

An Analysis of an Application of a Marketing Mix of the Company Elisoft, s.r.o.

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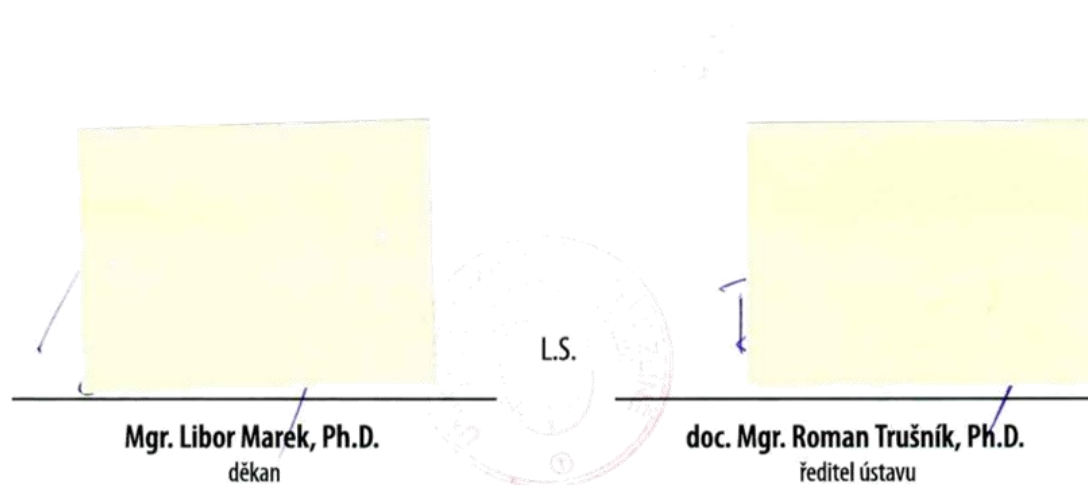
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ABSTRAKT

Bakalářská práce analyzuje aplikaci nástrojů marketingového mixu společnosti Elisoft s.r.o. Zaměřuje se tedy na produkt, cenu, distribuci a propagaci této společnosti. Informace o společnosti byly získány pomocí rozhovorů s jednatelem společnosti. K analýze byla použita SWOT analýza, Porterův model a PESTLE analýza. Hlavním cílem bakalářské práce jsou doporučení, která jsou zaměřena na zlepšení nynějšího stavu aplikace nástrojů marketingového mixu firmy Elisoft s.r.o.

Klíčová slova: marketing, marketing management, marketingový mix, produkt, cena, propagace, distribuce, SWOT analýza, Porterova analýza, PESTLE analýza

ABSTRACT

The bachelor thesis analyses an application of instruments of the marketing mix of the company Elisoft s.r.o. This bachelor thesis is focused on the product, price, place, and promotion of this company. Information about the company was acquired from interviews with the company director. Methods used for analysis were SWOT analysis, Porter model, and PESTLE analysis. The principal aim of this bachelor thesis is the recommendations that are focused on the improvement of the current application of the marketing mix in the company Elisoft s.r.o.

Keywords: marketing, marketing management, marketing mix, product, price, promotion, place, SWOT analysis, Porter's analysis, PESTLE analysis,

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INTRODUCTION

The main goal of my bachelor's thesis is to evaluate the current situation of an application of the marketing mix of the company Elisoft Ltd located in Zlín and to make recommendations designed to increase competitiveness.

Currently, interest in the programming business is growing, as it is a very well-paid job. At this time, almost everything is sold online; therefore, the competition is much higher, as it no longer counts only on local competition but also on competition from all over the country.

The first part of my bachelor's thesis contains literature on a selected marketing topic. We can find there a theory about the marketing mix and analyses of the internal and external environment.

The second part – the practical part, focuses on the analysis of the company Elisoft. In the beginning, we learn the basic information about the company, followed by studying the internal and external environment. The SWOT analysis is applied to both the internal and external environment of the company, Porter's analysis of five competitive forces analyses the competitive environment of the company, and the last PESTLE analysis evaluates the external environment of the company Elisoft.

The bachelor's thesis concludes with recommendations for the company to increase competitiveness, which are provided with time, cost, and risk analysis.

I. THEORY

1 MARKETING

“Marketing is engaging customers and managing profitable customer relationships.” (Kotler, Armstrong 2017, 26) The majority of people do not understand marketing; they perceive marketing just as advertising. However, this is just a part of the whole concept of marketing. Marketing includes everything around us, from old traditional forms to new forms, such as phone apps or online social media. It is important to understand marketing as the satisfying customer wants and needs; nevertheless, this was not the primary goal in the past. Through marketing, individuals and companies satisfy their wants and needs by creating and exchanging value with others. Consequently, the concept of marketing includes terms such as needs, wants, demand. Marketers need to find out and understand these needs, and after that, companies may start with the production. Thus, marketing has two steps; to attract new customers and ensure the growth of current customers by delivering satisfaction. (Kotler, Armstrong 2017, 28-29; Kotler 2007, 38; Schenck 2005, 7-8)

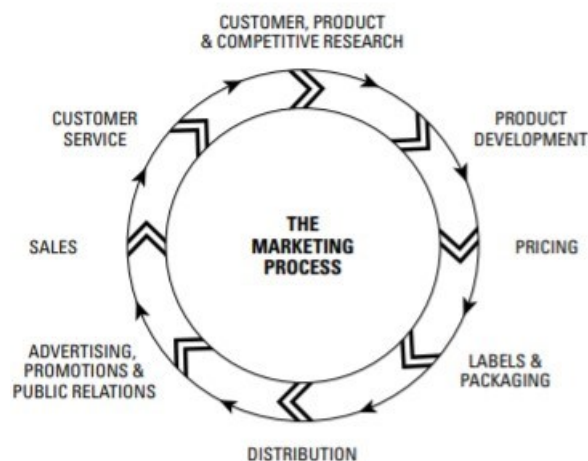


Fig. 1–The marketing process (Schenck 2005, 8)

“Today's successful companies have one thing in common: they are strongly customer focused and heavily committed to marketing.” (Kotler, Armstrong 2017, 28) Nowadays, customer relationships and value are significant. New technologies such as mobile phones, the internet, and social media can represent an advantage and a huge issue. It is more important than ever to build strong customer engagement and relationships. People can share their experience with the product or with the whole company more efficiently; people are connected more than ever. Opinions of others are more and more worthwhile for customers; they share their experiences and views through massive pools of reviews. These new options

also show the way companies interact and communicate with customers; it is no longer just on the face-to-face interaction; companies need to communicate through online chats, mail, social media, etcetera. As was mentioned, marketing is all around us; recently, it is easier to get to customers. Marketers have a vast range of marketing approaches, such as online videos, social media, imaginative websites. All of these approaches reach customers directly and personally. Marketers try to become a part of customer's life, but it is much more than consumers see. Behind it all, there is a massive network of people, effort, technologies, and activities to reach customer attention. Nowadays, institutions have more ways to build the relationship but also more ways to destroy it. (Kotler, Armstrong 2017, 29-31; Kotler, Kartajaya 2017, 18; Kline 2012, 16-18)

Plenty of businesses are going global today, which means marketers must deal with the globalization that brings new opportunities to the marketplace, as many new demands. They need to make crucial decisions about which countries' markets and segments to participate in; on top of that, it is fundamental to formulate the marketing strategies and coordinate their realization. The global business was primarily directed only by multinational giants; small and even medium companies focused on their domestic markets. When they decided to trade with foreign countries, it was only one or two neighboring states. Nevertheless, global marketing does not necessarily mean that all counties of the world are involved. Even regional marketing can be perceived as an example of global marketing. Besides, global marketing refers to integration and marketing activities across many different markets, which can mean the involvement of standardized products, identical brand names, resembling advertising, coordinated sales campaigns, or uniform packaging across markets. In addition, globalization changed the perception of competitiveness that is no longer about the size, country of origin, etc. Currently, younger, smaller, and local companies also have a chance to rival older, more prominent, and global firms. (Johansson 2008, 1-5, 14; Kotler, Kartajaya 2017, 17)

1.1 Marketing environment

The marketing environment consists of the actors and forces outside marketing that do not affect just marketing activities, but the whole company management that wants to build and maintain strong relationships with customers. The marketing environment includes everything that customers live in, such as the economy and government regulations, current issues, monetary policies, fiscal policies, social attitudes, technological changes, distribution infrastructure, and many other factors. Every marketer should keep an eye on the outside

environment using disciplined methods such as marketing research and marketing intelligence used to collect data and develop knowledge about the marketing environment. To understand the market, a company needs to understand the internal as well as external environment. (Kotler, Armstrong 2017 92; Kindersley 2014, 236; Fernando 2014, 37)

1.1.1 The Microenvironment

The marketing environment could be split into microenvironment and macroenvironment. To the microenvironment belong all actors that are close to the company that positively or negatively affect. This part of the marketing environment also includes an ability to create value for and relationships with customers. The main actor in this environment is the company, but managers cannot do everything alone. Marketing achievement requires building strong relationships with other parts of the microenvironment to create the company's value delivery network. Thus, other actors in the microenvironment are suppliers, competitors, the public, marketing intermediaries, and certainly customers. (Kotler, Armstrong 2017, 92-93; Fernando 2014, 39)



Fig. 2– Actors in the Microenvironment (Kotler, Armstrong 2017, 93)

While the company is designing, organizing, and planning marketing plans, marketing management has to account for other interrelated groups that form the internal environment, such as human resources, accounting, finance, purchasing, top management, research, and development, etc. Top managers focus on the company's mission, set main goals and objectives, policies, and strategies to satisfy the company's wants and needs. Marketing managers have to work closely with other company sectors that share the responsibility for understanding customer needs and creating value. The suppliers form an essential part by making the significant part of the delivery network. The suppliers furnish the company with

resources needed in the production of goods and services. Problems related to suppliers have a serious impact on marketing or even the company's condition. Supply shortages caused, for example, by natural disasters and other events can damage the satisfaction of customers that may lead to insufficient company output. Next actors in the microenvironment are marketing intermediaries, including resellers, marketing services agencies, or physical distribution firms. These actors help institutions sell, promote, and distribute their outputs to buyers. They form a significant link in the company's environment. Success can be challenging to reach because of the competition. It is on companies to provide customer value and satisfaction that will be greater than competitors. Even though it might cause difficulties, the competition represents a vital role; lack of competition in an economy promotes monopolistic practices. In addition, managers know that only the fittest remain; this helps to improve the quality of products and reduces prices. Competition forces companies to strive to do more and be superior. (Kotler, Armstrong 2017, 93-94, Fernando 2014, 40)

The marketing environment of each company includes various publics. The public is a term that determines any group that impacts an organization's aptitude to attain its goals; it is any group that has an actual or even potential interest in an organization. We can identify these seven types of publics: government publics, citizen-action publics, internal publics, the general public, financial publics, and local public. For example, a group called financial publics affects a company's competence to obtain funds. This group includes banks, investment analysts, but stockholders form a major part of the financial public. Marketers must consult several issues related to the product safety or the truthfulness of advertising; these issues are related to the government publics. The publics represent a crucial part by helping companies operate to aiding society without any damages. (Kotler, Armstrong 2017, 95-96; Fernando 2014, 40)

Customers are the last and the most important members of the company's environment. The customer is considered the king because, through market forces, he determines the quality and quantity that need to be produced, which puts the customer at the heart of any successful business model. As was mentioned earlier, the company's most important goal is to create customer value and satisfaction, which will positively impact the company's condition. To reach this stage, the company needs to create and consequently maintain strong relationships with customers. The company might target five types of customer markets: consumer markets, business markets, reseller markets, government markets, and international markets.

