

A Marketing Mix Analysis of Vasky trade s.r.o.

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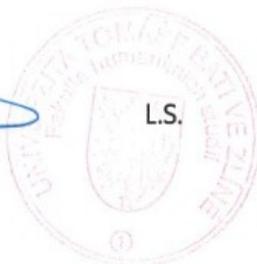
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ABSTRAKT

Předmětem této bakalářské práce je analýza marketingového mixu nové české společnosti Vasky trade s.r.o., která vyrábí kvalitní kožené boty. Hlavním cílem je navrhnout doporučení pro vylepšení jejich pozice na trhu a zvýšit povědomí veřejnosti o této značce. Práce je rozdělena na 2 části. Teoretická část se zabývá literární rešerší na téma analýzy marketingového mixu, analýz mikroprostředí i makroprostředí podniku a vysvětlení jednotlivých marketingových výrazů souvisejících s tímto tématem. Praktická část se soustředí především na zpracování a vyhodnocení analýzy marketingového mixu společnosti Vasky trade s.r.o. Rovněž jsou aplikovány analýzy STP, PESTE, SWOT nebo konkurence. Do praktické části jsou začleněny doporučení na vylepšení současných drobných chyb, stejně tak návrhy pro rozšíření nástrojů komunikačního mixu.

Klíčová slova: analýza konkurence, analýza marketingového mixu, komunikační mix, marketing, marketingový mix, PESTE analýza, STP analýza, SWOT analýza

ABSTRACT

The subject of this bachelor thesis is a marketing mix analysis of a new Czech company Vasky trade s.r.o. producing quality leather shoes. The main aim is to suggest recommendations for improving its position on the market and raise public awareness about the brand. This thesis is divided into 2 parts. The first section is theoretical, dedicated to literary research on the topic marketing mix analysis, microenvironment as well as macroenvironment analyses and explanation of individual marketing terms connected to this topic. The second part is practical, mainly focused on the processing and result evaluation of marketing mix analysis of the Vasky trade s.r.o. Likewise are applied STP, PESTE, SWOT or competitor analysis. In the practical section are included recommendations for improvement of current trifling errors, as well as suggestions introducing enlargement of used tools in company's communication mix.

Keywords: communication mix, competitor analysis, marketing, marketing mix, marketing mix analysis, PESTE analysis, STP analysis, SWOT analysis

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INTRODUCTION

Nowadays it is important, not only for the new emerging companies, to monitor constantly developing marketing in order to be successful. It is obvious that the online one rules this digital era, but it is also essential not to forget even some of the proven classical methods. Therefore the cornerstone of any company should be a marketing mix analysis accompanied by additional analyses. These should help to define company's internal and external environment in order to find out not only new opportunities but also potential errors, which can be fixed leading to improvement of position on the market.

This bachelor thesis provides marketing mix analysis of Vasky trade s.r.o., relatively new Czech company producing quality leather shoes. Moreover, the brand uniqueness lies in the stitch down (sewing) method of their products and following the values of Tomas Bata connected to shoemaking tradition in Zlín. The thesis is divided into the theoretical and practical part. The first one is focused on literary research connected to the marketing mix, related individual analyses and marketing terms. Likewise are mentioned trends in digital marketing. In the second part is analysed current marketing mix of the company, their competitors and situation on the market. Furthermore are described even future plans. At the end of the practical part are stated results including suggestions and recommendations. These can lead to raise of public awareness about the brand, increase in a number of new customers and strengthening their bond with the company.

I. THEORY

1 MARKETING

Today people are constantly surrounded by marketing activities, which became a part of everyday life. Everyone is greatly influenced by these processes, although it is sometimes hard to realize it. Contemporary marketing is not just about offering products to customers in order to sell as it used to be common in the past. Therefore there is a large number of marketing definitions by many authors, but probably the most frequently used ones belong to Philip Kotler. Generally, it is “a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others.” (Armstrong and Kotler 2017, 33) Another simpler definition of marketing is “engaging customers and managing profitable customer relationships.” (Kotler and Armstrong 2016, 29)

1.1 Market offerings

A significant meaning for the companies in order to reach set goals has customer’s needs, which are feelings connected to lacking something. Based on these should be created products, which represent what is traded. There are up to 10 subjects (e.g. services, experiences, information, events, etc.) can appear depending on the kind of market where are offered. Moreover, the biggest group are probably goods, physical objects with a certain value to satisfy consumers. (Kotler and Keller 2016, 27-31)

1.2 Age of digital marketing

Living in the age of constant evolution, even the technology is improving. Moreover, modern devices providing internet connection became part of people’s everyday life. The internet is nowadays “place” to go in order to approach customers, but most importantly to be better seen or available at any time and any place. Likewise, technologies enable people to gain needed information, find comparisons, write reviews and express their opinions regarding products. Therefore companies should consider the use of digital marketing tools. Because faster and better connection with the customers is not the only advantage, which can be obtained. (Ryan 2017, 2-17) Another evidence supporting this idea is the fact that 76,5 % of people in the Czech Republic were using the internet, in 2016, on regular basis. At the same time was measured the difference between 2006 and 2016, which showed an increase of 36 %. More than half of those people have a social media account. Besides the number of users is permanently increasing even among the older people, who are mainly representing the group not using the internet. (Hospodářské noviny 2018)

Nevertheless, it is possible to observe development in marketing approaches throughout the time:

- **Marketing 1.0** (focused on the product),
- **Marketing 2.0** (concentrated on customer's positive experience),
- **Marketing 3.0** (targeted on the customer as a "human being" and aspects connected to it),
- **Marketing 4.0** (devoted to the further understanding of values connected to Marketing 3.0 and showing the same human features in case of companies).

The proof for the existence of Marketing 4.0 is, for example, creating kind of stories related not only to products. Moreover, the number of the business applying this method is increasing. However, this is just one of the ways how to catch people's attention or form a strong bond with customers. "The brands should be physically attractive, intellectually compelling, socially engaging, and emotionally appealing while at the same time demonstrate strong personability and morality." (Kotler, Kartajaya and Setiawan 2017,109-121)

2 MARKETING MIX ANALYSIS

The marketing mix is based on marketing strategy determination and market analysis – will be further defined in STP analysis 4.1. This process represents a fundamental part of overall marketing and is comprised of using product, price, place and promotion, so-called 4P. Companies adapt and use those tools to achieve their goals on the market as well as satisfy customers. However nowadays even different approaches exist, which slightly modify individual elements of marketing mix. Mainly because the classical process can be considered limited, when focusing only on suggestible elements by a company. Therefore can be used, for instance, widen marketing mix 4C – customers, competitors, capabilities, company. This form provides analysis from a customer point of view. (Kotler and Armstrong 2016, 78-79)

2.1 Product

Whether services, goods or other marketing offerings are produced by companies, the main goal is still satisfaction of customer needs. Furthermore, it is important to attract customer and create product somehow different from competitors. This should be done based on analysing market, external factors and firm's capabilities. Shoes represent physical object connected to various attributes. Under the term product can be understood product variety in connection with collections, colourful variants, differentiation depending on season or gender. Usually the most important is quality when shoes should have a certain lifespan and other characteristic related to the used material. Concerning design, it is not only outside appearance but also product functionality. The brand name represents the connection between company and goods. At the same time, it can affect decision-making process of customers connected to purchase. Alternatively, emphasis should be placed as on usefulness so on the design of the packaging. Further are defined by product sizes, features, additional services, warranties or return of investments. (Armstrong and Kotler 2017, 235-238; Kotler and Keller 2016, 47)

2.2 Place

After goods are produced is time to move them from producer to customer, the same applies to shoes. Therefore place as a tool of promotion is realized through supply chains – all entities and activities needed for product delivery. These are used in order to provide better accessibility of goods to customers. Furthermore, this process includes certain costs for the company, which can reflect in the final price of the product. However, the price of

supply depends on chosen distribution channels. Most of the shoemaking companies are currently offering their assortment through e-commerce as well. After the purchase/order is made, goods are sent to customers through delivery service distributor or delivered to pickup place. Regarding shoes, under term distribution channels can be understood producers or distributors (wholesalers, retailers, etc.). It depends on the firm how many of them and which will use. (Armstrong and Kotler 2017, 328-336)

2.3 Price

Concerning starting companies or introduction of new products accompanies the creation of price. That can be stated according to various strategies including competitors or other aspects of goods. In case of shoemaking company, taken into consideration should be costs related to production, transportation, promotion, sale, a creation of design, additional features and services. (Kotler and Keller 2016, 489-509) Moreover, depending on the range of offered products, the prices can differ according to various attributes. Goods are often related to discounts which can serve, for example, to get rid of old models in warehouses. Otherwise are also used as a sales promotion or are connected to loyalty programs, etc. Furthermore should be defined terms of payment. (Kotler and Keller 2016, 47)

2.4 Promotion

A tool which can be visible probably the most from all of the 4P. As promotion can be considered all the activities that company perform in order to inform about the offered products. Nevertheless, its function is also affecting customers in order to purchase. Further, it consists of advertising, sales promotion, personal selling, public relations, direct marketing. (Kotler and Armstrong 2016, 78)

