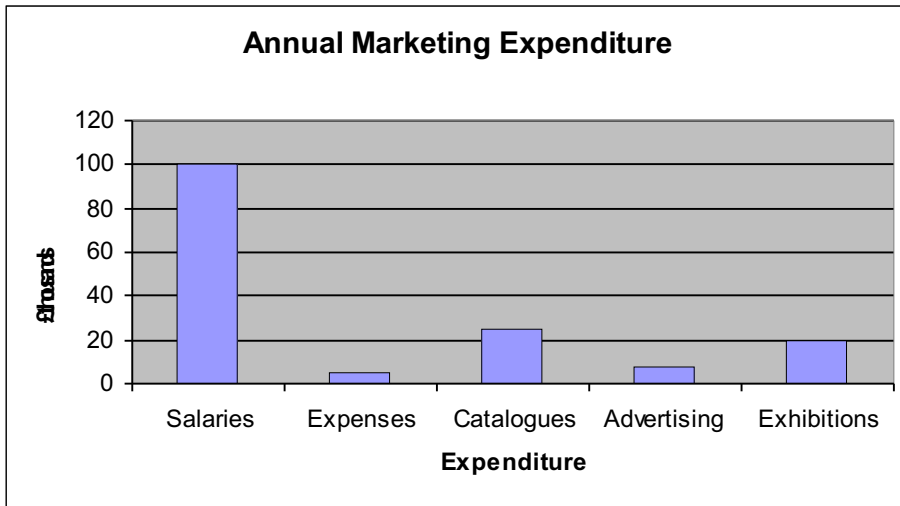
1.4.1. Sales

The breakdown of costs on sales for last year is shown in the chart below.



1.4.2. Marketing

The breakdown of costs on marketing is shown below.



2. Strategy for next year

2.1. *Market Areas to be developed*

We would like to develop the bookshop market further. In this we are including chains of computer stores and supermarkets. We aim to install point of sale units into several chains during the next year.

2.2. *Product Development*

We see more potential in the Primary School market and would like to expand this range. Market Research has also shown a large growth in Adult Education and we should be looking closely at this market.

2.3. *Sales Team Re-organisation*

We can foresee a need to increase the size of the Sales team that visit schools and colleges as this has increased our customer base considerably over the past year.

3. Management Summary

The past year has seen a slight decline in sales to schools and colleges with sales to wholesalers and bookshops remaining stable. In the coming year we are aiming for a 5% increase in sales in all market sectors.