Marketing Mix Analysis in the Company ORLET služby s.r.o.

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Bachelor Thesis 2009



Univerzita Tomáše Bati ve Zlíně

Fakulta humanitních studií

Ústav anglistiky a amerikanistiky akademický rok: 2008/2009

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(PROJEKTU, UMĚLECKÉHO DÍLA, UMĚLECKÉHO VÝKONU)

Jméno a příjmení: Renáta OPAŘILOVÁ

Studijní program: B 7310 Filologie

Studijní obor:

Anglický jazyk pro manažerskou praxi

Téma práce:

Analýza marketingového mixu ve firmě ORLET

služby s.r.o.

Zásady pro vypracování:

Provedte průzkum literárních pramenů a zpracujte teoretické poznatky týkající se marketingového mixu.

Analyzujte marketingový mix ve firmě ORLET služby s.r.o.

Na základě zjištěných skutečností zhodnoťte marketingový mix ve firmě ORLET služby s.r.o. a navrhněte vhodná doporučení k jeho lepšímu využití.

Rozsah práce:

Rozsah příloh:

Forma zpracování bakalářské práce: tištěná/elektronická

Seznam odborné literatury:

Armstrong, Gary, and Philip Kotler. 2005. Marketing: an introduction. New Jersey: Pearson/Prentice Hall.

Cannon, Joseph P., William D. Perreault, and E. Jerome McCarthy. 2008. Basic marketing: a global-managerial approach. New York: McGraw-Hill. Griffin, Ricky W., and Ronald J. Ebert. 2002. Business. New Jersey: Prentice Hall. Kurtz, David L., and Louise E. Boone. 2006. Principles of marketing. Mason, Ohio:

South-Western, Thomson Learning. Michel, Daniel, Peter Naudé, Robert Salle, and Jean-Paul Valla. 2003. Business-to-business marketing: strategies and implementation. New York: Palgrave. Vitale, Robert P., and Joseph J. Giglierano. 2002. Business to business marketing: analysis and practice in a dynamic environment. Mason, Ohio: South-Western, Thomson Learning.

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Datum zadání bakalářské práce:

30. listopadu 2008

Termín odevzdání bakalářské práce:

15. května 2009

Ve Zlíně dne 12. února 2009

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ABSTRAKT

Tato bakalářská práce se zabývá problematikou marketingového mixu ve firmě ORLET služby s.r.o. Cílem je analyzovat současný stav marketingového mixu ve firmě a pokusit se doporučit vhodné návrhy na jeho zdokonalení.

Teoretická část se týká teoretických poznatků marketingového mixu a detailní analýzy jednotlivých nástrojů marketingového mixu, jimiž je produkt, cena, místo a propagace.

Praktická část popisuje firmu a analyzuje jednotlivé nástroje marketingového mixu ve zmíněné společnosti. Tato část zahrnuje také SWOT analýzu, která pomáhá odhalit silné a slabé stránky, příležitosti a hrozby firmy ORLET služby s.r.o.

Klíčová slova: marketingový mix, produkt, cena, místo, propagace, ORLET služby s.r.o., SWOT analýza

ABSTRACT

This bachelor thesis deals with problems of the marketing mix in the company ORLET služby s.r.o. The aim is to analyse the current situation of the marketing mix in the company and try to recommend suitable suggestions for improvement.

The theoretical part is concerned with theoretical knowledge of the marketing mix and a detailed analysis of individual marketing mix tools such as product, price, place and promotion.

The practical part describes the company and analyses individual marketing mix tools in the mentioned company. It also includes the SWOT analysis which helps to identify strengths, weaknesses, opportunities and threats of the company ORLET služby s.r.o.

Keywords: marketing mix, product, price, place, promotion, ORLET služby s.r.o., SWOT analysis

ACKNOWLEDGEMENTS

I would like to thank my supervisor Ing. Michal Pilík, Ph.D. for his professional guidance, valuable advice and comments, willingness and especially for time he dedicated to our consultations during the process of writing my bachelor thesis. Further I would like to say thanks to Mgr. Josef Kubec, one of the co-owners of the company ORLET služby s.r.o., who enabled me to write this thesis and to Mr. Pavel Nedvěd for providing useful information and materials about the company. Last but not least my word of thanks goes to Mrs. Pavla Collier and her husband for reading the final draft of my bachelor thesis in order to eliminate grammatical errors.

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INTRODUCTION

There exists a keen competition among the companies on the industrial market at the present time. It is quite difficult to keep a stable position on the market, especially at the time of the worldwide economic crisis. Therefore it is really important for every company to choose and also keep suitable suppliers and on the other hand the company has to ensure good relations with customers who have an influence on its existence into the future.

In my opinion a crucial issue of today's companies is not a lack of products but a lack of customers because the market is oversaturated. The whole success is based on the adaptation to customer's needs and requirements. Consequently the centre of vision of each decision relating to marketing should be the customer. An effective marketing benefits not only the company but also the customer. It helps them to find a required product, at a proper time and in the satisfactory place.

Marketing is nowadays a well-known activity which is used by a huge amount of companies on the market. It could be said that without a perfectly sophisticated marketing it is almost impossible to successfully manage a firm. In the company everything is connected with everything and underestimation of some aspect could mean unforeseeable complication, amount of time lost or increased costs. Marketing includes a lot of individual areas which all together create a coherent whole. One of the significant marketing tools is the marketing mix and its four basic elements are product, price, place and promotion. They are very often called the "Four Ps". By the way, marketing mix analysis is the main objective of this bachelor thesis.