3 COMMUNICATION MIX AS A TOOL OF PROMOTION

The company can have an amazing product, fair price and good distribution, but if people do not know about it, they cannot buy anything. Therefore communication mix is used, which is a tool for promotion creating a significant part of the marketing mix. Although the main tools were mentioned, with developing technology are appearing also new ones. It is not necessary to use all of them and businesses can choose, what works the best in their case. (Armstrong and Kotler 2017, 394)

3.1 Advertising

The main purpose of advertising, mainly in case of goods, can be convincing customers about the purchase. However, by using this one-way tool of communication can companies or other entities also inform or remind. Advertising is considered as a paid impersonal promotion or introduction of any product, even the brand itself, to customers. Moreover, it has significant power in combination with various aspects, which can be possibly applied, and influence its form at the same time. Even though today are rather used modern forms, the older ones are effective as well. (Ryan 2017, 2; Kotler and Armstrong 2016, 474)

Regarding types of advertising media these can be:

- **Television** represents mass communication addressing huge number of people. Furthermore can be used features influencing some of the human senses, like sounds and visual effects, or other techniques when whole story is depicted. Although this medium can stand for prestigious presentation of the product and brand, costs connected to usage are high. That is the main reason why starting small companies cannot always afford it. Likewise the advertising can be ignored and the target audience can prefer using internet or simply do not have to be approached.
- **Radio** advertising can meet the same disadvantages as were mentioned with TV. Besides shoes can be quite hard to promote since customers cannot see them. The company can arrange kind of interview or talk about the interesting story behind as well as use it as a promotion – after consideration of costs, target audience, etc.
- **Newspapers/Magazines** are classical media addressing big number of people and covering wide geographical areas. Furthermore, advantages are also prestige or in combination with a well-chosen type of newspapers/magazines can be approached target customer. For shoemaking business are available lifestyle, travel or other prints. However quite a lot disadvantages appears as well including high price for

this kind of advertising. This do not have to be that attractive for starting firm since there are even cheaper and more effective ways of promotion.

- **Direct mail** in traditional printed version can be ignored and expensive. Nonetheless advantages like addressing the right segment, feeling of personal contact or regularity are worth consideration. Therefore cheaper solution for new company can present these days rather emailing – popular is currently newsletter. In addition data can be gained from internal or external databases.
- **Outdoor** would be rather expensive in form of billboard, placed inside or on the means of transport, for starting business. Although there are slightly cheaper ways of outdoor promotion when offering shoes, this kind of advertising is not considered as very effective. Mainly because used information are limited or targeting on chosen segments is inaccurate. (Kotler and Keller 2016, 611-618; Kotler and Armstrong 2016, 484)
- **Digital and social media** are platforms were pay-per-click can appear. The company pays for advertising only when somebody clicks on it. Another form is search engine optimization, way of prioritizing against competitors in search engines. Banners can be found on web sites and advertiser pays for the displaying itself. Furthermore advertising can be done even through social networks, however there are much more ways. In case of shoes and after consideration of target segment, these are convenient tools. Nonetheless costs are dependent on chosen platforms and advertising formats. (Kotler and Armstrong 2016, 541-547; Ryan 2017, 64-65)

3.2 Direct marketing

This type of communication mix tool is perceived as targeted on particular customer segment. Furthermore word direct also expresses absence of intermediary salesperson, which makes usually this communication mix tool cheaper than personal selling. Besides, advantages can be success metrics measurability thanks to used channels and offer adaptation to customers. Moreover direct form addresses particular people, while indirect is focused on chosen group of unspecified customers on the market. In case of shoemaking business is effective tool emailing in form of newsletter, considered can be SMS or online marketing tools. Nevertheless this can be even annoying for people, so the periodicity should be moderated. (Kotler and Keller 2016, 657-658)

3.3 Personal selling

Represents one of the traditional ways of promotion and products are usually sold in person. The advantage can be seen in receiving feedback or direct contact with customers. Nevertheless in case of shoes this type of selling is not that much effective and cannot be really performed in the streets, for example. (Armstrong and Kotler 2017, 428)

3.4 Sales promotion

The goal of sales promotion is to instigate impulse leading to purchase at that moment. Moreover this short-term tool is realized through activities or objects creating some additional value for customers. Businesses offering shoes use sales, gifts, loyalty programs or selling exhibitions. Further, stronger relationships with customers are built as well. Therefore sales promotion for this kind of companies is considered very effective and irregularity can guarantee that customers will be interested in it as well. (Kotler and Armstrong 2016, 518-520)

3.5 Public relations

PR can appear as in offline environment so in the online one. This is way of building and strengthening company's relationships with the general public and customers. Moreover regarding advantages, usually it is unpaid or cheap tool. Further PR are defined as long-term medium including people's participation. Concerning starting shoemaking firm with interesting story behind and especially after winning various contests, this is definitely applicable communication mix tool. It is another way how to build brand image or even gain new customers, because awareness about the product as well as firm is spreading on a large scale. For this kind of businesses work mainly attending exhibitions, interviews for magazines, news articles, publications and others. (Armstrong and Kotler 2017, 420) On the other hand if company wants to invest some money another tool is event marketing. Furthermore it is used in order to instil positive experience into customer's mind, which will be connected with the brand. During those events people can be engaged in various activities or be entertained, but possibility of using sales promotion should not be missed out. Occasions provide certain interaction between people and the business. (Kotler and Keller 2016, 582)

Likewise sponsoring can be considered as part of PR. It is impersonal tool representing product or brand, sometimes both at the same time. Moreover represents unpaid promotion during some occasion. Nevertheless, company financially supports,

donates or provides goods, services, etc. In return for this is usually placed a logo or the product in a visible place, so people can notice it. Therefore a lot of customers can be addressed and they can connect the occasion with values of the company. Furthermore, this is considered an effective tool for shoemaking firm in order to gain new customers or strengthen their loyalty. (Kotler and Keller 2016, 629-630)

3.6 Online marketing

It is basically promotion realized through the internet even through web sites, blog and others. Moreover, online marketing can be divided into groups based on if the company is paying for the promotion or if the media are for free – can appear in form of PR, word-of-mouth, etc. With increasing number of people using social media, businesses join these platforms too. This is happening in order to better compete with rivals, who already use online marketing. Furthermore, it is easy to approach or connect with the target and new segments. (Kotler and Keller 2016, 637-638; Dodson 2016, 153-154) Companies should use only those platforms, where their target segments can be found. The advantage is measurability through various analytics tools. Most of the tools were already described in connection with advertising – banner, PPC, SEO, etc. (Dodson 2016, 228)

However to online marketing is connected also social customer relationship management. Compared to traditional CRM, it is primarily customer who wants to communicate with companies using social media. Likewise, people can talk to each other in communities, express opinions, complaints or write reviews. For this reason, businesses started to entrust 1 person or more with the responsibility regarding taking care of social media communication. “It has become imperative for brands to connect with customers through social media. Consider this fact reported by the United Kingdom’s Internet Advertising Bureau: about 90 % of customers would actually recommend brand after interacting with them on social media.” (Kotler, Kartajaya and Setiawan 2017, 156-158)

4 EXTERNAL AND INTERNAL ANALYSES

Marketing mix should be accompanied not only by strong marketing strategy. In order to create marketing mix properly is needed to identify what customers want as well as analyse target market. Simultaneously should be taken into consideration surrounding internal and external environments, which affect each other. (Armstrong and Kotler 2017, 79)

4.1 STP analysis

As was mentioned at the beginning of the theoretical part, businesses are nowadays focusing primarily on customers and how to satisfy their needs or wishes the best. Nonetheless, the first step in order to do that is the implementation of market analysis, where the company wants to offer their products. The phases of the process are following:

- **Market segmentation** is based on an investigation as well as serves for the market division when are created individual segments. Moreover, these are dependent on common demographic, geographic and other criteria. It is not always possible or very hard to provide 1 product to all people, even from the financial point of view. In addition, well-made marketing segmentation can improve competitiveness. The information needed for this process is usually gained from questionnaires, various forms of consecutive questioning, own researches or done by specialized companies.
- **Market targeting** comes out of market segmentation observations. Furthermore, the goal is an evaluation of all groups depending on attractiveness, size and growth potential. Afterwards 1 or more segments corresponding to firm's capabilities or potential marketing strategy should be chosen. This can lead to better customer satisfaction since companies are able to adapt and fully focus on individual characteristics.
- **Market positioning** represents the final phase when certain values connected to goods and services are created and instilled in people's minds. In case that company chose more than 1 target group, a certain adaptation of individual products should be done. Moreover integral part is also brand image, promotion and the way of differentiation from the competition. The more are these attributes handled the better will business can succeed on the market. (Kotler and Armstrong 2016, 74-75)

4.2 PESTE analysis

PESTE analysis has a lot of forms since there are up to 6 different aspects, which have an impact on the external environment of the company. Namely, these are demographic, economic, natural, technological, political and cultural forces. Furthermore, it is very important to be aware of these, because businesses cannot usually influence them. In this type of analysis acronym names are altered representing evaluated aspects P-olitical, E-conomic, S-social, T-echnological, E-nvironmental. It is highly recommended to the companies to analyse and observe them not to be surprised in the future by possible inconveniences or worse, failure of the business. Basically, these are opportunities and threats which can be found in SWOT analysis. This also proves that external factors influence internal ones.