Consumer markets are formed by individuals and households that purchase goods and services for their consumption, in contrast to business markets that purchase outputs for further processing or use in their production. In contrast, reseller markets purchase outputs and resell in virtue of a profit. Government markets are composed of government agencies that are intended to ensure public services or ensure the transfer of outputs to those who need them. (Kotler, Armstrong 2017, 96; Fernando 2014, 39)

1.1.2 The Macroenvironment

The macroenvironment is composed of broader forces that influence the microenvironment actors and business activity. These forces consist of economic and non-economic factors that create opportunities and threats that a company must count on; most of these forces are unforeseeable and uncontrollable. Even the most dominant institutions can have strong inconveniences when forces in the marketing environment are changing. However, some of them can be predictable and, through skillful management, also handled. It is essential to apprehend and adapt to the environment because those who accomplish this stage have bigger chances to prosper. (Kotler, Armstrong 2017, 96; Fernando 2014, 41)

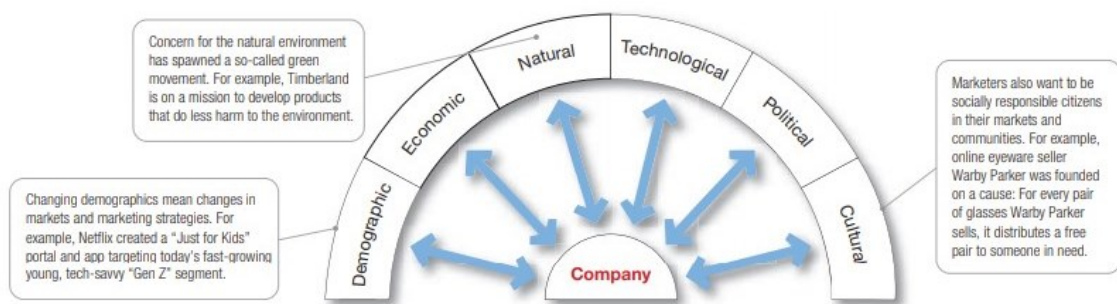


Fig. 3—Major Forces in the Macroenvironment (Kotler, Armstrong 2017, 96)

1.1.2.1 The Demographic Environment

Demography studies the human population by looking at size, density, location, age, sex, life expectancy, gender, race, occupation, etc. Demand arrives from people; therefore, with a greater amount of people also the demand increases. At first, marketers look at the demographic changes because it means changes in markets. The biggest demographic trend is related to the changing age structure of the population. As it was mentioned, the demographic environment is one of the most important for companies because it involves people, and people are the base of markets. Marketers research changing age, family structures, geographic shifts, population diversity, or even educational characteristics. For

marketers, it is very significant to follow demographic changes; for instance, Netflix created a "Just for Kids" portal that is following the fast-growing Generation Z segment. (Kotler, Armstrong 2017, 96-99; Fernando 2014, 46; Kelly 2013, 80)

1.1.2.2 The Economic Environment

"The economic environment can offer both opportunities and threats. For example, in the post-Great Recession era of more sensible consumer spending, value has become marketing watchword." (Kotler, Armstrong 2017, 103) Consumer spending and purchasing behaviour can be dramatically affected by economic factors, such as income, inflation, interest rates, and many others. For example, the Great Recession of 2008-2009 changed American buying behaviour from freely spending to back-to-basics sensibility, which means people are buying less and looking for greater value. Companies started to change their slogans to more practical appeals such as "Our lowest prices of the season," "Expect More. Pay Less", "Free shipping, every day.", et cetera. Even luxury brands and institutions started to stress the value; after the Great Recession, Tiffany began to offer relatively inexpensive items priced at as little as \$100 to \$500, while earlier prices were starting at a level of \$5,000. Marketers should also pay attention to changes such as income distribution, income levels, cost of living, interest rates, borrowing, and saving patterns because these changes have a huge impact on the marketplace. Institutions apply to forecast for monitoring these variables, and with adequate warning, they can take advantage of changes that in the economic environment occur. (Kotler, Armstrong 2017, 103-104; Fernando 2014, 42; Kelly 2013, 52)

1.1.2.3 The Natural Environment

The natural environment includes all the physical and natural resources that are needed for production and processing or that are influenced by marketing activities. That means that anything from weather to natural disasters is a force that influences the condition of institutions. For example, cold winter can affect florist and delivery companies, auto dealers to restaurants, airlines, or tourism. On the other hand, this issue can boost demand for winter clothing or ski equipment products. Thorough corporations cannot inhibit such natural happenings; they should prepare to deal with them. Talking about the delivery companies, they must be ready to deliver their stuff in time because people do not care about the weather and demand their orders. Marketers should become aware of trends in the natural environment, for instance, the growing shortage of raw materials. For some groups of people, the air and water may seem to be resources that we do not have to worry about; however, some groups see long-run dangers. Air pollution is an issue that many people do not consider

a serious issue because they do not reside in larger cities, where the problem is extensive. Water shortages are already a big problem in several parts of the United States and the world. However, nowadays, we can observe changes and significant movements related to ecology. Companies create sustainable products; they take care of the environment and want to help to improve the condition. People are more devoted to nature and can pay more for sustainable and eco products. "Today's enlightened companies are developing environmentally sustainable strategies in an effort to create a world economy that the planet can support indefinitely." (Kotler, Armstrong 2017, 104). (Kotler, Armstrong 2017, 104-106; Worthington, Britton 2018, 9; Kelly 2013, 124)

1.1.2.4 The Technological Environment

"Technological advances are perhaps the most dramatic forces affecting today's marketing strategies." (Kotler, Armstrong 2017, 106) Investment in technologies or innovations is crucial for success and may represent a great advantage because they create new opportunities. As mentioned in the citation, technological forces are probably the most dramatic because they form today's world. Technology is developing exponentially, the speed of breakthroughs and innovations is thumping, it influences everything. Our approach to technology depends on whether we are impressed with, or we are afraid of technology. Marketers are exposed to new exciting opportunities, such as "beacon" technology, which uses little transmitters to track the product or customers; this can be terrifying for users, but it is a big advantage for sellers to provide personalized and interactive experiences for customers. (Kotler, Armstrong 2017, 106-108; Worthington 2018, 8; Kelly 2013, 108)

1.1.2.5 The Political Environment

However, marketing is significantly influenced by the political environment too. Businesses operate under the terms of laws, regulations, government agencies, and other pressure groups that influence or even limit organizations and individuals in a particular society. It was agreed by the strongest advocates of free-market economies that the system should not be without at least some regulation. Competition can even be encouraged when the regulation is well-conceived; it can lead to a fair market. Public policy that the government develops is a set of laws and many regulations that guide commerce and restrict businesses; nevertheless, most companies want to be socially responsible. Government activities influence directly and indirectly business affairs, and the government could be perceived as the greatest enterprise at a national or local level. There are three main reasons why business legislation has been enacted; to protect companies from each other, protect customers, and protect

society's interest. Legislation has an impact on business worldwide; it influences competition, environmental protection, product safety, fair-trade practices, truthful advertising, the privacy of consumers, pricing, packaging, and a lot of other important spheres. It can sometimes be exhausting for marketers to understand and keep up with changes that are made again and again. Businesses must keep an eye on these developments; they need to know what they can afford and how to protect themselves. (Kotler, Armstrong 2017, 108-109, 111; Kelly 2013, 25; Worthington 2018, 7,9; Fernando 2014, 45)

1.1.2.6 The Cultural Environment

The cultural environment influences both demand and supply. This environment is formed by institutions and other forces that impact the particular society's basic values, preferences, and behaviour. Culture has a high-powered effect on people; the way they think, purchase, consume, and this leads to marketers' huge interest in the cultural environment. The culture of a specific country defines the relationship with others and way of life, briefly, everything that affects the marketing decision-making process. Kotler and his co-authors also mention that people in different societies have different beliefs and values that form specific behaviour in their lives. These values, beliefs, and attitudes can be divided into core and secondary beliefs and values. Core beliefs are mostly shared with parents, also are influenced by school, religion, or government. These attitudes are profoundly rooted in our minds, and it is reflected in our lives, on the other hand, secondary beliefs are those that can change. The example mentioned in Kotler's book *Principles of Marketing* says that believing in marriage is a core belief, but believing that people should get married early is a secondary belief. This leads to the statement that marketers are able to change secondary values, but there is a small chance to change the core values indeed. All institutions need to adjust their operations with cultural values because they determine customer's tastes and preferences. (Kotler, Armstrong 2017, 111-12; Fernando 2014, 45, Worthington 2018, 8)

1.2 Marketing management

According to Kotler and his co-authors, marketing management is defined as a process of choosing target markets and building profitable relationships with them. A large part of people thinks that marketing management is only about customer acquisition. This is a huge mistake; marketing managers have a lot of activities that have to be done, such as engaging, keeping, and growing target customers by creating, delivering, and communicating superior customer value. Marketing management determines the continual process of analysis,

planning, decision-making process, and checking. When a situation such as zero demand, irregular demand, or even excessive demand occurs, marketing management must find a solution to deal with these issues. (Kotler 2007, 46-47; Kotler, Armstrong 2017, 34)