My bachelor thesis is divided into two parts – theory and analysis.

In the theoretical part I try to summarize fundamental definitions of marketing and its importance in the world of business. Then I focus on the marketing mix and its four basic tools (product, price, place and promotion) in detail.

In the practical part I describe the company ORLET služby s.r.o. Their main activities are in the metal work industry. I analyse a theoretical knowledge about the marketing mix in the concrete firm. Then I make a SWOT analysis where I identify strengths, weaknesses, opportunities and threats of the company ORLET služby s.r.o.

The aim of my bachelor thesis is to analyse the current situation of the marketing mix in the mentioned company and on the basis of carried out analyses I try to recommend suitable suggestions for improvement of the marketing mix level.

I. THEORY

1 MARKETING

1.1 Principle of Marketing

The concept of marketing contains such a broad scope of activities and ideas that it is difficult to express the principle of marketing in one sentence. There are several definitions of marketing and all of them have something in common.

According to Kurtz and Boone (2006, 7) marketing is the "process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services, organizations, and events to create and maintain relationships that will satisfy individual and organizational objectives."

Armstrong and Kotler (2005, 6) claim another definition that marketing is a "social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging value with others."

It is obvious from these definitions that marketing is not only about selling and advertising but the aim of the whole process should be satisfying of customer needs. In accordance with this fact also the objectives of organizations should be achieved. The most important aspect in the exchange relationship is therefore the satisfaction of both parties.

The products will sell very easily if the business man does a good job of understanding customer needs and wants; improves products that provide excellent value and favourable price; and distributes and promotes them effectively. (Armstrong and Kotler 2005, 6)

1.2 Business-to-Business vs. Business-to-Consumer

There exist two basic types of business relations on the market which are generally known – Business-to-business marketing (B2B) and Business-to-consumer marketing (B2C), mentioned by Vitale and Giglierano (2002, 9-10):

Business-to-business means that firms or organizations do business with each other. It is a group of individuals or firms which buy or sell some products in order to manufacture, do other production and resell them. Business-to-business represents business relations which are based on a production logistics and ensuring a trade itself.

For *Business-to-consumer* is the most important thing the final consumer. This consumer does not sell the product and consumes it himself. The main consumers of these business relations are individuals or consumer sectors which buy the product for a self-consumption.

2 MARKETING MIX

Marketing mix is very important for the whole marketing strategy in every company. As Armstrong and Kotler (2005, 57) state, the marketing mix is "the set of controllable, tactical marketing tools" and consists of all activities the firm can do to influence the demand for its product. Marketing managers rely on four basic components during the planning and implementing strategies. These elements are often called the "Four Ps": product, price, place and promotion.

According to Kotler et al. (2003, 17) these components of the marketing mix are divided into the following:

- Product product variety, quality, design, features, brand name, packaging, sizes, services, warranties, returns
- o Price list price, discounts, allowances, payment period, credit terms
- o Place channels, coverage, assortments, locations, inventory, transportation, logistics
- Promotion advertising, sales promotion, public relations, personal selling, direct marketing

The most important role in the marketing process plays the target customer – the "C" – is displayed at the centre of the *Figure 1*. It is not true that the customer is part of marketing mix but on the contrary the customer should be the target of all marketing efforts. Therefore the target customer is surrounded by the controllable variables that are called the marketing mix. (Cannon et al. 2008, 33)

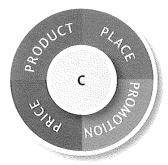


Figure 1. Marketing strategy – Four Ps of a marketing mix (Cannon et al. 2008, 35)

The process of a typical marketing mix planning according to Cannon et al. (2008, 38) consists in developing a *Product* to satisfy the target customers. Second important point is to find a way to reach a potential customer's *Place*. Next point is based on a good

Promotion to tell the target customers about the product. Last but not least a *Price* which is profitable for seller and also for customer must be set.

As Armstrong and Kotler (2005, 58) add, it should be pointed out that the four Ps concept takes the seller's view of the market but not the buyer's view. Consequently the four Ps can be from the buyer's viewpoint described as the four Cs:

4 Ps 4 Cs

Product Customer solution

Price Customer cost
Place Convenience

Promotion Communication

The four Cs are explained by Armstrong and Kotler (2005, 58) in the following way which is highly understandable to every potential customer. While businessmen see themselves as selling products, customers see themselves as buying solutions to their problems. Customers are interested more in the total costs of obtaining, using, and disposing of a product than just in the price. They also want the product or service to be as conveniently available as possible. Finally, they want two-way communication instead of one-way promotion. The good idea for marketers would be to think through the four Cs first and then build the four Ps on that basis.

2.1 Product

A product is a basic tool of the marketing mix. Kotler and Keller (2007, 178) claim that a product is "anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, persons, places, properties, organizations, information and ideas."

Every product is characterized by special features which contribute to its possibilities to meet the customer's needs. These components can be product variety, brand name, packaging, design, quality, services, warranties etc. Some of these characteristics can be absolutely unique and make a product advantageous for competitors fight. Most customers think about a product in terms of the total satisfaction it provides. The potential customer is usually interested in three basic elements of a product – product features and quality, excellent service, and price appropriateness. Due to these facts marketers have to consider developing the marketing mix for any products that consumers really purchase when they

buy the products. Without the knowledge of the customer's needs it is nearly impossible to plan strategies effectively.

2.1.1 Classification of Products

The main reason of classification of products is fact that in production, distribution and promotion of a certain category of goods is suitable to apply different marketing strategy.