- **Political forces** are related to legislation by controlling and protecting equal conditions, rights, etc., of the companies as well as customers. Nevertheless, government entities, various groups or organizations connected to political sphere are also part of it. Mentioned can be even political environment as such – overall situation of the country affects firms.
- **Economic forces** comprise of several factors influencing purchasing power. These are exchange rates, unemployment, GDP, inflation and others. Regardless if it is consumers, market, company or even government, this matter affects all of them.
- **Social forces** focus on population and its characteristics from different perspectives. Moreover for firms is essential to analyse this sphere not only because of target customers but also from an employer point of view. Specifically is analysed aging, the growth of population or employment related to education.
- **Technological forces** involve ubiquitous evolving technology helping with the production and running the business. Furthermore, this is the fastest changing aspect, currently quite significant in the promotion. In the shoemaking industry benefits can be seen also in using better machines.
- **Environmental forces** can be presented by needed material for making products and left impacts on nature. Besides the process of production or transportation causes environmental damages. However some businesses already realized consequences of their existence, so changes with regard to ecological behaviour were implemented. (Armstrong and Kotler 2017, 100-119)

4.3 SWOT analysis

Creating or evaluating marketing strategy cannot be done without SWOT analysis. Moreover, letters are expressing individual parts, S-trengths and W-eaknesses representing the internal environment, while O-pportunities and T-hreats the external environment of the company. Data needed for evaluation can be obtained, for instance, from interviews, analysing the competitors and others. The internal factors can be influenced to some extent, mainly by fixing those weak points or work even harder on the strong points. Concerning the external environment, threats are sometimes not possible to change and can even lead to an end of the company (laws, economic situation, etc.). On the other hand detection of opportunities as well as using these can bring success. Lastly, suggested should be conclusions or solving. (Kotler and Keller 2016, 71-73)

II. ANALYSIS

5 TEXT VASKY TRADE S.R.O.

5.1 General information

Name of the company: Vasky trade s.r.o. (further referred to as Vasky)

Legal address: Lhota 279, PSČ 763 02

Legal form of the company: limited liability company

Date of incorporation: 3. 2. 2016

Company registration number: 04779207

Registered capital: 30 000 CZK

As is mentioned in the Business Register Vasky trade s.r.o. is engaged in production, trade and services of original, made-to-order shoes. The company was established by Václav Staněk, who is both a member of a statutory body as well as a shareholder, and Jitka Staňková, who is the second member of a statutory body. (Veřejný rejstřík a Sbírka listin 2018)

The firm does not have own workshop, so the Vasky shoes are made by FLEXIKO CZ s.r.o. (further referred to as Flexiko) and after they are sewed Vasky pays for the final product. Flexiko is family company owned by Václav Staněk's father based in Lhota 279, PSČ 763 02, which is the same address as where Vasky is located. (Personal interview) However, the office of their company can be found in Zlín factory area, Vavrečkova 5262, PSČ 760 01. Besides the employees producing the shoes, there is a whole team responsible for running the business. The founder Václav Staněk gathered mainly his talented friends and created this team of young people. The areas of business are represented by individuals in the following way: community care, orders and production, marketing, photographs, videos, graphics and web design. (Vasky 2017)

5.2 The story behind

One of the most interesting things about Vasky company is the story behind it. It all started when the founder, Václav Staněk, discovered that good-looking shoes do not always correspond to the high quality. As an athlete coming from a shoemaker family he apparently had some knowledge about shoes. After difficulties with finding the right ones, Václav Staněk decided, during his secondary school studies at the age of 18, to set up his own company with the help of his talented classmates. Another interesting aspect is that the company follows the shoemaking tradition according to Tomas Bata. Vasky products are hand sewn in Zlín, which is usually appreciated by customers as this city used to be

known for quality footwear. Likewise, Bata wanted everyone in the world to wear his shoes, Vasky wishes that their shoes could travel the whole world. (Personal interview)

5.3 Business philosophy

Right after entering the web page of the firm it is possible to notice that the company is rather dedicated to the younger or adventurous population, which is represented by modern design, minimalistic style or the use of video. Moreover, the fact that Vasky is a travel brand is also supported by the map of the world placed on the website, where can customers mark the places they visited, or the photo collage depicting not only the customer's travel moments with the shoes – will be further defined in 11.4.2 regarding web site. (Vasky 2017) However, products are not designed just for the specific generation, which means that potential buyer can be almost everyone. The company takes into consideration individual needs and preferences of their customers – optional components or adjustment of the shoes. Furthermore, it is important to mention not that common stitch down method of sewing, which guarantees flexibility especially practical for models to nature. To sum up and complete, the main ideas of their business philosophy are:

- quality,
- made in the Czech Republic,
- local materials,
- made-to-order production,
- customer's opinion,
- design,
- comfort.

6 ANALYSIS OF COMPETITORS

Based on online research it is possible to claim that there are not that many potential competitors. Moreover, there is a lot of shoemakers producing luxury hand-sewn shoes from real leather in the Czech Republic as well, but these are preferably used during special occasions, made from expensive, sometimes exotic leather, using other than stitch down sewing method or are intended only for men. Therefore the price is much higher (e.g. starting at 8 000–10 000 CZK), the production takes longer time, and the high difficulty of the design is corresponding with very demanding customers. Contrary to Vasky assortment is sold for a more affordable price (2 000–3 000 CZK without additional features) corresponding fair trade production. The advantages can be seen in universal design, models to nature or city, using mainly local materials or targeting on travellers. Shoemakers mentioned above are not included in the analysis, because they do not match with the Vasky target customers, price or sewing method. Moreover, big companies with series production cannot be considered as their competition.

6.1 Playbag

Playbag can be probably seen as the only potential competitor. Although this Czech design brand with a workshop in Zlín is specialized originally in the production of bags, nowadays they offer a wider range of assortment and also shoes, so-called Playbot. Most of them are made from textile or other materials, nevertheless, 2 types are very similar to Vasky products, which are also designed to nature: KOTAAR are sold for 4 300 CZK, and KRUSKI costs 3 600 CZK. This demonstrates Playbag's higher prices. The sizes available are quite same as Vasky offers. Shipping is slightly more expensive 120/130 CZK when the order is delivered by Česká pošta. However, there is also the possibility to choose Zásilkovna for only 75 CZK in contrast to Vasky. Likewise higher price (60 CZK) is paid for the compulsory charge connected to payment on delivery. The pickup in Zlín workshop and Prague showroom is for free, the payment in place is in cash.

That means most of the aspects are quite similar, even the usage of local materials or the production by Flexiko. Nonetheless, there are disadvantages, primarily products from Playbag are more expensive, limited by 80 pairs of each model, the higher price of shipping and only 2 types of shoes from real leather intended for hiking in the offer. (Playbag 2018; Personal interview)

7 STP ANALYSIS

When starting the company or introducing new product/service, is very important to find out what is the specific market like. It is not always possible to satisfy all the customers by one type of goods or services, that is the reason why is STP analysis used to analyse individual groups based on different aspects.

7.1 Segmentation

The very first step of segmentation is usually market research. As was previously mentioned Vasky shoes and the company was created because the founder could not find appropriate winter shoes. Either the quality was bad, or the design was not meeting the requirements. Furthermore, nowadays boots are made in series production or glued instead of sewed, which is likely to result in product usable only 1 winter. Therefore people start to realize and prefer small companies, which can offer a fair trade.

At the very beginning, the founder and his team created products based mainly on quality and long lifetime, as well as on the beliefs specified in the business philosophy. Afterwards, rather small research was done by themselves, and the company was running. The main target customers were and still are travellers, who appreciate values of the company. It is imperative for them to walk in proper shoes to comfortably reach all the destinations. Nevertheless, there are also segments corresponding to customers age. Initially was expected that the products would be bought primarily by a rather young segment 18–25 years. However with passing time, this changed to slightly older one 25–35 years, initially Vasky shoes were frequently bought by people around 40 years, because of the quality and fair trade. (Personal interview)

7.2 Targeting

It can be seen that the primary target are travellers, but thanks to the simple design and 2 main types of shoes made to nature, for everyday use or even for special occasions, Vasky products are suitable almost for anyone. The selling price is corresponding to the used material and way of production, at the same time it is still affordable for average customers, who want quality leather shoes. Moreover, Vasky is rather filling the gap on the market, because available leather shoes are oriented on different target segment regarding the price or the sewing method. Besides, there is a potential threat of emerging firms producing the same assortment as happened with Playbag. Moreover, this is a quite new company, so new customers are still coming across Vasky. Concerning constant

development, whether caused by coming up collections, new tools or original complements, the brand is becoming popular. Likewise, regular buyers create a loyal community on the social media.