However, it is needed to answer important questions that will lead to a winning marketing strategy: what customers will be served and how can these customers be served best. Firstly, the institution must determine a particular group of people whose wants and needs will be satisfying. This action is done through market segmentation and target marketing. Market segmentation is the action of dividing a population into different segments and afterward selecting the segment– target marketing. While doing target marketing is essential to realize that it is impossible to serve all customers, this would lead to the situation that the company would not serve any customers well. The next step that marketing managers must perform is deciding how it will differentiate the product. The institution needs to determine a value proposition; it means that the company promises to deliver consumers particular benefits and values that will satisfy their wants and needs. The value features should help us distinguish one brand from another. In addition, it persuades us to choose this brand rather than competitor's brand because strong value propositions create the most significant advantage. (Kotler, Armstrong 2017, 34-35, 212)

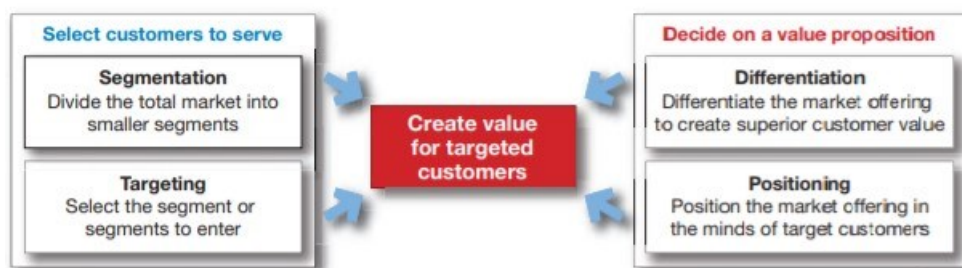


Fig. 4 Marketing Strategy (Kotler, Armstrong 2017, 212)

1.2.1 Marketing Management Orientations

Marketing managers must design appropriate strategies to help grow the company; it should determine individual steps intended to reach the vision. It consists of the interests of customers, organizations, and society as well. It is crucial to think about what philosophy should guide a company's strategies. There five main alternative concepts under which firms plan their marketing strategies that show us the evolution of marketing philosophies. (Kotler, Armstrong 2017, 35; Kotler, Keller 2016, 42)

The first concept is related to production; thus, it is called **the production concept**. This concept belongs to the oldest strategies and it was founded at the beginning of the 20th century in the USA. The basis is made up of the fact that consumers prefer products that are widely available and affordable. Businesses that are production-oriented focus on reaching production efficiency, low costs, and mass production— this approach can be found in developing countries such as China or businesses that endeavour to expand the market. Another concept, **the product concept**, is based on the fact that customers start to prefer outputs that offer high quality, performance, innovative attributes, and they are able to pay extra money. Under this concept, marketing strategy is intended to improve product features, but focusing only on the company's products may lead to marketing myopia. These companies might commit the "better-mousetrap" fallacy while believing that a better product itself will persuade people to buy it. In reality, it will not be successful unless the price, distribution, advertisement, and selling will be done properly. At the point when the market is saturated up to supersaturated, **the selling concept** appears. This concept is followed by many companies and holds that customers will buy the product if the sellers are able to persuade them. In terms of the marketing mix, the selling concept focuses on promotion; the main goal is to sell out an excessive amount of product rather than focus on buyer's requirements. In the mid-1950s, **the marketing concept** appeared, the aim of which is to achieve organizational goals. These goals are dependent on knowing and understanding the needs and wants of the target segment and consequent delivering satisfaction. Thus, customers and meeting their needs are returning to the forefront of interest. The last of the five main concepts is **the societal marketing concept**, based on the previous marketing concept, thus, it is oriented to the wants and needs of customers to be superior to the competition. In this concept, a voluntary commitment called Corporate Social Responsibility was newly created. These companies set high ethical standards, establish good relationships with their employees, and minimize the negative impact on the environment. (Kotler, Keller 2016, 42-43; Kotler, Armstrong 2017, 35-37; Bartošová, Krajníková 2011, 16-18)

2 MARKETING MIX

The marketing mix is a concept of four means that are important in producing products and achieving goals; it is one of the fundamental marketing instruments. The idea of this issue can also be understood as factors and solutions that help the company satisfy the wants and needs of customers and the company's objectives, as mentioned. The marketing mix, also called 4P, includes four parts that influence a company's decisions. It consists of product politics, price politics, distributive politics, and communication politics that companies use to adjust the demand according to target markets, and it creates the strategy of a company. Therefore, these elements are considered crucial, and they are mutually connected; it is about the product, price, place, and promotion. In some literature, there are 7P, considered as marketing complex; there are in addition people, process, and physical evidence. The marketing mix is used by each company but with different intensity; the most important is harmonizing these means and reaching the state that works for the company well. (Išoraitė 2016, 2; Kozel 2006, 36; Kotler 2007, 70; Jakubíková 2008, 146; Foret 2011, 97)



Fig. 5– Marketing Mix (Kotler, Armstrong 78)

N. H. Borden was a professor of marketing and advertising at the Harvard Business School. He is considered the founder of a marketing concept, who was comparing the marketing mix to the dough of pie. That comparison says that companies must find out the optimal amount of these individual parts to create 'a good cake', which will satisfy customers' wants and needs, and that will help reach the company's goals. He won many awards and published a lot of books, e.g., *The Economic Effects of Advertising*. (Doyle 2011, 238; Foret 2011, 189-90; Borden 1984, 7)

Everything that companies do to attract customer's attention and to deliver customer value belongs to the marketing mix; it helps to plan what the company should offer and how to offer. However, the concept of marketing developed; it means that the marketing mix started to keep in mind customers. This marketing mix is redefined as the 4 C, which shows marketing mix from the point of customer's view; the product is changed to the customer value. The price is in 4 C as the cost to the customer, promotion as communication and finally place as a convenience. In other sources such as Principles of Marketing, according to Kotler, it can also be named as *Four As*, as it can be seen on the table below: Kotler, Armstrong 2017, 77-79; Kotler, Kartajaya 2017 34-35; Paulovčáková 2015, 158)

Four Ps	Four As
Product	Acceptability
Price	Affordability
Place	Accessibility
Promotion	Awareness

Fig. 6 – Four Ps and Four As (Kotler, Armstrong 2017, 79)

2.1 Product

Product is defined as something that is offered by a company to customers whenever it is a physical product or service. The products do not represent just the object that is being sold. This term includes a much wider range of features such as quality, guarantees, packaging, convenience, brand name, and other factors. Additionally, to attract new and keep current customers is essential to be innovative; a company should think about innovation all the time, either it is an innovation of the product or innovation of a way that the business is managed. All large corporations such as Apple, Google, or Samsung know that no to innovate is to be at a standstill. To create a particular product, companies need several inputs -work, land, capital, that participate in the production process and altogether are required to develop outputs. (Kotler 2013, 73; Išoraitė 3; Kotler, Armstrong 2017, 78; Bartošová, Krajníková 2011, 102-103).

Products and services consist of three levels that need to be considered while planning, these levels create additional customer value; the most basic level – **the core customer value** –

says what the customer is buying. *"For example, people who buy an Apple iPad are buying more than just a tablet computer. They are buying entertainment, self-expression, productivity, and connectivity – a mobile and personal window to the world."* (Kotler, Armstrong 2017, 245) The core customer value presents the basic utility for the customers, the reason why the customer is buying the product. (Foret, 2011, 194; Kotler, Armstrong 2017, 244-246)

Designing the **actual product** from the core customer value is done by planners at the second level. They are creating features, such as a brand name, packaging, and other vital elements that are significant to deliver more excellent customer value. *"For example, the iPad is an actual product. Its name, parts, styling, operating system, features, packaging, and other attributes have all been carefully combined to deliver the core customer value of staying connected."* (Kotler, Armstrong 2017, 246).

After all, the **augmented product** is created by offering extra customer services and benefits. This can be represented by a warranty, quick repair services, free shipping, or a possibility to use a repayment and others. The illustration of three levels of products can be seen in picture number 7. (Kotler, Armstrong 2017, 246)

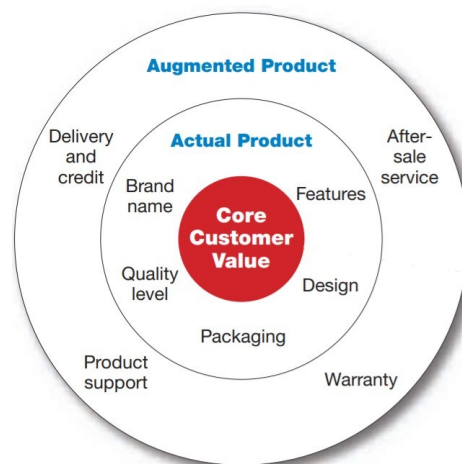


Fig. 7 Levels of product
(Kotler, Armstrong 2017, 245)

2.2 Price

"The price is one of the factors affecting the consumer, because it helps him to understand the value of the product. Also, the price can be specified as an actual or valuable, giving value, and the price of companies to identify their products or services in the role as the

regulation of its marketability". (Išoraite 2016, 6-7). Price is the amount of money that consumers need to spend in exchange for the utility. Many scientists believe that price is one of the most crucial components that occur in the market. Price is an exciting element that influences the buying behaviour of the customers. Even though customers want some product, they sometimes tend to wait until the price falls or simply do not buy it. Because of this behaviour, price is sometimes truly the most crucial aspect for customers. (Išoraite 2016, 6; Kotler 2013, 14; Bartošová, Krajníková 2011, 118)

2.2.1 Methods of pricing

Pricing the product can be complicated, but there are several pricing methods that can be useful for companies while deciding:

Customer value-based pricing is trying to achieve consumer satisfaction based on the buyer's perception of value. For companies, the buyer's perception is the key to pricing. The first step for a company is to determine needs and customer's perception of value. In picture number 8 below, it can be seen how the company must proceed with the pricing. (Išoraite 2016, 7; Foret 2011, 112; Kotler, Armstrong 2017, 309-310)