There are classified *consumer products* (B2C products) which are intended for use by end users and *industrial products* (B2B products) which "contribute directly or indirectly to the output of other products for resale." (Kurtz and Boone 2006, 355)

Consumer and industrial products are described in more detail by Griffin and Ebert (2002, 327-328) as follows:

Consumer products – products and services which are bought in order to a selfconsumption. These products are usually divided into three categories that represent buyer behaviour:

- Convenience goods are inexpensive products purchased frequently, immediately
 and with minimal expenditure of time and effort; e.g. bread, milk, newspapers
- Shopping goods are typically more expensive and purchased less than convenience products; consumers often compare competing offerings (price, style, performance and other criteria); e.g. clothing, furniture, electronics
- Specialty goods are very expensive and rarely purchased; offer unique characteristics and often represent well-known brands; consumer makes a special effort to obtain them; e.g. wedding gowns, Rolls-Royce automobiles

Industrial products – products and services which are purchased by business firms for the purpose of producing other goods or for running the business. Industrial products are used directly in a specific production process. This category includes: raw materials and semi-finished goods, major and minor equipment (basic machinery, tools), parts or components which become an integral element of some other finished product, supplies or business services.

2.1.2 Levels of Product

Specialists in product policy have to think about products and services on three imaginary levels: *core benefit, actual product* and *augmented product* (see *Figure 2*.). Each of these levels adds more customer value, as it is introduced by Armstrong and Kotler (2005, 226-227):

- Core benefit represents the fundamental benefit, function or service that the customer is really buying
- Actual product includes product characteristic features such as design, a quality level, a brand name, packaging and their constant development is necessary
- Augmented product offers additional consumer services and benefits, something extra such as a longer guarantee period, preferable payment conditions etc.

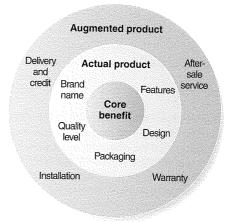


Figure 2. Three levels of product (Armstrong and Kotler 2005, 226)

2.1.3 Product Life Cycle

One of the most important things for entrepreneurs and also for large companies is a period of time when their products are popular and competitive. Every product that reaches the market enters the product life cycle. It is a series of stages through which a certain product passes during its profit-producing life. In this cycle there is a connection among life of society, economy, technology, market and firm. The product life cycle describes the progression of the product and is divided into four major stages: introduction, growth, maturity and decline (see *Figure 3*.).

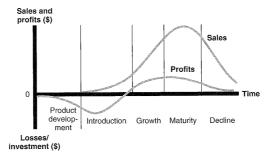


Figure 3. Product life cycle curve (Armstrong and Kotler 2005, 277)

According to Kotler and Keller (2007, 193-195) it is typical for the market introduction stage that risks and costs are really high and on the other hand profits are low or nonexistent. Despite the fact that the product offers superior value, potential customers are not looking for it because they don't know about it. Therefore the informative promotion is necessary to tell potential customers about the advantages and using of the new product concept. It takes quite a lot of time for customers to learn that the new product is available. It is necessary to manipulate the factors such as price, advertising expenses, channels of distribution organization, usage of various sales promotions and many others.

Armstrong and Kotler (2005, 278) claim that the market *growth stage* is a "period of rapid market acceptance and increasing profits." The new product attracts and satisfies enough consumers and sales begin to climb rapidly. The most important thing is that during this stage the product begins to show profit. Simultaneously with this period there is a threat that also the competitors start to penetrate into the market with the similar product. Consequently the firm uses several strategies to keep rapid market growth as long as possible. The producer can take measures such as improving product quality and adding new features, entering new market segments or creating new channels of distribution. (Kotler and Keller 2007, 193-195)

The third period is the market *maturity stage* in which is common a "slowdown in sales growth because the product has achieved acceptance by most potential buyers." (Armstrong and Kotler 2005, 278) The product is well-known and sold in huge amounts. In spite of this fact the sales growth begins to slow, because there exist a lot of competitors on the market. It is a big reason to innovate current products and offer more conveniences for customers. One of the most characteristic features of this period is a price cutting.

According to Kotler and Keller (2007, 194-195), it could be said that during the sales decline stage, new products replace the old ones. In this final phase of the product life cycle its sales rate rapidly falls off and it is more difficult to sell the product. New products in the introduction stage take away sales. In this last period the product becomes old-fashioned and hardly anybody is interested in buying it.

It is obvious that the product life cycle is different in every kind of products. It depends on the attraction, stylishness, serviceability and many other features of the product. Finally it should be said that the usefulness of the product life cycle concept is that it forces management to take a long range view of marketing planning.

2.1.4 Product Media

Product is able to communicate with the customer and public by the help of so called "product media". These media are especially brand, design and packaging.

Brand – is a name, term, sign, symbol or some combination that identifies the products of one company and differentiates these products from competitors' offerings. Brand makes the product original. One of the suppositions of good functioning of a brand is its long term usage and existing of a brand in the minds of customers. According to Armstrong and Kotler (2005, 241) brand is something more than just name or symbol. It "represents consumers' perceptions and feelings about a product and its performance – everything that the product or service means to customers."

Design – is used for marking an outward form or a shape of a product. Good design can attract attention, improve product performance, cut production costs and also give the product a strong competitive advantage in the target market. Boučková et al. (2003, 146) claim that the most important thing of the product's design is a coordination of four features: utility, aesthetics, elegance and ergonomics.