According to the web page statistics, 32,7% are returning, and 67,3% are new customers, 47,7% women and 52,3% men, these are predominantly from the Czech Republic. Nevertheless, statistics regarding Facebook (where is also available shop) can offer different figures, around 42% are returning customers, while 58% are new ones and women are predominating. In the graph is shown that typical customers are in age 25–34 and the second biggest group is in age 35–44. This points out that Vasky shoes are popular rather among younger people and travellers, who appreciate the quality or longer lifetime of the product rather than cheap glued shoes made in series production. Regarding customers in age 45–65, this groups would be probably even larger based on facts specified in business philosophy. However, they are not that much influenced by internet or online promotion, which is mainly used by Vasky. (Personal interview)

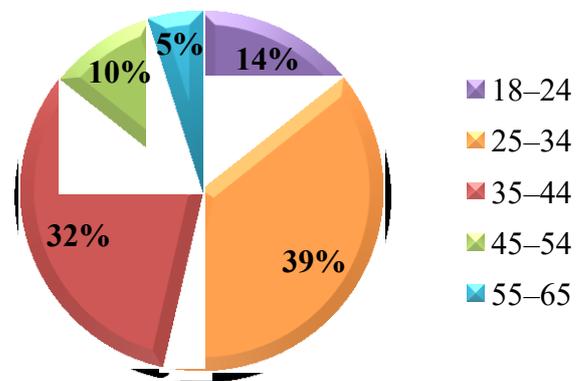


Figure 1 Vasky customers (Personal interview)

7.3 Positioning

The company differs from the competitors mainly by original concept of travel brand, but at the same time, the shoes have multipurpose use allowing every individual to choose the most suitable type. Furthermore, the biggest advantage is the option of creating own products based on personal preferences as well as requirements meeting high quality and appropriate price. Therefore the primary target segment are travellers, concerning the target group from the age point of view, these are people mainly around 25–34 years and then around 35–44 years. As a rather new company, by using chosen communication mix tools, Vasky wants to raise brand awareness, strengthen the image of the company and its loyal community.

8 PESTE ANALYSIS

Analyzing macroeconomics factors is very important for Vasky as a new company to find out if it is possible to run this kind of business. Because general environment cannot be changed and the influence can even lead to the end of existing firm at the same time.

8.1 Political factors

Political factors are not only focused on the political stability in the country, but also on laws, regulations, various institutions involved in controlling the overall political situation and others influencing the business environment important for Vasky. According to Ministry of Industry and Trade's report is the situation connected to entrepreneurship in the Czech Republic improving. Mainly the number of administrative obligations decreased more than 30%, which showed results of measuring in 2005 compared to 2016. On the contrary, the most troublesome are taxes creating 57% of liabilities. Furthermore mentioned is also persisting power of a bureaucracy or plans connected to better efficiency. (Ministerstvo průmyslu a obchodu 2017) However based on Doing Business 2018 report, researching environment of entrepreneurship in 190 countries around the world, the Czech Republic ended up on the 30th place, which is slightly worse than the last year's 27th place. Foreign trade is still ranked the best, meaning the first place, which can be quite interesting fact for Vasky in case of their potential expansion. Otherwise, all the positions remain rather the same as previous years. (Ministerstvo průmyslu a obchodu 2017) In the view of the fact that shoes are made in the workshop, it is also essential to follow the occupational health and safety regulations, laws, etc., when making the products. Since there is too many of them, they will not be listed.

8.2 Economic factors

Regarding the pace of the overall economy, it is growing very dynamically as in the world so in Europe. The Czech one maybe does not grow that fast, but still keeps the dynamic. However, in 2018 there are predictions concerning slowing down, because of lack of employees. Moreover, the Vasky company is facing this problem as well, and if this trend continues, it can cause significant problems in the future. Nevertheless in 2018 should increase salaries, which is good news, but on the other hand, the labour market is already overheating. (BusinessInfo 2018) Last year unemployment reached probably the lowest rate in years by 2,5%. This was also caused because a lot of people started their entrepreneurship. Compared to 2017 situation with salaries influenced household spending,

which increased by 4,1%, that is why people did not have too big need to create savings. (Ministerstvo financí České Republiky 2018) The growth of salaries and spending represent the possible chance of more sold products for the firm. Furthermore, that is one of the reasons why economic growth is doing well, but the activity of companies and governmental institutions cannot be missed out.

Concerning consumer prices increased by 2,5% in 2017, which is a significant change in comparison to previous years, mainly because of rising prices of food, housing, energy or transportation. As for 2018, the inflation should be around 2,6%. The positive balance of goods and services created surplus 54,2 billion CZK, which appeared in 2017. The stronger exchange rate had an impact on export, somewhat similar to previous year 3 489,1 billion CZK with year-on-year growth of 5,8%, traditionally leading articles were cars, machines or electronics. Likewise was influenced import, increased by 6,6%. (Český statistický úřad 2017) Speaking of Vasky situation with consumer prices can affect potential purchases of their products, meaning lower purchasing power. However worth noticing is the upward tendency of the exchange rate, if the company wants to expand into foreign markets, right now is rather favourable time for it. It is predicted, based on development in 2017, that for example, repo rate will increase from 0,5% to 1,75%. (BusinessInfo 2018) Moreover, in the 3rd quarter of 2017, the gross domestic product was increased by 4,3%, a slower pace is expected in future years. Governmental institutions will probably face an increase in gross domestic product from 1,1% to 1,3% based on a surplus of economic activities. (Ministerstvo financí České Republiky 2018)

8.3 Social factors

An insufficient number of potential employees can be considered as the most significant problem. In the SWOT analysis is mentioned the situation with the study program intended for shoemakers. Moreover, the lack of students interested in this craft somehow corresponds with current era, when most of the people want to work in the biggest sector – services. Nonetheless, sometimes even the salary is rather low, which can discourage from studying in this field. Further, one of the social factors can be possibly considered age, since Vasky are designed based on universal and straightforward ideas, allowing even to older part of the population to buy their products. Concerning standard of living in the Czech Republic, based on the information stated in PESTE analysis, it is possible to claim that it has rising tendency. Furthermore, people also started to realize the value of quality,

likewise circumstances connected to the production when buying shoes. The price is corresponding to offered fair trade Vasky products.

8.4 Technological factors

Concerning technological factors of the shoe production, Vasky is rather going back in time. The attention is paid mainly to sewing quality guaranteeing better resistance, which is done with the aid of good old machines. The company attaches great value to the method of production as well as the fact that quite a big part of making shoes is done manually and these aspects are not likely to change. Moreover, time-tested machines can or probably will be replaced by new ones, providing maybe easier and quicker manipulation. However, it is important to mention that workshop belongs to Flexiko – close family company.

As a technological aspect can also be considered the packaging. All the items obtained by customer serves as thanks for the realized purchase and create some bond between them and the company or positive motivation for next purchase. Compared to other companies selling shoes this is not that common in the Czech Republic as well as configurator offering customization of shoes. Furthermore, nowadays it is vital to adapt to technological, marketing and other innovations, because of fast development pace. Likewise, customers are glutted with products, and it can be difficult to compete.

8.5 Environmental factors

The Vasky company is using leather as the main part when making their products, but at the same time paying attention to use fair trade materials with Czech origin. People usually do not realize, that cheap imported shoes are not always produced ethically. Furthermore, the problems connected to production are using of toxic chemicals, which can lead to environmental pollution. Moreover in some countries even occurs abuse like child labour, disadvantaging of women or inadequate salaries. However, there are much more problems, from mistreating animals to contamination of water and others. Fortunately, Vasky is offering shoes made from leather, which is produced without using harmful chemicals in Otrokovice. As an advantage can be considered made-to-order production, which is preventing accumulation of old models or unwanted products compared to other companies. Of course, the energy is needed for the production, air pollution caused by transportation of goods, etc., however, these circumstances are probably inevitable.

9 SWOT ANALYSIS

SWOT analysis is a tool for defining both internal and external aspects, influencing the companies to help them improve. Moreover, it is useful regarding dealing with competitors or situation on the market. It is essential to focus on strengths, get rid of weaknesses, use possible opportunities and try to avoid threats.

9.1 Strengths

Positive internal factors highlighting advantages of the company compared to competitors, in case of Vasky these are:

- **quality and local materials**, (Choosing local suppliers with proven materials, customers can somehow expect the level of the quality. It also relates to the Zlín shoemaking tradition, which is closely connected with these values. Currently some Czech producers are selling good quality products, however when concerning materials' locality competitors usually have foreign suppliers.)
- **custom made production**, (Longer lifetime, as well as the resilience of shoes, is guaranteed by stitch down method of sewing. Moreover, this technique is rather applied by exclusive workshops. Nowadays shoe producers most frequently use glue to connect the outsole with the rest of the shoe, because it is cheaper and less demanding.)
- **a wide range of products**, (In case of new collections the selection of shoes is bigger, however, offered tools such as configurator or own Vasky shoes provide a large number of variants.)
- **loyal community**, (Vasky is not just company producing shoes, there is the whole story connected to this brand as well as stories of customers, who are travelling with the products. Moreover through various social media is the company communicating or staying in touch with their community.)
- **fair trade**. (This brand presents a rather luxurious brand, but at the same time are products sold for a reasonable price reflecting connected costs or other aspects.)