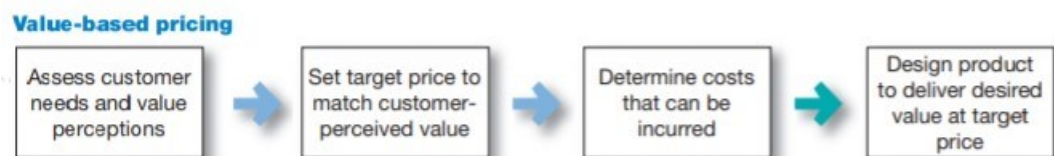


Fig. 8 – Value-based pricing (Kotler, Armstrong 2017, 310)

Cost-Based Pricing is the simplest and also the most frequently used method. The price is determined by evaluating the fixed and variable costs; this method is based on the costs connected with the production, distribution, and sale of the product. Finally, the company needs to add a rate accompanied by the firm's endeavour and risk. (Išoraite 2016, 7; Foret 2011, 111; Kotler, Armstrong 2017, 313)



Fig. 9 Cost-based pricing (Kotler, Armstrong 2017, 310)

Competition-Based Pricing is a method when companies rely on the prices of competitors. This pricing strategy can be used when the company has a comparable product with their competition, but they need to explore their product in detail in terms of features and costs. After that, a company can determine the competitively comparable price. It is important to know that companies do not try to match or defeat competitor's prices. The higher price is justified when the product also carries a higher value. (Paulovčáková, 2015, 200; Kotler, Armstrong 2017, 317)

These three mentioned pricing strategies belong to basic methods, but companies can use several other methods. A company can also determine their products' prices according to their company's goals – what the firm wants to achieve. For example, if the primary goal is to maximize the sales volume, they would probably set a lower level of prices or maximize profit—in this case, the company would most likely set the higher level of prices. Another pricing strategy is based on demand. The price is changed according to the customer's demand, and the relation between the price and the resulting demand is represented on the demand curve. (Foret 2011, 112; Bartošová, Krajníková 2011, 121)

2.3 Place

The place is the third tool of the marketing mix, which can be called distribution. This element is defined as the process accompanied by several methods intended to deliver products to customers; distribution represents the movement of products from the production site to the place of final consumption. After creating a perfect product, it is not sure that the product will be successful. The company needs to make products available to customers. To get these things done, the company must build relationships with customers and suppliers, resellers, and other organizations such as advertising agencies. This is called a **value delivery network**: *"A network composed of the company, suppliers, distributors, and, ultimately, customers who partner with each other to improve the performance of the entire system in delivering customer value."* (Kotler, Armstrong 2017, 359). (Kotler, Armstrong 2017, 358-359; Išoraite 2016, 8; Bartošová, Krajníková 2011, 128; Ray 2019, 57)

Whether the company sells its products itself or uses intermediaries, it is about the **distribution channel (or marketing channel)** – *"A set of interdependent organizations that help make a product or service available for use or consumption by the consumer or business user."* Kotler, Armstrong 2017, 359). In general, the distribution can be divided into direct and indirect distribution. Firms need to project their distribution channels to make goods

available to their purchasers; if the channel has no intermediary levels, it is called a **direct marketing channel**. This method is the simplest one because customers receive goods directly from the producer without any other intermediaries. There is a big advantage because producers have direct contact with customers, which helps obtain feedback related to the satisfaction and other wishes or requests. The direct marketing channel also represents the possibility of constant control and lower costs. (Kotler, Armstrong 2017, 361; Foret 2011, 121)

As mentioned earlier, the distribution has two levels. The second is called **indirect distribution** — it means the company uses one or more intermediaries to sell its goods. *"Using indirect channels, the company uses one or more levels of intermediaries to help bring its products to final buyers. Examples: most of the things you buy—everything from toothpaste to cameras to cars".* (Kotler, Armstrong 2017, 361) It brings a chance to larger distribution, but with the indirect form of distribution, the producer loses immediate contact with buyers and the control. Producer becomes dependent on intermediate who can affect positively but also negatively the sale through promotion, marketing communication, or through information provided to buyers. Although the indirect distribution represents the potential of a greater number of buyers, it is important to know that each intermediate involved in the distribution receives a percentage of profit, which, in addition, represents an increase in the cost of the product. (Foret 2011, 121; Kotler, Armstrong 2016, 361; Išoraite 2016, 8)

2.4 Promotion

The last 4P tool is the promotion that is intended to extend the awareness among buyers. *"The promotion of the marketing mix is a tool that helps disseminate information, encourage the purchase and affects the purchase decision process."* (Išoraite 2016, 9) Although the product is perfect with favourable price and great accessibility, it is necessary, especially in today's world, to let people know about the product. Nowadays there is a massive advantage in promotion, social media represent giant opportunities for companies. But there are a lot of other possibilities in promoting goods, not only on the internet or via social media. *"The promotion mix is the marketer's bag of tools for engaging and communicating with customers and other stakeholders. To deliver a clear and compelling message, each tool must be carefully coordinated under the concept of integrated marketing communications."* (Kotler, Armstrong 2017, 424). The promotion mix does not represent just the advertising, as the most people think, the marketing communication mix represent extensive range of

methods intended to reach the customer's attention, such as public relations (PR), personal selling, sales promotion, direct and digital marketing, and WOM. Although the promotion mix is the primary communication activity that engages buyers, the whole marketing mix — promotion and product, price, and place — must cooperate to influence buyers and reach the company's goals. (Išoraite 2016, 9; Kotler, Armstrong 2017, 425; Ray 2019, 56-57F)

2.4.1 Advertising

The most widespread and the oldest marketing tool that promotes ideas, products, services, or the company's image in terms of paid, nonpersonal, and one-way presentation that helps reduce obstruction between customers and firm. Advertisements are intended to inform current but also potential customers. Producers pay adverts; thus, it is not probable that adverts contain negatives of the product because they try to emphasize its advantages. Advertisements can be divided according to media that is used: press advertising, television and radio advertising, outdoor advertising, and others. (Kotler, Armstrong 2017 425; Išoraite 2016, 9; Foret 2011, 130; Foret 2011, 256)

The basic functions of the advertising are informative, persuasive, and reminding: **Informative advertisements** are intended to inform customers about a new product; by this type of advert, companies try to increase product awareness among customers. This advert creates the primary demand and interest in a product. By contrast, **persuasive advertising** is used when the company experiences pressure from the competition side; the company tries to impress customers to buy their product instead of the competitor's product. Sometimes, companies use the form of comparing adverts, where the firm compares their product with another company's product. Finally, **reminder advertising** tries to keep awareness of the brand, product, services, and where people can find it. (Foret 2011, 257; Paloučáková 2015, 221)

2.4.2 Sales promotion

This method uses short-term but specific actions that are intended to encourage customers to the immediate purchase because it is advantageous for them right now. Sales promotions make a product more attractive and available for buyers, and it is one of the most effective promotion tools. This method is used especially when the new product is launched or in the phase when the company experiences failure; it can help increase sales in the short term or expand market share. (Išoraite 2016, 9; Foret 2011, 130; Foret 2011, 280)

Depending on who the sales promotion aims, it can be divided into sales promotion to end customers and intermediaries. **Sales promotion to end customers** is well-known, and everybody often meets it when shopping; price discounts, two products for the price of one, bonuses, gifts, competitions for customers, tastings and samples, coupons, and a lot of others. Everything mentioned is done by companies to create an impression on customers, that they are important and appreciated. In the case of **sales promotion to intermediaries**, companies use similar methods, such as gifts, business meetings, and parties, material or financial rewards, but they are more expensive. The goal is to persuade them to take over the company's offer in their range, maintain goods in their stores, purchase it in larger quantities, or place the goods in their stores in a more attractive and visible place. (Išoraite 2016, 9; Foret 2011, 130)

Sales promotion is done through direct and indirect methods; a **direct method** is when customers receive a reward immediately; for example, after buying six cans of cat food, the customer receives a cat-feeding bowl as a bonus. The customer is collecting specific special stamps, labels, lids, and after collecting the desired amount, the customer is awarded. Conversely, **an indirect method** customer is after meeting certain conditions included only in the draw. Then, only if he is drawn, a reward awaits him. An example of the indirect method is when the buyer needs to register a written code on the lid of a particular beverage. (Foret, 2011, 280-81)

2.4.3 Personal selling

This type of marketing communication uses direct contact with the customer, and consequently, it helps create a good relationship. This type of communication requires face-to-face communication; therefore, buyers can tell sellers their opinion that allows sellers to meet their requirements. Personal selling requires professionalism, particular knowledge, overall behaviour, and performance by the seller. Personal selling is used primarily for a typical type of product, for example, cosmetics. As it has been said earlier, personal selling has a significant advantage in terms of direct contact with customers. Still, there are also other advantages, such as the usage of a psychological procedure or creating a database of proven customers. Sellers can influence buyer's opinions and change their requirements; as for the database, they allow sellers to maintain contact with existing customers and create a possibility of further sales. (Foret 2011, 133)

2.4.4 Public relations

"Building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events." (Kotler, Armstrong 2017, 425) It is important for a company to develop a PR program, where the management will agree on goals, objectives, strategy, and specific actions that will lead to a good relationship with the public. Public relations differ from other types of marketing communication because the company does not offer or sell anything. By public relations, companies organize some activities, events, or even write some articles where people participate in the discussion. This form of marketing communication helps create a good image and improve the company's position in the eyes of society. (Goldman 1984, 3, Foret 2011, 131; Foret 2011, 308)

"Public relations is that form of communications management that seeks to make use of publicity and other non-paid forms of promotion and information to influence the feelings, opinions, or beliefs about the company, its products or services or the value of that product or service or about the activity of the organization to buyers, prospects, or other stakeholders." (Bennett 2010, 210) Public relations are divided into two parts: communication with the internal and external environment of the company. By communicating with **the internal environment**, the company tries to build a good relationship with employees, create a good background and strengthen the employee's loyalty. By communicating with **the external environment**, there is a goal to build a good relationship with the surroundings, local residents, social, cultural, sports organizations, etc. Public relations use several communicating tools, such as organization of events that are intended to improve the environment, publishing corporate newspapers, and magazines, or organizing and sponsoring sports and cultural events. (Foret 2011, 132)

2.4.5 Direct marketing

Direct marketing uses direct communication with the customer without any other intermediaries; this type of communication is used to obtain an immediate response and build a good relationship. There are several forms of direct marketing, but all of them carry the following characteristic features: direct marketing is private, immediate, interactive, and it can be customized to target a specific customer. (Kotler, Armstrong 2017, 512; Bennett 2010, 253; Foret 2011, 134; Kotler 2007, 837)