Packaging – is a "physical container in which a product is sold, advertised, or protected." (Griffin and Ebert 2002, 336) Packaging has three most important functions: protective, informative and advertising. A package serves as a kind of an advertisement that helps the product to be more attractive, displays the brand name, and identifies features and benefits which are offered. There are three levels of material: primary package (e.g. bottle), secondary package (e.g. six bottles in a cardboard), shipping package (e.g. bottle crate full of bottles).

2.2 Price

Armstrong and Kotler (2005, 293) say that price is the "amount of money charged for a product or service, or the sum of all values that consumers exchange for the benefits of having or using the product or service."

If the customer wants to obtain a product he has to pay the certain amount of money. Generally, price is the major factor affecting consumer behaviour and choice but nowadays also other factors such as design or quality play a significant role.

Foret et al. (2001, 89) point out that price is the most flexible from all variables of the marketing mix and it is able to change very quickly in contrast with features of the product or distribution channels. It is important to realize that price is the only element of the

marketing mix which represents for a firm source of income. On the other hand a product, distribution and also promotion mean costs for a company.

2.2.1 Factors Affecting Price Decisions

According to Armstrong and Kotler (2005, 296-301), a company's pricing decisions are affected by factors which can be divided into two major groups: internal company factors and external environmental factors.

Internal factors – "include the company's marketing objectives, marketing mix strategy, costs and organizational considerations"

- o Marketing objectives firstly the company must decide on its strategy for the product, select its target market and positioning carefully. The firm should seek and control objectives such as current profit maximization, reach a certain sales volume or market share leadership.
- o Marketing mix strategy price is one of the marketing mix tools that is why it must be created in accordance with the whole company policy. Price decisions must be coordinated with marketing mix variables to form an effective marketing program. Even if price is a crucial positioning factor, marketers should remember that customers scarcely ever buy on price alone.
- O Costs are generally considered to be one of the critical factors of price setting. Costs limit the floor for the price of the product. The company's aim is to cover all its costs for producing, distributing and selling the product along with an adequate profit for its effort and risk.
- Organizational considerations companies set prices in a variety of ways and it is necessary to decide who within the organization should do it. In small companies it is an object of top management whereas in large companies pricing is handled by divisional or product-line managers. For industrial markets is typical that sellers mostly negotiate with customers within certain price ranges.

External factors – "include the nature of the market and demand, competition and other environmental elements"

 Nature of the market and demand – market demand for the product has an extraordinary influence on a price. The demand is affected by factors such as product life cycle, product availability, competitor's offer etc. Therefore it is very important for marketers to understand the relationship between price and demand for the product before setting prices.

- Competition competition intensity is another significant external factor affecting the company's pricing decisions. It is obvious that the customer compares prices and quality of products of various brand names and companies.
- Environmental elements a strong impact on the company's setting prices can have economic conditions, government and also social concerns. A whole pricing strategy can be influenced for instance by a long-term recession or boom, inflation or interest rates.

2.2.2 Methods of Pricing

The actual price of the product is mostly somewhere between level which is too low to produce a profit and level which is too high to produce any demand. The company should find the acceptable price between these two extremes.

Foret et al. (2001, 93-94) describe three general methods of setting prices: cost-based pricing, demand-based pricing or competition-based pricing.

Cost-based pricing is one of the most common and most often used methods of pricing. This method is based on product costs plus additional expenses charge. Typical feature of this method is its simplicity and availability of necessary data.

Demand-based pricing is based on the consumer's perception of the value of the product. The basic principle of this method is setting higher prices when demand is high and vice-versa.

Competition-based pricing represents price which is nearly independent on costs and demand. This method results from setting prices on the basis of competition prices.

2.2.3 Price Strategies

Companies usually change price strategies depending on the product life cycle. When they place a new product on the market they can choose between two strategies: market-skimming pricing and market-penetration pricing. These two strategies are defined by Armstrong and Kotler (2005, 306) as following:

Market-skimming pricing – is characterized by setting a high initial price. The aim is to create an image of product quality and uniqueness. The product's quality and image must be on the level of such a high price and also potential buyers must want the product at that

price. The seller supposes by using this strategy that it is not easy for the competitor to reach the market and undercut the high price.

Market-penetration pricing – is characterized by setting a low initial price which often hardly covers costs. The aim of this strategy is to penetrate into the market quickly and deeply. The company gets a large market share, sometimes also gets rid of a competition and gradually reduces costs.

It depends on the company itself which price strategy is better to choose. Business men should realize if they want to maximize the profit immediately and ensure the return of invested capital. On the other hand they consider a progressive market share increase of the company and prosperity in the future.

2.3 Place

Distribution (place) is a process of delivering goods and services from producers to target customers. The principle of this activity is ensuring the movement of products to the right place, at the right time and in the right quantity.

Most producers do not sell their products immediately to target customers but they use so called distribution channels.

2.3.1 Distribution Channels

Distribution channel is a complex of intermediaries between producers and target customers. These intermediaries help to distribute the product.

According to Griffin and Ebert (2002, 380-381) distribution channels can be divided into direct and indirect distribution channels. Indirect distribution channel then has more levels.

Direct distribution channel – is the simplest way of distributing products or services directly to target consumers without any help of intermediaries

Indirect distribution channel – can be single-level, two-level, three- or multi-level distribution channel

- Single-level distribution channel consists of producer, one intermediary (retailer)
 and end user
- o *Two-level distribution channel* consists of producer, two intermediaries (wholesaler and retailer) and end user
- Three- or multi-level distribution channel consist of intermediaries such as retailers, wholesalers and also agents, brokers, warehouses or importers and exporters

The choice of right distribution channel is very often a major problem of marketers. This decision mostly depends on the top management, on the company's aims, their competence and other factors.