9.2 Weaknesses

Weaknesses complete internal factors from a negative point of view, specifying weak points of the company:

- **the capacity of production**, (Until March 2018 the production was not effective enough, however from March 2018 it was increased up to 50%. This means that the

workshop is mainly devoted to the production of Vasky shoes, but if this will be sufficient will show the time and number of orders. Moreover, the main lasting problem is that there are not enough employees, the company is trying to solve it by advertising job offers on social media or even once in InZlin magazine. (Personal interview) Because Vasky is rather beginning firm, currently is not possible to have own workshop regarding their finances.)

- **not enough pickup/tryout places**, (Although Zlín, Prague, and Brno, places where is possible to try out as well as buy the products, which are well-placed locations, it is still not enough. Usually, when buying shoes, customers want to try the products on, if the chosen size is big enough, not too tight or comfortable. It is possible to return ordered models within 14 days, but this is not possible in case of customized products (initials, configurator, Vasky own shoes,...)
- **a new company**, (Vasky is constantly developing company with a lot of ideas for their business, though they are rather at the beginning of their entrepreneurship – not that known yet, do not have own shops with products, etc.)
- **assortment shortage in the Footshop**. (Even though shopping Vasky shoes through Footshop can bring advantages like free delivery, there are not enough models and sizes available. Moreover the same applies to Vnitroblock and Placestore, for example, the second mentioned has usually around 80 pairs in 6 different models of various sizes in total, in the store ready to be sold. However, there is no agreement regarding supplies and shops order irregularly, when there are not many shoes left. (Personal interview) Therefore complaints from customers can sometimes be seen on the Facebook because they cannot buy or try out Vasky products and replenishment takes longer time.)

9.3 Opportunities

Defining external aspects influencing improvement or goal achievement of the firm:

- **expansion on foreign markets**, (Growing awareness about the company brings new customers, who are usually that satisfied with the first bought products that they become loyal to the brand. Also, the current economic situation regarding export and exchange rate is in favour of it. Therefore expansion abroad would be a good idea and fair trade concept can guarantee rather a success.)
- **partnering festivals or contests**, (In order to gain new customers and increase the popularity of the brand, it is possible to be a partner of festival or contest. Last year

well-known Baťa company was a partner of festival Colours of Ostrava when they created not only festival shoes but also a wide range of activities provided at their stand. This is also great opportunity to sell products and strengthen relations with the customers.)

- **own brick-and-mortar stores,** (Problems with assortment and size shortage in the Footshop, Vnitroblok, and Placestore can be solved by opening own shops. Vasky would be able to manage those issues better, although the rent and other costs would be probably higher.)
- **innovation vouchers or subsidy programs.** (There are a lot of opportunities, e.g., for small and medium businesses, to gain innovation vouchers or subsidy programs to obtain financial support for the specific purpose.)

9.4 Threats

These are external factors, which cannot be changed and the company should be aware of them as well:

- **emerging new companies,** (Even though there are few companies in Zlín producing shoes, they cannot be considered as competition for Vasky concerning different product specialization. Nevertheless, creative designers can appear making quality products similar to the Vasky assortment.)
- **lack of shoemakers,** (Zlín used to be a city full of shoemakers, although there is still available study programme connected to this craft, it is not very popular anymore. Furthermore, the salaries are, allegedly, quite low as well. Good news is that after 12 years was opened 1 class of 5 students in 2016 (according to the article). Vasky is not the only company lacking employees, which means that in the future this can be a big problem.) (Idnes.cz)
- **cheap imported shoes,** (Imported products made out of leather can be bought cheaper and in case of inflation customers could be discouraged from purchase. Nevertheless these shoes are not always based on fair trade ideas or do not last long.)
- **substitute products.** (These days is increasing number of people with negative opinion on products made out of animals in general. Vegan shoes are becoming more popular or other material alternatives are available as well.)

10 MARKETING MIX ANALYSIS

10.1 Product

10.1.1 Design

Luxurious custom made hand-sewn shoes Vasky from quality beef leather are the main product of the company. The name was derived from founder's first name in combination with the product itself "Vaškovy boty" or shortly "Vašky," which means in translation Václav's shoes. Furthermore it emphasizes also the fact that products are mostly designed by himself based on personal preferences. As this company cares about the tradition it is not completely necessary to be influenced by trends, the more important is the unified concept. Nevertheless when creating new products they find inspiration on the internet or they pay attention to customer's feedback.

Current models were designed according to historically known or traditional patterns such as bowling shoes, work shoes Brogue, Pioneer shoes, etc. Moreover, every year is introduced new summer as well as winter collection, which brings new assortment at the expense of reducing older ones. The common characteristics for Vasky are simple, minimalistic and sharp contours combined with various colors. Besides set designs, customers can customize their shoes based on their personal preferences. In the near future, Vasky would like to pay tribute to Tomas Bata by collection dedicated to him. (Personal interview)

10.1.2 Material

As was previously stated, the most significant assets are considered the quality materials together with stitch down technique representing long-lasting lifetime, compared to glued shoes. This is also the reason why the production takes 3 weeks before the final product is sent to the customer. One pair is made in approximately 8 hours, and usually, up to 10 people are involved in this process. The company prefers local suppliers, for instance, outsole material is ordered from Zlín and leather is from nearby Otrokovice. The leather is known for its flexibility, which means that shoes will adapt to feet of every customer. Moreover, the firm is also planning in the future to create special winter collection with highly water-resistant material Gore-Tex. (Personal interview)

10.1.3 Product variety

Because Vasky is travel brand, it is apparent they offer products designed to nature, which resist rough conditions. However elegant models made to be worn preferably in the city can be used for travelling as well. Further division is based on winter or summer collection, creating customer's own Vasky shoes is also provided. For all the models is an available option, when initials are imprinted on the boots – maximum of 4 characters.

Winter collection 2016

This was the first collection dominated by, so called, Farm type of shoes in 3 different variants: high, medium and low. Originally there were much more colourful alternatives to choose from, but only 6 of them have left until present-day. As new collections appear every year with a wide range of products, the older ones are usually reduced. Customers have the option of insulation as well as a thermal insole, which is available for all the winter boots. In case of this collection, the insulation can be textile or natural one (sheep wool), offered sizes are 36–49 EUR. (Vasky 2017)



Figure 2 Winter collection models 2016 (Vasky 2017)

Winter collection 2017

In the following year was released a new collection with 2 designs of shoes kind of similar to Farm type. Contrary to the previous year few changes happened, otherwise everything remained the same. The main difference was in the product naming when each colourful alternative got own name depending mostly on the appearance. While Sky, Camel, and Black were designed for the city, Caramel, Pinecone, and Hazelnut were made to resist tougher conditions in nature. Along with names were created original stories for every pair imparting, in some cases, kind of personality. The last difference is in the sizes, which are 36–48 EUR. (Vasky 2017)



Figure 3 Winter collection models 2017 (Vasky 2017)

Winter collection 2018

The most recent winter collection introduced 2 types of shoes in 16 colourful alternatives. Moreover, there is not directly specified classification in categories the city or nature, however from the appearance of the outsole it is visible that boots rather match the city style. Compared to winter 2017, only 2 stories are corresponding to the same number of designs. The Brogues are inspired by work shoes of the same name, which later became popular boots with businessmen. Likewise known are the Desert Boots initially made as military shoes used in a desert, then worn by celebrities. In this collection is absent option of natural insulation (sheep wool) and available sizes are 36–44 EUR. (Vasky 2017)



Figure 4 Winter collection models 2018 (Vasky 2017)

Summer collection 2016

Regarding the first summer collection, 3 designs were presented in 8 different variants. These were: Bowler and Pioneerka created for the city life, Batky made to resist the nature. In contrast to the winter collections, all the summer ones do not have the option of insulations or thermal insole. The short stories cannot be missed in this case: Bowler is inspired by bowling shoes available in sizes 36–49, Pioneerka is created according to

traditional type Pioneer offered in sizes 36–48, Batky probably named after Bata in sizes 36–47 EUR. (Vasky 2017)



Figure 5 Summer collection models 2016 (Vasky 2017)

Summer collection 2017

Likewise in winter collection 2017, with 2 types of pattern, each of 8 colourful alternatives got own name and story. For this collection, nature variants got apt naming Alder and Oak, while city versions expressed rather a colourful appearance of the shoes with names like Concrete, Cream, Blossom, Skyline, Brownfield, and Shadow. The first mentioned group is available in sizes 36–48 EUR, whereas the second one is offered in sizes 36–47 EUR. (Vasky 2017)



Figure 6 Summer collection models 2017 (Vasky 2017)

Own Vasky shoes

Before Vasky configurator was released, there was provided the only option of creating own Vasky shoes. It is a tool for creating own shoes depending on personal preferences. The only limitation is that customer can choose only from variants available in the workshop. Afterwards, it is possible to combine these or change details of shoes according to own preferences. There is an option to imprint initials on the product as well. Based on 4

simple steps customer can fill in the form on their web page and write all the demands. The steps are following:

1. Choice of pattern and shape.

It is necessary to choose a model from the offer on the website, then the leather and other details can be adjusted.

2. Choice of a leather.

Possibility to use different colours.

3. Choice of an outsole.

Depending on use (to the city or nature), height or shape.