Direct marketing includes direct mail, mailing catalogues, telemarketing, leaflets thrown into mailboxes, electronic commerce via the internet, television, and radio programs requiring an

immediate response. Nowadays, direct marketing also broadened because there are new possibilities of direct marketing through the internet; this is called digital marketing, when sellers use digital tools, such as social media, mobile marketing, or online marketing. The offer comes to the customer because of direct marketing, which means that the customer no longer needs to go to the market. Direct marketing has two forms: **targeted direct marketing** that is intended to address specific persons. These people are usually in the company's database, where are data about their purchases, personal information, reaction to the offer, and others. The other form of direct marketing is **unaddressed direct marketing**; this form does not address specific persons but uses nonpersonal information to target a wider population, such as distributed leaflets and catalogues on the street or thrown in mailboxes. (Išoraite 2016, 11; Kotler, Armstrong 2017, 512; Foret 2011, 134; Foret 2011, 347)

3 AN ANALYSIS OF ENVIRONMENT

3.1 SWOT analysis

"Today most organizations engage in strategic planning. Strategic planning is a way to help an organization be more productive by helping guide the allocation of resources in order to achieve goals. It is a strategic management tool. In other words it is a part of strategic management. In fact, strategic planning is a key to successful strategic management." (Gürel 2017, 1)

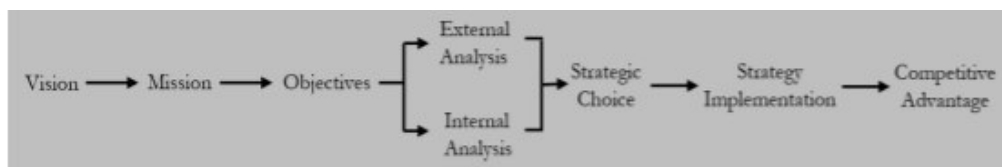


Fig. 10 –SWOT analysis (Gürel 2017, 2)

SWOT analysis is one of the several strategic planning tools and one of the most used analyses. By creating the SWOT analysis, analysing starts; a company makes a framework, analyse and evaluate a business situation where is essential to study and identify particular factors of the internal and external environment. In the evaluation of the internal environment, the company is concerned with strengths and weaknesses. By contrast, when analysing the external environment, the company takes a look at opportunities and threats. (The Open University 2017, 13-14; Bennett 2010, 50)



Fig. 11 –SWOT analysis framework (Chernev 2014, 215)

Strengths show internal capabilities that can help a company reach its goals. In addition, this part may represent a potential advantage over others. In contrast, weaknesses represent internal factors that limit a company and its growth. Because of weakness, it can be challenging to reach objectives. These two parts of swot analysis belong to the internal

environment, but there are also positive and negative factors that belong to external factors: opportunities and threats. Opportunities show external factors that can become an advantage for a company; on the other hand, some threats can endanger a company's performance. External factors can be unpredictable because the company has no power over them, while the company can influence internal factors to some degree. (Quincy 2012, 2; Kotler 2017, 64; Dolnicar 2018, 3-4; Sarsby 2016, 3)

3.2 PORTER analysis: The Five Forces of Competition

The author of The Five Forces framework Michael Porter suggested that the company wins by creating a sustainable competitive advantage. He also affirmed that the level of competition is influenced by five forces: the power of suppliers and buyers, threat of new entrants and substitutes, and finally, rivalry among competitors. Companies use this method when they want to enter a particular industry to estimate the viability. (Chernev 2014, 32; Kotler 2003, 22; Michaux 2015, 5)

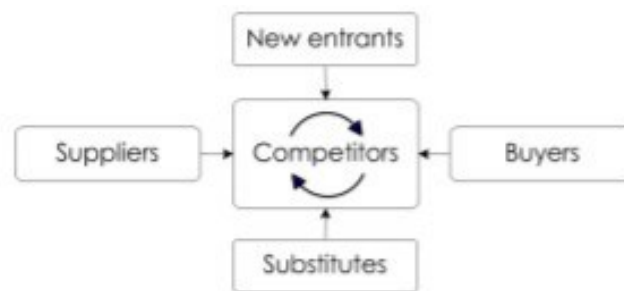


Fig. 12– The Five Forces of Competition
(Chernev 2014, 32)

3.2.1 Threat of entry

New competitors entering the industry put pressure on existing companies, which must then follow another competitor. Every new entrant enters the market with the intention of gaining the largest possible market share. New companies can easily gain a significant advantage if they enter the market with some innovation that sets them apart and becomes their competitive advantage. It poses a threat to existing companies that may lose market share. (Porter 2008, 80-81)

3.2.2 The power of suppliers

Suppliers have the power to charge higher prices if there is a limited number of them in the industry; by this, they can decrease the company's profitability. A group of suppliers is vital

when it is more concentrated than the market in which it operates. In addition, suppliers are not dependent on the industry for its revenues because if they serve many industries, they will gain maximum profits. (Porter 2008, 82)

3.2.3 The power of buyers

Buyers have enormous power related to the businesses. They influence the company, especially by demanding lower prices, better quality, and more services. Several groups of customers carry different approaches; shop assistants meet buyers using various negotiating leverage, customers who are sensitive to price, or customers who do not care excessively about the price but the quality. (Porter 2008, 83-84)

3.2.4 The threat of substitutes

Substitute is a product that represents the same or similar features, benefits, and functions as the company's product. Before entering the market, it is essential to analyse him because if the threat of substitutes is high, it will always be risk entering the market; with the high number of substitutes, the company's profitability is likely to suffer. (Porter 2008, 84)

3.2.5 Rivalry among existing competitors

The author of the Five competitive forces discusses the rivalry among competitors that already operate in the market. It is stated that this rivalry has many forms, such as new product introductions, service improvements, price discounting, campaigns, and others. Rivalry limits other companies because it influences their profits, which depends on the intensity of competition and the basis on which they compete. (Porter 2008, 85)

3.3 The PESTLE analysis

The PESTLE analysis is a tool used for a business evaluation of the external business environment that is unpredictable. Enterprise interacts with the external environment all the time; sometimes, it can negatively influence the running of a business. The PESTLE analysis helps determine the current situation, and it may help prepare a company for some changes that can occur. The business environment is highly dynamic, so it is only an advantage to analyse factors that have an impact on business. This analysis can also be used in conjunction with other methods that will supplement the knowledge of the external business environment. (Perera 2017, 2-5; Bouzid 2020, 25)

3.3.1 Political environment

The political environment consists of factors, such as political events, political stability, government changes, changes in national or political policies, government actions, government-industry support, monetary policy, fiscal policy, exchange rate policy, foreign trade policy, and a lot of other factors. The political environment can change from day to day and may influence both positively and negatively the business. (Perera 2017, 8-9; Bouzid 2020, 28)

3.3.2 Economic environment

The economic environment is related to the country's economic condition, such as economic growth, interest rate, GDP development, inflation, the exchange rate, etc., mostly related to the macroeconomic indicators. These factors may be considered the most significant because the condition of the whole country impacts each individual organization. (Perera 2017, 10-11; Bouzid 2020, 29-30,)

3.3.3 Socio-cultural environment

As the name suggests, the society and culture of the country also influence the company; traditions, norms, religion, beliefs, ethical values, attitudes toward business – everything that is rooted in people's minds affects the company's success. Because every value, every belief, every attitude impact consumer's needs and wants, the excellent adaptability to these cultural values can cause better performance, higher productivity, and consequently growth. (Perera 2017, 12-13; Bouzid 2020, 32)

3.3.4 Technological environment

The technological environment has an impact on business automation, innovations, incentives, or business investment. Nowadays, technology is a part of every business, it changes fast, and the company has to react quickly. Technology improves effectiveness and productivity that can mean changes in this environment are primarily positive and beneficial for businesses. (Perera 2017, 13; Bouzid 2020, 34)

3.3.5 Legal environment

The legal environment consists of legal aspects, such as laws and government regulations, including tax policies, trade laws, trade restrictions, etc. Businesses should operate under these regulations because it can create a strategic advantage when stakeholders see the

company is ethically directed; in addition, these regulations provide businesses protection. (Perera 2017, 14-15; Bouzid 2020, 36)

3.3.6 Ecological environment

With the increasing pressure related to eco-friendliness, sustainability, global warming, and other concerns, companies need to re-evaluate some parts of their endeavour. Nowadays, many people are searching for companies that care about the environment, which puts pressure on companies because they do not want to lose customers. (Perera 2017, 15)

II. ANALYSIS

4 COMPANY INTRODUCTION

Elisoft is a Czech, Zlín-Pilsen company with limited liability that is on the market since 27 February 1998. The company director is František Bělovský, with whom the very idea of starting this company began because he aimed to create something of his own. However, he did not want to establish it himself; therefore, he contacted his friend Jaroslav Sládek with whom he was in the university in Russia – and the story of this Zlín-Pilsen company commenced. (Elisoft © 1998-2021; Internal source)

Elisoft is ensuring the development of accounting and registration systems; the first accounting system was created in 1999 and was using the old DOS system. In 2001 accounting systems started to use Windows, this was a big step in terms of technology, and therefore Elisoft had to switch to this new system. After few years, Elisoft had three branches – Zlín, Pilsen, and Prague. Unfortunately, after a short time, the branch in Prague ended because it was not under such supervision as the Zlín and Pilsen branches, and therefore it did not succeed. (Elisoft © 1998-2021; Internal source)

Company name	ELISOFT, s.r.o. (ltd)
Main office	Podlesí 4941, 76005 Zlín
Entry in the Commercial Register	27 February 1998
Identification number	255 19 590
File number	C 29879 held at the Regional Court in Brno
Executive	Ing. František Bělovský (company director Ing. Jaroslav Sládek (company director)
Scope of business	Production, trade, and services not listed in annexes 1 to 3 of the Trade Licensing Act Accounting and registration systems

Tab. 1 - Basic information about the company (Veřejný rejstřík a Sběrka listin - Ministerstvo spravedlnosti České republiky © 2012-2015)

Now the company is doing well with two main branches and cooperates with the accounting office Ekonom-system in České Budějovice that provides accounting services performed on Elisoft systems. Besides, clients can buy those systems there. It creates a great collaboration

with accountants who provide feedback before it reaches clients, and it helps to improve products. In addition, they are in charge of telephone support for the whole republic. Another partner – Korbel company- is located in Prague and provides Elisoft's accounting systems; they operate as a separate company but belong to Elisoft. (Internal source)