There are generally distinguished more types of intermediaries but basic two ones are:

Retailing

According to Kotler et al. (2003, 557) retailing "includes all the activities involved in selling goods or services directly to final consumers for personal, nonbusiness use."

Retailers are in direct contact with the final consumer and have a strong personal relationship with him. The principal aim of retailers is to be as closed as possible to the customer and offer a good service. They buy products from supplying firms, wholesalers and manufacturers. Main types of retailing are supermarkets, department stores, specialized shops etc. It is comfortable for consumers to buy products from retailers in spite of the fact that products are more expensive.

Wholesaling

Kotler et al. (2003, 577) say that wholesaling "includes all the activities involved in selling goods or services to those who buy for resale or business use." Wholesalers are dealing with retailers, other distributors and B2B customers rather than final customers that is why they pay less attention to promotion, atmosphere or location. It is obvious that wholesale transactions and also covered trade areas are larger than retailers'. There are also some differences in terms of legal regulations and taxes.

Wholesalers buy products from the producers and resell them mostly to retailers. The aim of wholesaling is a purchase in big volumes, warehousing, sorting and producing an assortment, transport of goods to customers, financing or offering a consultancy.

2.3.2 Distribution Strategies

The coverage of the market by distribution links is not the same at all times and in every place. The number of these distribution links depends on the level of satisfaction of customers' needs in certain areas.

As Boučková et al. (2003, 203-204) state, when selecting distribution strategies there are following possibilities:

- Intensive distribution a strategy which distributes a product through all possible channels in a trade area. This strategy is used for products of common use and its aim is to be as close as possible to the customer and to make the product readily available.
- Selective distribution a strategy which assumes that offered products are for the
 customers so attractive that they will make the effort to visit a vendor, because
 these products are only available in limited numbers of areas. In this case, the
 company chooses only distributors who give special attention to specific products.
- Exclusive distribution a strategy which distributes a product through a single wholesaler or retailer usually in a specific geographic region. Manufacturer chooses the distributor very carefully and grants him the exclusive right to distribute or sell a product. This type of distribution is suitable for a sale of expensive and luxurious goods.

Ensuring that distribution of products does not deal only with a short-term increase of volume in sales but also with a long-term intention, is a reason for a well-considered choice of a proper distribution strategy.

2.4 Promotion

An integral part of marketing mix is marketing communication with the customer. Marketing communication (promotion) means according to Kurtz and Boone (2006, 482) the "function of informing, persuading, and influencing the customer's purchase decision."

Promotion is a form of communication between the seller and buyer and also the way in which are potential customers informed about products or services. The aim of company's promotion is to persuade the potential customers that the mentioned product is the best one for them.

Marketing communications mix consists of five major promotion tools: advertising, sales promotion, public relations, personal selling and direct marketing. (Armstrong and Kotler 2005, 399) Sponsorship and internet communication could also be included.

2.4.1 Advertising

Advertising is characterized by Armstrong and Kotler (2005, 399) as a "paid form of nonpersonal presentation and promotion of ideas, goods or services by an identified sponsor."

The company uses various media to inform, persuade and remind consumers about its products. The aim of advertising is to keep current customers and persuade new ones. The disadvantage of advertising is its impersonality and one-way communication with a public. Thanks to media it can address a wide range of people but because of its impersonality it could be less convincing.

Advertising can be realized by various advertising media such as newspapers or magazines, television, radio, outdoor advertising (billboards etc.) and many others.

According to Foret et al. (2001, 123) there are three basic types of advertising:

- Informative advertising is commonly used in the introductory stage of the product life cycle. It is important to inform the potential consumer about product's features, advantages, price, availability etc.
- O Persuasive advertising is used especially in the growth stage of the product life cycle. Company often compares the strengths and advantages of its product with one or more other products. The aim of this type of advertising is to persuade consumers to prefer certain product to competitor's one.
- o *Reminder advertising* is used mostly in the maturity stage of the product life cycle. In spite of the fact that the product is well-known on the market it is necessary to keep the product's name in the consumer's mind.

2.4.2 Sales Promotion

Sales promotion consists of short-term promotion activities which are designed to stimulate consumer buying of products or services. Companies use tools of sales promotion to evoke faster reaction of potential customers but this type of promotion has not a long-term effect on buying behaviour.

A lot of sales promotion tools such as samples, coupons, contests, rebates, promotional products, premiums, gifts, displays, conventions and trade shows etc. can be used. (Armstrong and Kotler 2005, 423-427)

2.4.3 Public Relations

This type of marketing communication is based on development of good relations between company and public. According to Armstrong and Kotler (2005, 428) it means "building good relations with the company's various publics by obtaining favourable publicity, building up a good corporate image, and handling or heading off unfavourable rumours, stories, and events." It is an indirect communication channel and can have a strong impact on public awareness. A very important thing in the sphere of public relations is a customer feedback because company must know its drawbacks.

Armstrong and Kotler (2005, 435) mention following public relations departments and public relations tools:

Functions of public relations departments are: press relations, product publicity, public affairs, lobbying, investor relations and development.

Public relations tools include: news, speeches, special events, written materials, audiovisual materials, corporate identity materials and public service activities.

2.4.4 Personal Selling

Personal selling is one of the most effective tools of marketing communication and is represented by direct spoken communication between seller and one or more potential customers. Three characteristic features which are also big advantages of personal selling are: personal interaction, cultivation of relationship and response. (Kotler and Keller 2007, 289)

Thanks to this personal interaction the seller is able to influence the customer and persuade him of the product qualities much more effectively. The disadvantage could be for instance that the coverage of personal selling is in comparison with advertising considerably restricted.