4. Choice of sewing.

It is possible to change the colour of the sewing. (Vasky 2017)

Vasky configurator

From March is configurator available to customers as well as own Vasky shoes. This tool was released as substitution of summer collection 2018 and was created based on the main ideas of the whole brand. Offered are 2 models: Natur represents functional shoes because Vasky is travel brand – can be used in nature or rough conditions, thanks to the stronger structure. Contrary to Elegant type, which is designed for everyday use, special occasions or travelling in rather mild conditions – for instance in the cities. The models are same 2 types as in summer collection 2017. Both alternatives are available in sizes 36–47 EUR.

In comparison with own Vasky shoes, customers can see a visual model of the chosen type of shoes from all the angles. Moreover, the configurator is consisted out of 7 steps in case of alternative Elegant and only 6 steps, when customizing Natur. Each of them represents part of the shoe, and these are:

- **outsole** (7 types with specific colours, it is not possible to choose a different colour),
- **front part** (it is offered 10 different colours),
- **back part** (the same choice),
- **tongue** (the same choice),
- **counter** (not available for Natur model, the same choice for Elegant),
- **shoelaces** (9 colourful options),
- **sewing** (9 different colourful options). (Vasky 2017)

Although this tool enables to choose a different type of outsoles customers can change only colour combinations of individual parts or add initials, otherwise the model remains the same. For example, it is not provided the option of decorative perforation like it is used on Brogue model or another adjusting of details. However, for demanding customers or those who have a particular vision about the design, tool own Vasky shoes is a better solution. Moreover, all the smallest details can be written in a form and then the company will try to satisfy all the requirements if it is possible. Vasky has own workshop, and custom made production, that signifies adaptability to customer’s needs compared to other shoe producers.

Complements

Besides the shoes, the company sells also complements recommended for shoe care. Since offered products are made of real leather regular care is needed, and it prolongs their lifetime as well. Cleaner MULTI CLEAN is intended for cleansing of stains from grass, salt or other dirt. During winter and rainy days, it is important to use the waterproof spray to avoid soaked footwear. When applying shoe creams, brushes are essential equipment. Vasky provides 2 types of cream, the first one is used for colourful leather, while RUSTIC is used for other kinds. Moreover section of complements is completed by travel diary, which is useful for keeping all the experiences from the travels. This diary is made of real leather with a map of the world inside. Likewise, own initials can be imprinted on the cover. (Vasky 2017)





Figure 7 Complements (Vasky 2017)

10.1.4 Other aspects

Returns of investments

Returns of investments are fast, and the firm is not slowed down by marketing, the main factor affecting the pace is their production. As was mentioned before Vasky shoes are made by Flexiko, however also products for other companies are produced in the workshop. As shown in the graphs below, until March 2018 Vasky created only 25% out of the whole production. Nevertheless this changed configurator, which was introduced in the same month. Afterwards, Vasky shoes increased up to 50% out of the entire production, because this corresponds to making made-to-order products with higher quality and a wider range of choices offered to the customer. Furthermore, another issue is lack of shoemakers in the workshop, which will be hopefully solved since they have already advertised a job offer. However, for a buyout of Flexiko for expansion of production Vasky shoes, there would not be enough employees and finances so far. Despite the fact that the company is not using subsidy programmes, they are considering this option as well. (Personal interview)

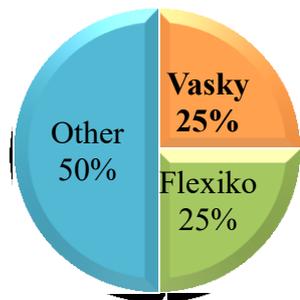


Figure 8 Production until March 2018 (Personal interview)

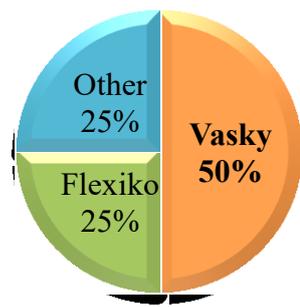


Figure 9 Production from March 2018 (Personal interview)

Services

The company would like to offer additional services in the future most likely connected to shoe repairs. However, this has not been decided yet. (Personal interview)

Warranties

According to the law, Vasky shoes have 2 years warranty. Customers can, unworn and undamaged products in original packaging, return or exchange for a different size within 14 days. This is not possible in case that initials are imprinted on the shoes or made based on special requirements (including Vasky configurator). When a warranty claim is accepted, defects will be repaired, and the product will be returned to the customer at the expense of the firm. (Vasky 2017)

Packaging

The products are packaged in plain boxes with simple but at the same time highly aesthetical Vasky sign on the top. Besides the shoes box can contain, as a thanks to the customer, for instance: leather wristband, textile backpack, travel map, letter about story behind the company, birth certificate of the shoes (including shoe care instructions, how many people were making them, names, date, owner, etc.) and others.

10.2 Price

Since Vasky is a relatively new company, it was essential to determine the price level at the beginning. This was done by personal assessment with some of the team members based on primary factors like costs, the prices of competitors or estimation of other aspects. Altogether after their small research, it was decided to create price appropriate for the average customer corresponding to the product quality, even though most of the reactions claimed the prices were too low. Furthermore, after the products are made by company Flexiko, they are sold to Vasky. With higher popularity is also growing number of the orders, which is probably leading to a gradual increase in the prices. As an illustration can

be used comparison in time of models from winter collection 2016. Before the official Vasky web page was created, it was possible to buy shoes from this collection only through Facebook for 2 205 CZK. After launching the website, the price was 2 450 CZK, and currently, customers would pay 2 850 CZK. It is important to take in consideration that every starting company sets the prices lower, and then they increase them. Average costs of one pair of shoes are around 1 400 CZK depending on the particular model. (Personal interview) Moreover, some selling prices of products can be higher, for example, Vasky configurator, which is offering a higher quality of made-to-order production and a wider range of optional features. It is also important to mention that the company does not provide any discounts or loyalty programs.

Collection	Basic price	Own Vasky shoes	Price
Winter 2016	2 850 CZK	Leather choice	350 CZK
Winter 2017	2 850 CZK	Outsole choice	350 CZK
Winter 2018 Desert/Brogue	2 750 / 2 950 CZK	Sewing choice	150 CZK
Summer 2016 Batky/Bowler/Pioneerka	2 550 / 2 390 / 2 190 CZK	Vasky configurator	Price
Summer 2017	2 590 CZK	Elegant/Natur	3 290 CZK

Table 1 Product prices (Vasky 2017)

As shown in the table, the prices are divided into categories according to collections or customizing tools. Thereafter some models can be more or less expensive in connection with the difficulty of design and used material. The right side of the table represents tools for creating by Vasky configurator or own Vasky shoes. In case of own Vasky shoes customers can choose from existing type of shoes, and then some aspects can be changed, in order to buy original product corresponding to their personal preferences. The price of every customization is added to the basic price of the chosen model. Whereas price for Vasky configurator is fixed, regardless of made changes. Furthermore in case of these tools is possible to imprint initials on the shoes, option own Vasky shoes provides optional features depending on the model, both for an additional price. Usually, before Christmas, it

is possible to buy gift vouchers for 2 590 CZK worth 2 500 CZK. Unfortunately, this option is not available during the whole year.

Optional features	Textile insulation	Natural insulation	Thermal insole	Initials
Price	150 CZK	300 CZK	150 CZK	400 CZK

Table 2 Optional features prices (Vasky 2017)

Alternatively, every pair of shoes can be decorated by a maximum of 4 initials. Besides all the winter collection products can be equipped with textile insulation, natural insulation (except the collection from 2018) or thermal insole. This price is added to the basic one as well.

Complements	Price
Travel diary	750 CZK
Cleaner MULTI CLEAN (75 ml)	169 CZK
Waterproof spray NANO PROTECT (400 ml)	269 CZK
Small shoe brush	89 CZK
Cream for colourful shoes (75 ml)	179 CZK
RUSTIC CREAM	179 CZK

Table 3 Complement prices (Vasky 2017)

Customers can buy shoe care from German brand Shoeboy's as well as original travel diary made from beef leather.

10.2.1 Terms of payment

There is a possibility to use gift voucher as a way of payment. Shipping is 70 CZK in case the order is delivered by Česká pošta and there is compulsory charge connected to this option 30 CZK for payment on delivery. The pickup in Zlín office is for free, and the payment is in cash in place. Vasky is not planning enlargement of accessibility, using other delivery services like Uložěnka, DPD or others. (Vasky 2017)

10.3 Promotion

The company is focused on promotion in the form of online marketing, which represents the main part and the rest is created by offline. In the graph can be seen currently applied tools, since some are not used anymore, or others are planned to be tried.