4.1 Programming

Both company directors had studied programming; this makes them the company's executives and the main creators. Programming can be easily explained even for those who do not know how computers or mobile phones function. Everything is on the same basis; the programmer gives inputs, and they transform into outputs; thus, if a programmer wants a system to do something, he needs to give it instructions. These instructions are written in the form of code, which computers understand, interpret and do what has been programmed for them. (Expressinfo 2020)

The code that is entered into the computer must only be one that the computer understands and can therefore fulfil. These codes are entered via a programming language that allows communication between the programmer and the computer; there are many programming languages that enable programmers to communicate with the computer; the programming language converts for us comprehensible instructions into a machine language, which consist of ones and zeros – this process is called compilation. (Expressinfo 2020)

4.2 Competition

4.2.1 Stormware

Stormware has been on the market for 25 years and is known for its accounting system POHODA. They are developing software products related to accounting, taxes, payroll, and human resources. Stormware headquarters is located in Jihlava, but there are six other branches in the Czech Republic: Prague, Brno, Ostrava, Hradec Králové, Pilsen, and Olomouc. (STORMWARE s.r.o. © 2021)

4.2.2 ABRA Gen

ABRA is a joint-stock company located in Prague and has been developing information systems for medium and large companies since the 1990s. They have over 150 employees and, in addition to the Czech Republic, they also operate in Slovakia and Switzerland. In their systems, they provide the control of the organization through activities such as

inventory management, service provision, accounting, reporting, or decision support. According to online reviews, ABRA has satisfied customers. (ABRA Software a.s. © 2021)

4.2.3 MRP

MRP is a company located in Zlín, and therefore it is also a local competition. MRP has been satisfying customers with its accounting systems for 30 years and is proud of the 100,000 installations they have provided to their customers. In addition, they provide software for tax records, invoices, wage calculations, and warehouse records. (MRP-Informatics s.r.o. © 2021)

4.2.4 Solitea

Solitea is a joint-stock company founded in 1993 and provides economic systems MONEY related to accounting, tax record, and wage calculation. This company has about 1200 employees, and 160 of them work on the MONEY system. This company is located in Brno and a lot of other cities throughout the country such as Prague, České Budějovice, Pilsen or Zlín; therefore, it makes from Solitea, in addition, a local competitor of Elisoft. (Solitea, a.s. © 2021)

4.2.5 Direct Accounting

The last one from many other competitors is Direct Accounting. Direct Accounting is a company with limited liability and is located in Prague. The company was founded in 2008; at first, they were providing accounting services, but in 2012 they came up with an idea of online accounting – iÚčto. (iÚčto - Direct Accounting s.r.o © 2019)

4.3 Market environment analysis

Elisoft belongs to category J – information and communication activities, namely CZ-NASE 58 – software issuing. This sector– information and communication activities – consists of several different industries. The central part of this sector in 2019 was formed by information technology businesses, namely 45%. The second most significant part was formed by telecommunication businesses holding a share of 40%. The number of employees in this sector was 34,034, and the turnover this year was CZK 221,461 million, which is CZK 21,000 million more than in 2018. The average wage in 2019 was on average 3% higher than in 2018. At the end of 2019, the highest average salary was in information technology and telecommunications, namely CZK 78,731 per person and CZK 56,829 per person. (Ministerstvo obchodu a průmyslu © 2020; Český statistický úřad 2008)

The value of economic profit (EVA) increased in 2019 compared to 2018. However, in 2018 this value grew in almost all quarters, while in 2019, the highest values were in the middle of the year, then this value decreased by 12%. Positive values can be observed especially for private enterprises, while state-controlled enterprises achieved negative values. Specifically, the difference between domestic and foreign-controlled enterprises was more significant in 2018, while in 2019, these values were less different. (Ministerstvo obchodu a průmyslu © 2020)

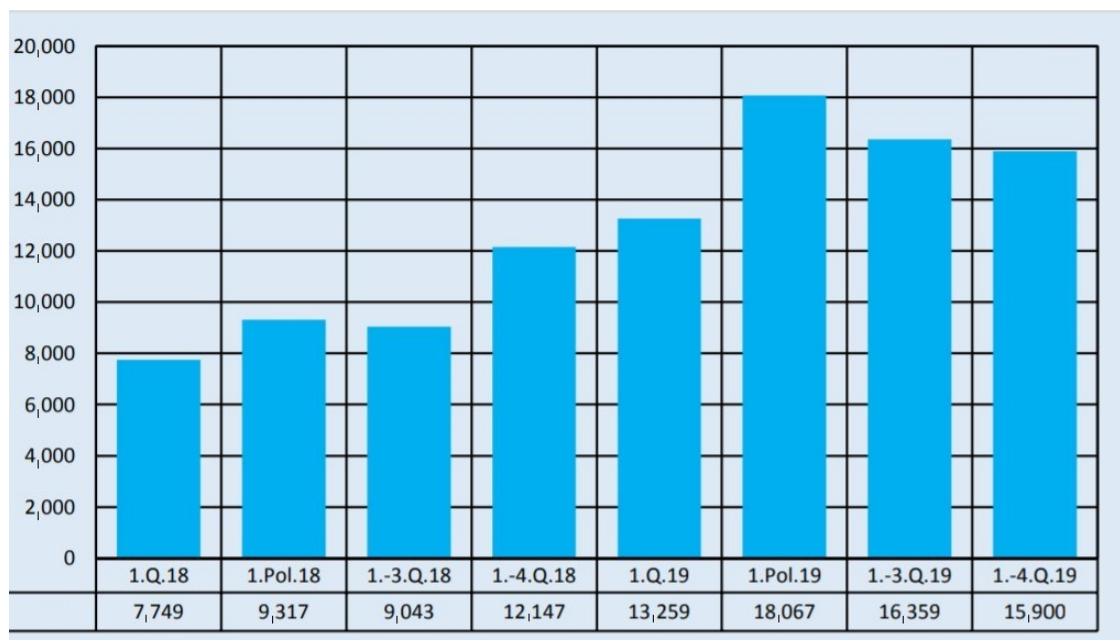


Fig. 13- EVA information and communication activities (in millions of CZK)

(Ministerstvo obchodu a průmyslu © 2020)

5 AN ANALYSIS OF THE COMPANY'S MARKETING MIX

5.1 Product

Elisoft has three main products and one other product in its portfolio; All of these products are economic systems, which then differ in their functions depending on how big the company that requires the system is. It also depends on what the company requires; Elisoft is happy to advise and analyse the environment, discuss with the manager, and adequately assess which system will best serve the company. (Internal source)

The company offers the following products:

- **EKONOM system** was created in 1998-1999 when it was distributed using floppy disks without a graphical user interface. In 2001, a transformation awaited him when the Windows system came into the world. EKONOM system is an accounting and registration system for entrepreneurs and small businesses.
- **EKONOM online** is a cloud invoicing system first released in 2013 for the Silverlight platform, now on HTML5.
- **EKONOM SQL** is an economic system for medium and large companies that was created in 2018. SQL is named because it has a data layer based on a SQL database system. It provides greater security and storage of data necessary for more computers used in larger companies.
- **EKONOM účtenka** – in English receipt – is an economic system that provides EET solutions for hairdressers, cosmeticians, and other self-employed people. Unfortunately, due to COVID-19, the law ordering self-employed people to use EET has been repealed, which means that the EKONOM účtenka is now unused. However, the company did not want costs to be wasted; they redesigned this system, and now these devices can be used in stores instead of a computer, as a cash register. (Elisoft © 1998-2021; Internal source)

Now, Elisoft is also working on other products; the first will facilitate the work of warehouse workers in tracking goods; It will be a system that will be installed in the scanner and will make this job more comfortable. As the pandemic has accelerated the transition to online commerce, another innovation that is planned will be the connection of a cloud application with e-shops, which will again facilitate the operation of online commerce. (Internal source)



Fig. 14 - Company logo (Elisoft
©1998-2021)

5.2 Price

Elisoft sets prices mainly according to the competition, it tries to be on the same level, but if it has high expectations and knows that it will get more clients with lower prices, they are not afraid to go lower. For Elisoft, it is more important to gain a regular clientele than to make one big sale for a few companies that will not guarantee them other customers. When the product is more expensive than the competition, there must be a reason, and the company must justify this price. It must be clearly shown what this product has in addition and what it is better at. (Internal source)

Elisoft also offers individual modules; the customer does not have to buy the full version and pays a lot of money for a system that the customer will not utilize. Therefore, clients can purchase individual modules at lower and therefore more favourable prices, giving a particular advantage. On the other hand, there are also modules-plus that clients can buy for the full version; these packages contain additional features that are unnecessary for everyone. All these options make the price very adapted to what the client expects, which gives a certain advantage over the competition. (Internal source)

5.3 Place

Elisoft uses both direct and indirect distribution to sell its products. Clients can purchase their systems online through the website or in person at the branches in Zlín and Pilsen. In addition, they can purchase these products through the partners' websites, by phone, or directly at the branches of partner companies in Prague and České Budějovice. However, the majority of customers use online sales opportunities. (Internal source)

5.4 Promotion

Since Elisoft has been on the market for over 20 years, many things have changed during this time, and of course, the promotion has changed. In the past, people used to go to various

trade fairs, leaflets were printed and thrown into mailboxes, there were advertisements on trolleybuses and the radio and many others. These forms are still being implemented, but not on such a scale as the promotion has moved into the online world. (Internal source)

5.4.1 Website

Elisoft uses its website available at www.elisoft.cz. Last year, they changed the design of the websites, which now beautifully catches the reader's eyes; The web pages are made in a cosmic style that will completely engulf you; the design was created in collaboration with Elisoft's employee Ondřej Polách and the agency. The appearance of a website significantly affects attendance and trust in the company. The client must easily find the information they are looking for, which the website of Elisoft meets. Last year, together with the new Elisoft websites, the company also redesigned the web pages of individual products. On the EKONOM system product websites available at www.ekonom-system.cz you will find a news section that is related to articles on various current economic topics. It guarantees the company more attendance to the site because of the information they write about. (Internal source)

The company uses Google Analytics, Google Ads, and Facebook ads to promote and increase the website's visibility, and a hired agency handles all website promotions. This agency deals with keywords, which means it researches and analyses the most popular topics on Google. (Internal source)

5.4.2 Social media

Elisoft has an account on social media such as Facebook, Instagram, Twitter, and LinkedIn. It uses it mainly to inform clients about news through photos and captions. Four hundred twenty-three people like the Facebook page, and sixty-seven people follow the Instagram profile. The profiles contain basic information along with a link to the website.