2.4.5 Direct Marketing

Armstrong and Kotler (2005, 459) claim that direct marketing represents the interactive communicative system that uses one or more communication media to connect with

carefully targeted individual consumers at any location. The advantage is an immediate response and also a possibility to cultivate lasting customer relationship.

Main types of direct marketing includes: direct mail, telemarketing, catalogue marketing, direct-response television / broadcast marketing, direct-response print advertising or electronic media. (Foret et al. 2001, 132)

2.4.6 Summary

The theoretical part of this bachelor thesis was focused on four Ps of a marketing mix. Every component of the marketing mix such as product, price, place and promotion has its own importance. Therefore it is very important for the company to pay attention to each of these components on the same level. If the company is able to ensure an excellent marketing mix, the company could expect almost a certain success in the future.

The practical part of this bachelor thesis will be focused on the marketing mix and its implementation in the concrete company ORLET služby s.r.o.

II. ANALYSIS

3 ORLET SLUŽBY S.R.O.

The practical part of this bachelor thesis is based on an interview with one of the co-owners and employees of the company ORLET služby s.r.o. The structure of the interview is enclosed in appendix P I and P II.

3.1 Company's Description and History

The company ORLET služby s.r.o. was founded in 1996 by three corporate bodies (J+K v.o.s., V+S s.r.o., ORSIA s.r.o.). Over time the basic capital was increased to one million and capital ownership was privatised under three co-owners. The company started its activity in a hired manufacturing area in Choceň, Vysokomýtská 368. Just for information, Choceň is a town in the eastern Czech Republic and has about ten thousand inhabitants.

The company originally specialized in locksmith's production and repairs of motor vehicles. But due to an increasing demand it started to focus on a production of sheet metal components especially for automotive industry and a production of machinery.

Due to the expansion of production the hired manufacturing area became limited in size. So the company obtained other production premises in Choceň, Záměstí 173, where a prototype production, fitter's production, welding of smaller components and plumbery production is situated. In the year 2005 the company also rented an area directly within the premises of the co-operative company Kögel a.s. in Dvořisko (about 3km from Choceň) where they obtained a lathe workroom, locksmith's shop and premises for storing the completed components. In 2006 separate welding hall in Přestavlky (about 11km from Choceň) was rented.

The company's annual turnover was about two hundred million Czech crowns in the year 2008. The company became really successful due to high-efficiency laser CNC machines. The financing and purchase of the new machines, technologies etc. is done especially through leasing and bank overdrafts.

The company ORLET služby s.r.o. successfully cooperates with a lot of companies in close neighborhood and also mediates exports both direct and indirect.

Direct export: Liechtenstein – Krupp Presta A.G., France - Krupp Presta France A.G., Germany – Jürgen Reum GmBH, Sweden – SO Group,...

Indirect export: Germany – Kögel a.s., Sweden – DAVAZ, Switzerland – Ammann,Netherlands – Amplius,...

3.1.1 The Core Activity of the Company

The core activities of the company ORLET služby s.r.o. are in the metal work industry – complete sheet metal processing:

- Cutting on CNC machines (steel, stainless, aluminum,...sheet metals to 100mm) –
 Laser, Plasma, Oxygen
- o Bending using sheet metal folder, folding brake
- Locksmith machining lathe, milling cutter
- o Plumbery
- o Welding electrode, oxy-house-gas or spot welding
- Surface treatment / refinement temper hardening, annealing
- Varnishing (powder coating,...) preparation of colours and varnishes in required shades

3.1.2 Organizational Structure

At the top management there are three executives who are also the three co-owners of the company. Below them there is a general-manager and then human resources manager, production manager and economic manager on the same level. The production manager has a controller as an assistant and below them there are technologists, purchasing department and masters who are on the same level. Technologists are superior to the programmers. The purchasing department is superior to the storekeepers and masters are superior to the workers. Economic manager has below him accountants and sales agents who are on the same level.

On the following scheme (*Figure 4*.) is displayed the organizational structure of the company:

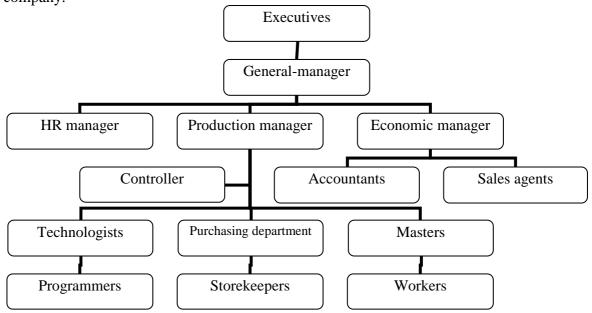


Figure 4. Organizational structure of the company (self-created)

3.1.3 Employees

The company ORLET služby s.r.o. nowadays employs 145 employees:

- 48 white collar workers
- o 97 blue collar workers

The majority of employees are people who are qualified in this field. The rest is made up of University trained employees and people with basic education.

The breakdown of employees in the year 2008 is as follows:

- Basic education 3%
- o University degree 8%
- College education 37%
- Skilled in this field 52%

Every employee must attend a safety training before they can start work. Then each employee attends a special training which is relevant to their individual position. The company offers various staff training such as fork-lift truck training, welding training and others.

Recruiting of new human resources is usually arranged through a recruiting agency. There are approximately twenty percent of workers from Slovakia. In the future there should also be cheap labour from Asia (Vietnamese, Chinese or Japanese).