Figure 10 Currently used promotion tools by Vasky (own processing)

As a 2016 winner in a contest called “T-mobile Rozjezdy” for beginning entrepreneurs, the company won rewards calculated in the table below. The advertisement was not used at all, and the graphical campaign was used partly on account of communication as well as implementation itself. Nevertheless, the promotion will be further defined in the chapter about communication mix. (Personal interview)

“T-mobile Rozjezdy” rewards	Value
Cash	250 000 CZK
Graphical campaign	270 000 CZK
Online marketing	30 000 CZK
Advertisement on www.lupa.cz	25 000 CZK
Bank account	40 000 CZK
1. Mobile phone with tariff	18 000 CZK
2. Mobile phone with tariff	12 000 CZK
TOTAL	750 000 CZK

Table 4 “T-mobile Rozjezdy” rewards calculation (Personal interview)

10.4 Place

The place is probably the weakest point of the whole marketing mix as there are not that many places for a tryout the shoes. Vasky office number 103/6 is located in Zlín factory area on the street Vavrečkova, open Monday–Friday from 13:00 to 17:00. There is situated Technologické inovační centrum s.r.o., belonging to Tomas Bata University and Zlín region, which is reconstructed building 23 (one of the former Bata's factories) in the city centre serves as an incubator for founding or expansion of innovative companies.

Besides tryout of the shoes or even purchase of chosen models is also possible in Prague and Brno. Vnitroblok in Prague is a project, rather popular among young people, with multifunctional purpose providing café, design shops or a lot more. Vasky is paying monthly rent 3 000 CZK for placing the products there and commission 25% from the sale of available products. Moreover, Place Store in Brno is project based on the idea that people can sell and buy there at the same time, but much more is offered. Contrary to Vnitroblok Vasky are paying 4 000 CZK for rent without providing any commission from the sale. Place Store is possible to visit at the address Moravské nám. 629/4, Brno 602 00. (Vasky 2017; Personal interview) Regarding sale volume, 39% of shoes are sold in Prague, 13% in Brno and 8% in Zlín. Nevertheless, Vasky would like to have own brick-and-mortar stores in these cities in the future. Likewise is planned expansion and entering foreign markets (for example Germany, Austria or others). Inventory is not needed since Vasky is providing custom-made production and it brings economic benefits as well.

Concerning the ways of ordering, Vasky shoes can be ordered on the official web page www.vasky.cz, through Facebook (after entering the shop customers can choose the products, though the order is made through the company website) or even www.footshop.cz. The last mentioned is e-shop selling a wide range of shoes also with brick-and-mortar stores, where is possible to try and buy the products. In case of Vasky shoes, currently are offered online only 2 models from winter collections, each in 1 colourful variant (winter 2016: Farm low – Black available online in size 37, available just in brick-and-mortar store in Prague in sizes 40,48, winter 2017: Pinecone in size 42 available online or in brick-and-mortar store in Prague).

On the one hand this could have a quite positive impact when speaking of place in the marketing mix, but on the other hand, it is not very beneficial for the customers since the choice of Vasky products and sizes is that limited. Another disadvantage could be seen in the missing options of insulations, initials or others offered on the official web page.

However for the customers could be interesting buying the shoes through this e-shop, because the prices remain the same, shipping is for free in case the order is higher than 2 500 CZK, they do not have to wait 3 weeks for product to be sewn and it is sent within 24 hours. Furthermore limited number of products is available to buy in the shop itself, which is in Vnitroblok. Besides, Footshop has a brick-and-mortar store in Bratislava, which can lead to gaining new customers even from Slovakia. (Personal interview)

11 COMMUNICATION MIX AS A TOOL OF PROMOTION

As was mentioned in the marketing mix analysis, internet marketing is the main used tool, also because Vasky is a relatively new company created and led by a young team of people. Chosen channels are right aimed at travellers as well as their other customer segments corresponding to the expansion of digital age. In the table are shown estimated communication mix costs per month. However, this can differ based on attended events or activities, which cannot be included in the calculation since these are not usually planned.

Tool	Monthly costs
Google AdWords	50 000 CZK
Sklik	10 000 CZK
Facebook	20 000 CZK
Subtotal	80 000 CZK
Administration	+ 9 000 CZK
TOTAL	89 000 CZK

Table 5 Costs of communication mix tools
(Personal interview)

11.1 Sales promotion

Vasky does not use regularly or any more sales promotion, that is why this tool is not included in promotion scheme. However, the design of boxes and what is included in the packaging can be considered as sales promotion – further defined in other aspects 7.1.4. Likewise rarely are created contests based on campaigns or introduction of new collections, tools, etc. These are realized and adapted to social media, for instance: on the Instagram was drawn the best travel photo, the on Facebook was drawn the best shoe model created in the configurator. Moreover, Vasky shoes were part of new collection's photo shoot for fashion designer Barbora Mrňáková. Likewise, the company was attending various exhibitions, where was also possible to buy their products, like Zlín Design Week, Fashion Point, Dyzajn Market and others. However, Vasky stopped participating these since they are not considered as a very effective tool, concerning not only that shoes cannot be sold as bags, for instance, but also further expenses connected with this. (Personal interview)

11.2 Public relations and publicity

Public relations were well managed mainly after a win in the contest "T-mobile Rozjezdy," when the company also obtained medial publicity. Furthermore, a lot of newspaper articles

with interviews were written about the company (for example in Forbes, Lidové noviny as well as local monthly magazine InZlín, etc.). Nevertheless, public relations are performed mainly through social media.

11.3 Events

When Vasky started to offer shoes in Vnitroblok, on this occasion was organized travel talk. Another talk was given in Impact Hub Ostrava (co-working place), where are organized projects or companies presentations, it is also available online – similar to Ted Talks. However these are just examples, and Vasky will probably attend more events or even organize some, but for now, it is not planned.

11.4 Internet marketing

Internet marketing creates the biggest part of promotion consisting of Google AdWords, Sklik, Facebook and Instagram. These are controlled by own tools, meaning Facebook has Business Manager, Seznam advertising is managed by Sklik, Google by Google Analytics, as well as are evaluated success metrics and created statistics. Furthermore, public relations are not realized only through offline, but also online marketing. Based on the main target group, Vasky is using ambassador program, that means well-known travellers or with a lot of followers are promoting their products. Moreover, the company provided shoes for free according to their personal preferences, but there is no agreement stating any conditions, so ambassadors can post whenever and how often they want. (Personal interview)

11.4.1 Emailing

Emailing as a form of direct marketing is planned to be done once a month in the form of a newsletter. Furthermore, emails will be sent to the current customers just as others, email addresses come from internal database and new ones were obtained through a contest on www.vyhrostroj.cz. (Personal interview)

11.4.2 Web page

As was mentioned in business philosophy Vasky has a great website, which was originally created by www.creepy.cz, however, it will be replaced by www.dibel.cz. After entering the web page current spot of the newest collection is playing in the background making it interactive and interesting for the customer. Besides the photo collage, there is also the map of the world, which represents the vision of the company that Vasky shoes will one day travel the whole world. Individual countries are for example marked based on hashtags

used by people on Instagram #MOJEVASKY or according to kind of blog (connected to #VaskyNaCestach) creating part of the web page. This serves to customers for publishing their stories from adventures they have experienced with Vasky shoes. After registration, it is possible to create own articles, profile, add pictures, insert address for easier handling with future orders and managing them. This shows that the website also functions as an e-shop.

11.4.3 Facebook, Instagram and Youtube

Facebook with over 10 000 followers serves not only as a tool for communicating with their loyal community. The Vasky's community and customers can express their praises, complaints, questions, wishes or ideas. Worth noticing is the interaction between the company and them, meaning as quick answers so creating discussions, e.g., about travelling. Besides future products are partly created and inspired based on their opinions. Furthermore it is possible to use the shop, however, the order will be completed through the company's website. Posted are for example videos connected to shoe care, the production itself, live streams from the workshop or contests. Moreover, Vasky had their freelancers, but these were replaced by DOBRÁ agentura (www.dobraagentura.cz) to take care of online marketing (providing services from side banners to dark posts or regular posts). (Personal interview) On the Instagram can be the company found under the name vaskyboots with more than 3 500 followers. Similarly to the Facebook, posted are contests, photos from the production, travelling adventures, products or Instagram stories. Vasky has also Youtube channel, but only with 64 subscribers, where are uploaded videos connected to new collections, tools or production of shoes.

11.4.4 Google AdWords and Sklik

Regarding this tool, DOBRÁ agentura is also responsible for maintenance. AdWords is a way of web page advertising through Google search engine based on chosen importance. Moreover included are banners, providing the function of retargeting or is aimed at new customers, Pay per Click, Youtube adverts (6, 15 and more seconds) and shopping campaigns. The only difference can be in wording corresponding to men or women and displayed model of Vasky shoes. (Personal interview) In case of Sklik it is very similar; however, this is a tool created rather for Czech environment aiming mainly at www.seznam.cz and other frequently visited websites.

12 SUGGESTIONS AND RECOMMENDATIONS

Based on analysis of Vasky and discovered findings it is considered, that the company has relatively highly-developed marketing for starting a business. Moreover chosen communication mix tools are corresponding with target customers as well as quickly changing trends in this field. Therefore the evidence of it is increasing turnover, publicity or growing number of orders. However, the company is systematically improving, whether thanks to new collections or modern ways of customization. This leads to a conclusion concerning recommendations for current trifling errors, which could be improved to better satisfy customers. Likewise, suggestions introducing enlargement of used tools in their communication mix.