5.4.3 Promotional items

Elisoft owns its 3D printer, which it also uses for promotional items. As a gift, the client can receive a phone holder, tokens for a basket, or thematically a shield used instead of a mask. All these objects are made of ecological material, which is therefore degradable.

5.4.4 Word-of-mouth

As mentioned earlier, for Elisoft, the best promotion is a satisfied customer. Elisoft is a small company and therefore takes care of proper customer care. As they do not have a huge

number of customers, they have the space to maintain a constant number of satisfied customers. They have an individual approach to each customer; they have time to pay attention to clients and solve a problem that may arise. So, every client is sure that the company will find time for him. This is how Elisoft ensures a satisfied clientele that is well taken care of. (Internal source)

5.4.5 Sponsoring

Elisoft provides its systems free of charge to organizations that do not have sufficient resources. It also provides its systems free of charge to schools where they need them for teaching; in addition, the company's executive sponsors local football. Sponsorship is not performed regularly but depending on which event occurs. (Internal source)

6 ANALYSIS OF COMPANY'S ENVIRONMENT

6.1 SWOT analysis

STRENGTHS	WEAKNESSES
Location of Elisoft	A smaller number of customers
Customer support	Not very active social media
Tailor-made modules	
Close contact with programmers	
Website	
OPPORTUNITIES	THREATS
Legislative changes	Legislative changes
Demand	The new and current competition
Pandemic COVID-19	Viruses

Tab. 2 - SWOT analysis (Own processing)

6.1.1 Strengths

Elisoft has two main bases in relatively large cities. Although Zlín is not the largest city in Moravia, it is one of the larger ones. The company is located in the city center, and there is a possibility to park directly in front of the company; therefore, the customer can get to the company easily. As far as part of Bohemia is concerned, Elisoft has a powerful presence here; Pilsen and Prague with České Budějovice are among the largest cities in the Czech Republic, which makes it a great advantage and makes a good impression on customers.

As Elisoft does not have a vast number of customers, it has the opportunity to provide excellent customer support. The partner company in České Budejovice is in charge of customer service, and it is not possible for an inquiry from a customer not to be answered. They carefully record and answer every question, which creates a great relationship with customers.

Another advantage that Elisoft provides to its customers is tailor-made modules, and they have not met any company that does this before. Programmers create a module that the client wishes directly for his company, thus again creating a great bond with customers.

Another advantage that Elisoft can afford due to the smaller number of customers is that customers have close contact with programmers who are able to solve any system or module

problems with them. They are simply able to do anything for customer satisfaction, and this is one of their biggest strength.

Since last year, Elisoft has a new website that looks really nice. The client will find everything he needs there with an overview, and it is not possible that he would get lost here. In addition, the motif of the universe is unusual and fascinates the reader. The website also includes a blog with articles about various topics not only from the world of economics. In addition, on the product websites, there is a news section, where news is regularly written about business, such as changes in legislation; thus, entrepreneurs will not miss anything.

6.1.2 Weaknesses

On the other hand, a lower number of customers may discourage new customers as competition may be stronger. This is one of the most significant disadvantages of this company, but it is doing above average in other respects.

Another weakness of the company is not very active social networks. There is a lack of regular addition of photos from the environment or information about news from the world of EKONOM.

6.1.3 Opportunities

Legislative changes related to business, such as a law requiring small businesses to use EET, can be seen as opportunities. This brings an opportunity for companies like Elisoft to create a system that these small entrepreneurs will use - EKONOM receipt.

The opportunity can be any demand in terms of accounting, invoicing, business records, etc., as this creates new possibilities for the product. What the customer wants and is not in the market as he imagines is an opportunity for Elisoft to do it as the customer is satisfied.

The pandemic was also an opportunity for Elisoft; because of the pandemic, the transition of traders to e-shops was incredibly accelerated, and Elisoft had a chance to create a new product on which they are currently working, namely the connection of the EKONOM cloud system with the client's e-shop.

6.1.4 Threats

Although legislative changes and pandemics may be an opportunity, these factors are also threatening the company. With the coming pandemic, the government canceled the third wave of EET, which involved self-employed people such as cosmeticians and hairdressers,

and so all the costs incurred in the product EKONOM-účtenka were wasted. Legislative changes also include an increase in VAT, which directly affects the product's price and could discourage some customers.

Another threat is, of course, competition, both existing and new. No matter how hard the company tries, competition can always come up with a new idea, which can significantly affect the operation and success of other companies.

The threats of companies that make a living from programming and software development also include threats from various viruses. Unfortunately, this will not affect the company, even though it may have a well-secured system, and virus creators are still ahead. This can jeopardize the entire operation of the company and consequently the company's reputation.

6.2 PORTER analysis of five forces of competition

6.2.1 Threat of entry

Zlín belongs to the larger cities of the Zlín Region and the Czech Republic, which means there is a great risk of new competitors entering the city of Zlín. In the online world, however, the entry of new competition can cause problems even though competitors are located on the other side of the republic, especially when it comes to economic systems that are sold mainly online. In addition, lately, people have found programming more and more popular. Therefore, the risk is high.

6.2.2 The power of suppliers

Elisoft does not sell economic systems, but they create them themselves. That means there is no risk from suppliers' points of view. However, there may be a risk in terms of electricity supply, wifi network, technology, etc.

6.2.3 The power of buyers

The strength of buyers can be considered one of the riskiest, as the company always wants to satisfy its customers. As mentioned earlier, Elisoft has a very close relationship with its clients and tries to satisfy their wants in as many ways as possible. Clients can start using this relationship with the company and demand lower prices for more work.

6.2.4 The threat of substitutes

A substitute for the economic system can be an online free service providing accounting services. However, this is not a significant threat because everyone who does something for

free will want to draw money later. Therefore, there is not much discussion in this industry about whether someone would create accounting systems for free.

6.2.5 Rivalry among the existing competition

There are two local competitors in the city of Zlín, namely MPR and Solitea. But as already mentioned, in today's online world, local competition is no longer so important, as you can buy almost everything online. Many companies are creating economic systems; after entering keywords into the search engine, the following competitions appear:

- MRP
- ABRA
- Money S3 (Solitea)
- Pohoda (Stormware ltd)
- ERP

6.3 PESTLE analysis

6.3.1 Political environment

A factor that affects Elisoft and belongs to the political environment is tax policy. The price of a product in this sector is affected by the value-added tax; the increase in the value-added tax rate also increases the product's price. Value-added tax is regulated by Act No. 235/2004 Coll, and currently, three rates are set: the basic, the first reduced rate, and the second reduced rate. During previous years, these rates have not changed, and so by 2021, they are the basic rate 21%, the first reduced rate 15%, and the second reduced rate 10%. (ČSOB © 2021)

Another tax that affects the company is the corporate income tax regulated by Act No. 586/1992 Coll; corporate income tax focuses on corporate income from the business on Czech territory and is 19%. This rate has been at the same level since 2010 (Finance 2021; Dashöfer Holding 2020)

1999	2000-2003	2004	2005	2006-2007	2008	2009	Since 2010
35%	31%	28%	26%	24%	21%	20%	19%

Tab. 3 - Development of the corporate income tax rate (Ucetnictvivedeni 2013)

6.3.2 Economic environment

When unemployment is low, it is difficult to find new employees. Unemployment in the Czech Republic was 4,2 in March this year that makes 306,616 job seekers, and that is 80,939 people more than a year ago. According to calculations, the number of unemployed has fallen since February. Employers offered a total of 338,862 of them through the Labor Office of the Czech Republic. Given the pandemic, unemployment could be expected to be higher. However, according to the latest available EUROSTAT data, the Czech Republic had the second-lowest unemployment rate in the entire EU in an international comparison. (Úřad práce ČR 2021)

The average wage in the Zlín Region in the 4th quarter of 2020 was CZK 34,610; this represents an increase of 5.8% compared to the previous years. However, compared to other regions, the Zlín Region is in second place with the lowest average wage. The highest average wage is in the capital city of Prague, namely CZK 45,944, and the total average wage in the Czech Republic is CZK 38,525. (Kurzycz © 2000 – 2021)

The inflation rate in March 2021 was 2.3%, compared to 2020; these values are lower, as in March last year, the values were 3.4%. In March, however, inflation was higher than in February, with a change from 2.1% to 2.3%. The month-on-month rise in prices was recorded mainly in the section transport – fuels and oils by 5.9%, alcoholic beverages and tobacco by 2.5%, and food – eggs by 5.1 and butter 2.5%. The average price of petrol and diesel was the highest since March 2020. (Kurzycz © 2000 – 2021)

6.3.3 Socio-cultural environment

As of 31 December 2020, there were 10,701,777 inhabitants in the Czech Republic, of which 5,275,103 were men and 5,426,674 were women. As for the Zlín Region, as of the same date, there were 580,119 inhabitants, of which 284,585 were men and 295,534 were women. The city of Zlín had 190,960 inhabitants, of which 93,473 men and 97,487 women. (Český statistický úřad 2021)

The mentality of people in the Czech Republic greatly influences the prices of services; In the other countries of Europe, people are used to paying extra for services. Unfortunately, this understanding has still not reached the Czech Republic, and it also affects the prices of the system, which can be sold at higher prices. In the Czech Republic, most entrepreneurs have to accept even half the amount. However, people will always do business, and there

will always be accounting. In this, Elisoft is confident that it is doing business in a stable environment that will only evolve but will most likely never disappear. (Internal source)

6.3.4 Technological environment

The technological environment affects software companies and companies in this sector mostly positively. Each new technology brings an opportunity to improve something and provide some innovation. Elisoft is interested in new technologies and likes to use them; It uses high-quality and powerful computers that are necessary for programming. In addition, the company owns a 3D printer, which it also uses to create promotional items such as mobile phone holders or shopping cart tokens. (Internal source)

6.3.5 Legislative environment

Among the fundamental laws that affect the entrepreneurship of Elisoft are included the Civil Code (89/2012 Coll.) and Act No. 90/2012 Coll. on business corporations. As the company deals with the software, another essential law is Copyright Act No. 121/2000 Coll. on Copyright, Rights related to Copyright and Amendments to Certain Acts.