3.1.4 Main Customers

The main aim of the company is to win and keep customers. The company has to initiate business connections with customers and ensure permanent high quality at relatively low prices. This process depends on understanding and fulfilment of current and future needs and expectations of customers.

The company ORLET služby s.r.o. has approximately twenty biggest regular customers in Choceň and its close neighbourhood.

It was found that the five customers with the most influential orders are the following companies:

- o Kögel, a.s. Choceň producer of automotive semi-trailers
- o ROJEK, a.s. Častolovice producer of woodworking machines
- o Ammann Czech Republic, a.s. supplier of a full range of metallurgical engineering
- o C.I.E.B. Kahovec, spol. s r.o. producer of automotive seats
- o SOR Libchavy, spol. s r.o. producer of buses

The following graph (*Figure 5*.) represents the percentage share of the most influential customers:

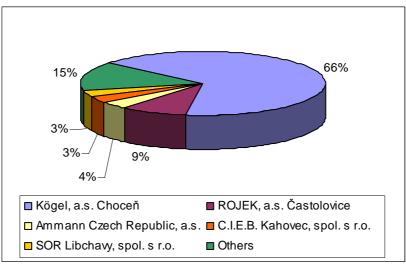


Figure 5. Main customers (self-created)

It is obvious from the graph that the most influential customer is a company Kögel, a.s. Choceň (66%). The second biggest customer is a company ROJEK, a.s. Častolovice (9%). The companies Ammann Czech Republic, a.s., C.I.E.B. Kahovec, spol. s r.o. and SOR Libchavy, spol. s r.o. are nearly on the same level (about 3% or 4%). The rest of the other important customers are created of approximately fifteen other companies (15%).

3.2 Product

The company ORLET služby s.r.o. takes part in the industrial market and represents business-to-business marketing which means that the firm cooperates with other companies or individuals in order to produce other products or their components. The company does not produce any final products which are sold directly to the ultimate consumer but it produces only components which are part of other processes.

All products are produced in accordance with customer's requirements. The customer's demand must be clearly specified and analyzed for the company to establish if the customer's requirements can be met. All customer's requirements should be submitted in writing and should include the product, quantity, terms, engineering drawing and design documentation with all the exact measurements and other specifications. Then the company's technologist evaluates the final price and after the price is agreed the technological process is drawn.

3.2.1 Product Classification

The company ORLET služby s.r.o. can assort its products into following groups:

- Cut components
- o Bent components
- Welded components
- Hardened or annealed components
- Varnished components

3.2.2 Production Process

The production process of each production depends on customer's requirements.

There are basically three types of products: products which are only cut, products which are cut and bent and products which come through the whole production process.

The most frequent processes consist of these activities:

- 1) Accepting order and its registration
- 2) Technological order processing
- 3) Programming of individual components
- 4) Cutting on CNC machines
- 5) Bending of components
- 6) Machining of components
- 7) Assembling or welding of individual components
- 8) Varnishing of used components
- 9) The finished product quality control
- 10) Delivery to the customer

3.2.3 Product Quality

The company ORLET služby s.r.o. recognises the importance of quality and customer's satisfaction. Product quality has a direct impact on the product or service performance. Therefore, nowadays when the supply predominates over the demand the product quality is taken as granted. If the company does not offer high-quality products the customer switches their supplier.

The workers play the most important role in the whole process of controlling product quality along with the controller or the production manager. The workers are obliged to carry out the initial product control and if needed ask the controller or production manager to check it. The control of product dimensions is done in accordance with design documentation. Then good products and rejects are separated from each other. Irreparable rejects are marked in red colour (painting colour, mark or label) and stored until liquidation.

In connection with quality it is necessary to mention that the company ORLET služby s.r.o. gained in the year 2000 a quality certificate CSN EN ISO 9002 which was in the year 2002 re-certified according to CSN EN ISO 9001:2001. This certificate is successfully annually maintained.

3.2.4 Design

Design of products does not play a big role in this case because products are used only as components of another final product. Customers choose products depending on other characteristics than design.

3.2.5 Branding

Every product of the company is marked with a self-adhesive logo of the company (see *Figure 6*.). This brand represents a cutting flame which cuts material, because cutting on CNC machines is a priority for the company and due to this activity it became prosperous and successful.



Figure 6. A company's logo

3.2.6 Packaging

All the products are expedited to the customer on classic wooden pallets. They are wrapped in airtight foil and sealed with tape.

This package has its own label with the product / material name and number, quantity, name of the customer and date of manufacture.

3.2.7 Claims

Even if the company tries to have a production without any customer's claims, it is impossible. Every year there is a certain amount of complaints which have to be registered.

It was found that most frequent claims are:

- o Components are wrongly cut or bent
- o Components' dimensions do not match design documentation
- Deformation of sheet metal
- Varnished components are scratched

The following table (*Table 1*.) displays the number of claims and losses and the number of discrepancy protocols and losses over the years 2005 - 2008:

Year	2005	2006	2007	2008
Number of claims	27	99	25	17
Losses from claims in Czech crowns	125 490	290 886	125 292	85 280
Number of discrepancy protocols	23	19	24	15
Losses from rejects in Czech crowns	106 726	67 859	245 668	113 465

Table 1. The number of claims, discrepancy protocols and losses over the years 2005 – 2008 (self-created)

In the year 2005	volume of production 143 010 000 Czech crowns
In the year 2006	volume of production 176 117 000 Czech crowns
In the year 2007	volume of production 265 000 000 Czech crowns
In the year 2008	volume of production 212 000 000 Czech crowns

It can be said that the best year for the company was the year 2007, because the volume of production rapidly grew. Due to this fact the number of rejects was in percentage lower compared with the total volume of production.