In the analysis, part were mentioned few small shortcomings, which could be easily fixed so the company would avoid some of the repeating reminders from customers. Even though these are little details, it can cause a significant difference. The most frequently repeated problem on Vasky Facebook page is assortment shortage in Vnitroblok. Since the company stated on their Facebook page that this was discussed with Vnitroblok few times, customers are still claiming that there are not enough sizes for a tryout. It turned out, even though Vasky sent sufficient amount of products, shoes were left in the warehouse and not placed in the store. Furthermore, the problem is also caused, because of uninformed temporary workers. Therefore it is recommended to do regular inspections, nonetheless, Vasky is already dealing with this and considering a change of the tryout/pick up place in Prague. Likewise was proposed to enlarge offer of models as well as available sizes in Footshop e-shop.

12.1 Sponsoring

Since Vasky is travel brand, it could be interesting to consider sponsoring related to this idea. Therefore LowCost Race was chosen as a suitable option, which is Czech travel race connected to low-cost travelling across whole Europe. Furthermore, this contest gains bigger popularity every year, mainly on the social media, www.stream.cz (Czech internet television) with over 350 thousands of views or even in foreign (mass) media. Similarly to their ambassador program, the company would provide vouchers for shoes (worth 5 180 CZK = 2 x 2 590 CZK) based on personal preferences of the winning couple. Moreover, LowCost Race would place Vasky logo, as its sponsor, on their website and a form of banner would be given to the organizers (around 1 200 CZK for a roll-up banner). These kinds of posters would be used and displayed not only during seminars, but also

every other event realized by this race. Sponsoring is also a tool used to make the brand more visible or to attract new customers.

12.2 Events

12.2.1 Festival

Festivals create an integral part of summer and thousands of people visit them every year. These are not events intended only for listening to popular music interprets anymore. In fact, festivals are used as a way of sales promotion, where companies or designers can sell their products. Since Vasky appeared during various events and in Czech journals as well as magazines, it is suggested to participate in Slovak Grape festival. Although Grape is rather smaller, it was awarded by Europe Festival Awards as one of the best small festivals in Europe. Thanks to the uniqueness, like the atmosphere, famous foreign interprets, original decorations, a variety of fun activities, optional dress code, a wide range of services and more, it is sold out every year. Moreover, it is not suggested just because of expansion, but also because probably the most visited festival in the Czech Republic, Colours of Ostrava already has one of the main sponsors as well as a seller of shoes the Baťa Shoe Company. The choice overall corresponds with the style and age of Vasky target customer. Besides, it is quite close to Zlín, not only when speaking of the product transportation, but also for Czech visitors attending Grape.

It is suggested that Vasky would offer their products during the festival in the Urban Market tent along with other companies and designers selling their products. Furthermore recommended number of shoes would be around 100 pairs in different sizes and colours from the last summer collection. Likewise would be offered textile backpacks (approximately 2 000), which are not possible to buy because these are usually part of the packaging. The prices could be calculated shortly before the festival beginning, depending on the assortment of sellers registered at the Urban Market. In case of backpacks is suggested to provide textile colours and let the visitors paint these to create own design (Vasky logo is already printed on the products). It is recommended to buy 20 packages, each contains 6 colours, of textile colours including brushes worth 1 609 CZK ($20 \times 77 \text{ CZK} = 1 540 \text{ CZK} + \text{packing charge } 10 \text{ CZK} + 59 \text{ CZK shipping}$) and optional is the purchase of roll up banner (around 1 200 CZK). During the event would be created a contest on the Facebook concerning the best-decorated festival backpack, when would visitors post a picture of their creation with hashtag #MůjVaskyBackpack. Afterwards

chosen winner would receive a voucher for shoes (worth 2 590 CZK). Moreover in this tent is also accompanying programme, where can Vasky present travel talks. Last but not least the registration fee depends on the size of rented place in Urban Market tent, due to space needed for backpack painting is recommended rather 4 x 4 metres (worth 600 EUR). Thanks to this registration will be covered even promotion through various tools.

Festival is suggested in order to increase awareness about the company as well as the support of brand image. Furthermore, backpack painting can provide positive experience leading to the creation of a bond between people and Vasky. It is easier to remember the company thanks to what would visitors experience. The success metrics would be measured based on sold products during the festival, a potential increase of orders after the end of the festival and through social media. Primarily if the Facebook community is getting bigger, but also reactions connected to this event (derived from given questions like what visitors liked the most, etc.), the same can be monitored on the Instagram.

12.2.2 Talks

Similarly to festivals are suggested travel talks, which are corresponding to their other target segment – travellers. Moreover, this idea also relates to the overall image of the company (travel brand) and talks would be organized in Zlín, because it is Vasky shoes hometown. As the location of the event is suggested 14|15 Baťův institut, where are sometimes held this kind of occasions rather presented by natural science specialists. Therefore the general public would be probably even more interested in case of Vasky talks because these would be realized by travel enthusiasts. Thanks to these events the company would not only get closer to people but also gain new customers. Likewise approached would be new segments, like parents with children or pensioners, who like to visit occasions in 14|15 Baťův institut, just as travellers. Although some talks are organized in the city pubs, thanks to chosen place and its popularity these would be definitely visited.

Talks would be organized once a month in a room with around 80 seats. The approximate calculation is 3 000 CZK for one 2 hour talk, the price includes general equipment (chairs, computer, screen, projector, sound system installation). Furthermore, if it is booked up in advance the promotion is provided in the price as well (posters, references in the printed booklet, shared on the social media). Usually, the entrance fee for this kind of events is 40 CZK, but in case of Vasky talks, it would be approximately 35 CZK in order to cover the rent. However free of charge would be the entrance for those, who are coming in shoes made by the company. Moreover, every bought ticket would include unique code

providing sale code connected to the imprint of initials for 1 chosen product. During the event, itself can also be placed a roll-up banner in the room (around 1 200 CZK) with brand logo. The talk could be given by members of the ambassador program, Vasky team or others volunteering. Besides first 20-30 minutes would be devoted to the introduction of the company, visions, products and connection with the travelling. The overall concept of what would be achieved is similar to information mentioned above connected to the festival. Furthermore, the evaluation of success metrics is recommended to do after the talks, based on visit rate and the number of used sale codes.

12.3 Blog

On the Vasky website is possible to find stories, which works as a complement to the map of the world. Although customers can write articles about adventures they experienced with shoes, it would be interesting even if the company itself had own travel blog. Furthermore posted would be tips, tricks, advices, what to pack, which places to visit, also pictures as well as videos and more connected to travelling. Likewise mentioned could be recommendations concerning the choice of Vasky shoes and shoe care for particular trip or place from time to time. Under the posts should be available discussion/comments section in case of readers questions. Creating own company blog helps to create a stronger bond with customers, attract new ones, promote the products or Vasky itself.

12.4 Loyalty program

As was previously mentioned Vasky do not have any loyalty program, which is connected to sales promotion tool. Likewise, it is also suggested to create one in order to strengthen customer care. Although through the social media is offered above-standard communication, as well as the items included in the packaging, can be considered as a part of customer care, this program would support sustaining and strengthening customer's loyalty in the longer term. Based on the personal interview or values of the company overall, no discounts would be provided. Moreover rather is suggested benefit like: the imprint of initials would be paid only once, afterwards with every other order is this option free of charge.

All of the suggestions and recommendations were discussed during personal interviews with the owner of the company. Moreover, the assortment shortage will be fixed as soon as possible. Regarding the ideas for communication mix enlargement, most of them are going to be realized sooner or later. Furthermore, the firm is opened to testing

various marketing tools to get hands-on experience and based on the actual results, even incorporate these into their marketing strategy. Because of the fact that Vasky is rather new company filling the gap on the market, it is understandable that they are trying what works best for them. Likewise using different or creative marketing tools connected for example to experiences, built stronger relationship not only with the public. This results in the fact that still, more and more new customers are emerging, but also loyal community is getting bigger. Vasky is not only brand, it is a lifestyle.

CONCLUSION

The aim of this bachelor thesis was marketing mix analysis of Vasky trade s.r.o., relatively new Czech company producing quality leather shoes. In the theoretical part were described marketing terms, some of the current trends and processes connected to marketing mix analysis, which were based on literary research. Likewise were defined other analyses investigating business environment. Thereafter, thanks to individual meetings with the owner of Vasky trade s.r.o., was possible to gain significant information about the company. Furthermore these data, otherwise inaccessible to the general public, were needed for the practical part. The interviews were also related to initial steps connected to the founding of the company, like the determination of target customers, price level of the products, etc. Furthermore were discussed used marketing tools or company's future plans. Gathered data were analysed in order to evaluate the current situation of the company. Based on the results were created suggestions for improvement related to the communication mix tools enlargement. These can lead to increase of public awareness regarding the brand and strengthening of the bond with customers. Moreover, recommendations for current trifling errors were stated as well. Eventually, everything was discussed with the owner of Vasky trade s.r.o., the shortcomings will be fixed and some of the suggestions probably realized. Overall it is considered that the company has relatively highly-developed marketing for a starting business, communication mix tools are corresponding to digital age trends and target customers.

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LIST OF ABBREVIATIONS

CRM	Customer relationship management
CZK	Czech Republic koruna
EUR	Euro
GDP	Gross domestic product
PPC	Pay-per-click
PR	Public relations
SEO	Search engine optimization
TV	Television
4P	Product, price, place, promotion

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