6.3.6 Ecological environment

Creating software requires a stable connection to electricity, which unfortunately cannot be significantly reduced. However, Elisoft tries not to waste electricity. After work, they switch off computers and other technologies connected to electricity. (Internal source)

The products are mainly sold online; therefore, Elisoft reduces the material used for packaging. However, sometimes it happens that the customer wants to buy the product in person and by hand, and in this case, Elisoft follows Act No. 477/2001 Coll., which regulates the requirements for packaging.

7 RECOMMENDATIONS FOR INCREASING COMPETITIVENESS

7.1 News on the website

Elisoft has a blog on its main website and has a news section on the EKONOM system product website. To increase page views, I would recommend more Blog articles. Many topics could be written about and what might interest the reader. It could be, for example, interviews with interesting people; one such article is already on the blog and is also very interesting. I also suggest tips for traveling, types from the world of electronics, and overall technological types and advice.

The news section on the EKONOM system website is a significant step towards more views. However, I would recommend that each product website contain a simple click on the Elisoft main website on the top bar. This way, the client would have faster access to information about the company and not just about the product.

7.2 YouTube channel

Elisoft owns a YouTube channel; unfortunately, they have not added anything to it for a long time. A lot of people use YouTube for education. Therefore, Elisoft could record a video from time to time that could show something from the world of technology or educational videos. Elisoft owns a 3D printer, and in my opinion, many people would be interested in how such a printer works. Many people are also undoubtedly interested in how such economic systems are formed, how they are programmed. The company could also use a YouTube channel for podcasts; now podcasts are top-rated, the company could use them for interviews with interesting people.

7.3 Social media

Elisoft has several profiles on social media, but unfortunately, they are not very active there. To make people more aware of the company, I would suggest more activity.

7.3.1 Facebook

Facebook is one of the largest types of social media, and although Instagram is slowly taking the first place, there are still a massive number of people using Facebook for several hours every day. I would recommend sharing more photos from the product creation process, but even photos from the company's everyday reality. People are not interested only in professional life; they would be far more interested in seeing employees' daily lives. A

Facebook profile is about a company that ensures the accounting and invoicing systems, but it does not mean that this profile has to be just about that. It is the basis to inform the followers about what is happening in the company, products, etc. But if nothing revolutionary is happening in the company, I would recommend showing the followers daily life or just sharing a photo, an idea, or an interesting article. Clients will thus develop a more friendly relationship with the company.

Facebook can also be used to share articles from the company's blog or news, which would increase the number of readers. Communication with customers is also essential; therefore, it is necessary to directly address the followers and encourage them to respond to shared photos, articles, etc. Subsequently, the company should respond to these comments and show that they are interested in the followers' opinions.

7.3.2 Instagram

Instagram is a social medium that is far more about photos than the Facebook mentioned above. Again, I recommend sharing photos from the company environment and the city of Zlín - types for good food and restaurants, types for an exciting trip, types for what to buy, types for events, types from electronics and technology in general. There is a lot of it, and it is necessary to use these types of promotion that this modern world offers us.

On the Elisoft website, it is possible to leave a contact if you are interested, for example, an internship for students. Therefore, I would recommend sharing this information on Facebook and Instagram, as social media is used mainly by young people.

To increase the number of followers, the company could create an interesting competition, the rules of which would require profile following and competition sharing. From the beginning, it would be, for example, a product made in a 3D printer. With a higher number of followers, the reward could be a voucher to the restaurant.

8 TIME, COST AND RISK ANALYSIS

8.1 Time analysis

Elisoft has a newly created website; thus, it would be enough to add to the product website only a button that would redirect customers to the main page of Elisoft. This adjustment could be completed within a maximum of two days, as it is not a complete redesign of the website.

Once a quarter, the company could record an educational video that would cover their field - invoicing, accounting, etc., or interviews with personalities. If the video had an average of 20 minutes, it would take about 60 minutes of preparation, about 45 minutes of recording, and at least 60 minutes of editing, in total, about 3 hours.

As for articles for a company blog, it would be helpful to publish an article at least once every three months. Sometimes it is difficult to find a suitable article for publication; in this case, the company can summarize what has happened in the company during that time and what news the company is planning. How long the author will work on the article depends on many circumstances; on average, we can count four 4 hours of the total work with the article.

As for social media, the company should be active every other day; share an article, an interesting photo, an idea, etc. It does not always have to be the company's photo, articles, etc. It is crucial to share something, for example, what the employees read that day and found interesting; work on social networks does not take the company even 2 hours.

The company could do a small competition every quarter to raise their awareness – coming up with the winning prize, presenting the idea to the followers, drawing the winner, and sending the winning prize to the winner can take about 2 hours.

Collaboration with students would depend on how many students would be interested. If we calculate that during the year 5 students would be interested, this internship could be managed through the summer period – 2 months.

Recommendation	Time analysis
Website adjustments	2 days in total
Videos on YouTube	3 hours per video = 12 hours per year
Blog articles	3 hours per article = 12 hours per year

Activity on social media	2 hours per 2 days = 8 hours per week
Competition for followers	2 hours per 3 months = 8 hours per year
Internship/practical training	2 months per year

Tab. 4 - Approximate time analysis (Own processing)

8.2 Cost analysis

In terms of the cost of editing the site, it depends on whether the company would be able to repair this small thing itself or would have to pay an external company. Prices of an average of CZK 50,000 for a complete website appear on the Internet. Therefore, the mentioned adjustment should not cost more than CZK 3,000.

The cost of making videos depends on the company approach. If one employee were authorized to do so and spent an average of 3 hours in three months, labour costs would be approximately CZK 1,500.

The company's director writes articles on the blog in his own time off or during working hours. Personalities accept the interview to make themselves visible, which means it is free advertising for them. As for the cost of creating this article, it can be assumed that there could be a similar reward as for creating a video, namely CZK 1,500.

At the beginning, competitions on social networks could be organized for small things worth CZK 500. When the profile has more followers, the reward could be a restaurant voucher worth CZK 1,000, later CZK 2,000, etc. The organization of the competition would be paid to the employee in the amount of CZK 1,000.

If the practical training for students lasted two months, these students would be in charge of two employees. They should break students into the company's environment and assign assignments during the course. The total work of employees with students will probably take them three weeks. If the company did not calculate the costs and gave the employees a one-time contribution, as this would not be extra work that the employee would have to come up with, it could be a contribution of 3,000 for one employee.

Recommendation	Cost analysis
Website adjustments	CZK 3,000 in total
Videos on YouTube	CZK 1,500 per video = CZK 6,000 per year
Blog articles	CZK 1,500 per article = CZK 6,000 per year

Activity on social media	Without costs
Competition for followers	CZK 1,500 per competition = CZK 6,000 per year
Internship/practical training	CZK 6,000 per year

Tab. 5 – Approximate cost analysis (Own processing)

8.3 Risk analysis

The main risk to customizing product websites is that clients will not notice or use the option to switch to the main website because they will not be interested in the company. It is necessary to inform clients about this change or to design this change sufficiently visible.

As for the risk of recording on YouTube, there is a risk of disinterest; they will not be interested in this type of video, they will not find it interesting, or will not know about these videos. That is why it is essential to share these videos on all websites and social media.

Writing more articles carries the risk of being disinterested by readers or their ignorance of these articles. Another risk may be that the author will not know what to write about or find adequate guests for interviews. Therefore, it would be good to ask followers on social networks what they would like the article about or with whom the company should interview.

The risk posed by social networks is again a lack of interest. So, they will not find the profile content interesting enough for them to follow. The same applies to competitions where the winning prize may seem uninteresting or not very wanted. Therefore, it would be necessary to ask followers what they would like to compete for, and it can help the company make the right choice.

The company may encounter students' lack of interest in the possibility of an internship, and another risk may be the students' absolute ignorance of the field.

Recommendation	Risk	Risk elimination
Website adjustments	The change will not be noticed	Make a change sufficiently visible
Videos on YouTube	Disinterest, ignorance	Explain topics for beginners, share on social platforms

Blog articles	Disinterest, ignorance	Share on social platforms
Activity on social media	Disinterest, ignorance	Share a broader range of different posts, pay attention to the quality of photos
Competition for followers	Disinterest, ignorance	Share on all platforms, ask followers for their opinion
Internship/practical training	Disinterest of students	Share on all platforms, select students only from the field

Tab. 6 - Approximate risk analysis (Own processing)

CONCLUSION

The aim of my bachelor's thesis was to evaluate the state of use of marketing mix tools of a selected software company and propose recommendations for increasing the company's competitiveness.

In the theoretical part, a literary search was made containing marketing starting points; marketing and its environment, marketing management, marketing mix, and finally, analysis of the internal and external environment.

In the part of the analysis, the first part was focused on introducing the company. Then I focused on a more detailed analysis of the marketing mix; product, price, promotion, and place. The last part was focused on analysing the internal and external environment, and the following analyses were used: SWOT analysis examining the internal and external environment, PESTLE analysis focusing on the external environment, and Porter's analysis of five competitive forces that was used to analyse competitive influences.

The bachelor thesis was concluded with recommendations that were accompanied by time, cost, and risk analysis. One of the main recommendations was more activity on social platforms; to increase awareness among people, the company should be more visible. Additionally, other specific recommendations included adding articles to their company blog and sharing them on Facebook or Instagram, followed by posting photos from the work environment and everyday life. In addition, the company can share articles that they have read or anything that interests them.

Nowadays, the promotion has almost entirely moved to the internet; most people spend their free time watching YouTube videos or scrolling through Facebook and Instagram. Therefore, other recommendations included recording educational videos on YouTube, organizing competitions to attract more followers on social profiles, or organizing internships for students.

All recommendations were devised with the idea of addressing both the older generation and especially the younger generation, which more or less controls social media. Today, working with young people is a great opportunity, and that is why it is crucial to reach out to young people, work with them, and raise awareness of society.

All recommendations were followed by time, cost, and risk analysis, which were intended to bring the complexity of all recommendations closer.

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LIST OF ABBREVIATIONS

CZK	Czech crown
Etc.	Et cetera
e.g.	For example
EU	European Union
GDP	Gross Domestic Product
Ltd.	Limited liability company
PESTLE	Political, economic, socio-cultural, technological, legislative, ecological environment analysis
s. r. o.	Společnost s ručením omezeným
SWOT	Strengths, Weaknesses, Opportunities and Threats analysis
VAT	Value Added Tax

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