3.3 Price

Price is the most flexible tool of the marketing mix and it is possible to change it easily. It is also the only element which represents the source of income for the company. Fixing the price is for every producer one of the most complex processes. The company must take into account several important factors such as purchasing power of population, economic situation, prices of the competition etc. The main aim is to achieve firm's objectives, especially profit and investment returns.

3.3.1 Price Setting

The company ORLET služby s.r.o. sets a price on the basis of the hourly rate of an individual machine and person. This price is multiplied by appropriate coefficient which depends on a required quantity. To the result is added a current price of material, transport,

eventually co-operation. So it could be said that the company uses the method of cost-based pricing.

The following table (*Table 2*.) displays the hourly rate of individual machines and the second table (*Table 3*.) displays a current price of materials:

Machines	Hourly rate in Czech crowns
Laser	3 000.00
Plasma	1 500.00
Folding brake	1 600.00
Varnishing	600.00
Welding	380.00
Lathe	450.00
Drilling machine	400.00
Automobile 9 tons	23 Czech crowns/km

Table 2. The hourly rate of machines (self-created)

It can be pointed out that products which are manufactured by laser machines are much more expensive that the other ones. There are mentioned the most frequently used machines and their hourly rate which is variable in connection with the current situation on the market.

Material	Price of material (Czech crowns/kg)
Sheet metal QSTE 380	17
Sheet metal QSTE 460	18
Sheet metal MC 700	33
Sheet metal RAEX 355	25
Stainless steel	90
Aluminum	70
Full tube	23
Square steel pipe	25

Table 3. A current price of materials (self-created)

The table displays the most frequently used materials and their current price. In the company ORLET služby s.r.o. they use a lot of different types of sheet metals which are quite cheap. On the other hand the most expensive material is stainless steel and aluminum.

3.3.2 Factors Affecting Price

There are a lot of factors which affect the pricing decision in the company. They can be divided into *internal factors* – marketing objectives, company policy or costs and *external factors* – nature of the market and demand, competition offer or economic conditions.

Internal factors:

- o Marketing objectives the company tries to satisfy all the customers with no claims and its priority is to ensure product quality. If everything is all right it is also possible to increase a price of product and reach higher profits.
- O Costs main costs of the firm which determine prices of products are especially costs of material, power consumption, salaries of employees. Very important costs which must be included are transport costs and also costs expended on promotion of products.
- O Company policy the price is set on the basis of already mentioned things. Level of each price depends on the amount of material needed for a production, costs connected with distribution of products, labour costs and many other factors.

External factors:

- o Nature of the market and demand for the company is very important to point out its strengths and advantages in order to attract as many customers as possible. Company and its profits are largely influenced by a situation on the market and demand.
- o Competition advantage the company ORLET služby s.r.o. is one of the major producers and suppliers of sheet metal components in the sphere of metal work industry in this region. In spite of these facts the firm must consider prices of competitors because it is obvious that customers compare prices and quality of products offered by more companies.
- o Economic conditions nowadays plays the biggest role in the way of setting prices a current economic crisis which influences the whole country, especially the industrial market. Unfortunately the company ORLET služby s.r.o. must also fight against this problem and adapt to it.

3.3.3 Payment Conditions

The company has especially customers who order products in huge amounts and therefore there is preferred noncash payment system. Cash payment is also possible but not so often.

- o Cash payment used mainly with new customers and smaller orders / contracts
- o Noncash payment this accounts for 95 percent of the payments
 - after the signing of a delivery note an invoice is issued and is sent to the customer with an individual term of expiration
 - a term of expiration: the biggest and regular customers 60-90 days
 other customers generally 30 days

3.3.4 Discounts

The company ORLET služby s.r.o. provides quantity discounts and discounts for customers with a long-term cooperation.

Thanks to the fact that this firm is one of the larger companies in sheet metal processing in the Czech Republic, it can provide quantity discounts.

It could also be an advantage in comparison with competitors:

 \Rightarrow larger material consumption \rightarrow less costs \rightarrow discounts = a cheaper product

3.4 Place

Distribution (place) is one of the important tools of the marketing mix and company must not underestimate it. On industrial markets are supplies of goods directed to the customer or to customer's designated place.

The company uses for transport of orders its own delivery vans or trucks with a company's logo. It also serves as a type of advertising. There are sometimes possibilities that transport is ensured by a transport agency.

3.4.1 Distribution Channels

There are two types of distribution channels which the company uses. The choice of a distribution channel depends on a type of customer, order quantity, distance etc.

- Direct distribution channel ensuring of a transport by company's vans / trucks directly to the customer (55 percent)
 - the customers take delivery on their own and by their own transport (40 percent)
- Indirect distribution channel (5 percent) if the order quantity or weight is too big and the company's own transport is in use or fully loaded → the company hires a transport agency
 - if the total costs exceed the price of the product with regard to price and distance
 of the customer → order is sent as a parcel by post

3.4.2 Supply

All materials and assortment for production are supplied by suppliers and the price is included in the price of delivered goods.

There are also exceptional circumstances when the company has to use its own transport, for instance if it is necessary to have material earlier than the supplier is able to supply it or if the supplier does not have their own transport etc.

3.4.3 Main Suppliers

It is obvious that the company chooses its suppliers according to a lot of factors such as price, quality, speed of delivery and quantity of goods which the supplier is able to deliver.

The company ORLET služby s.r.o. cooperates with a lot of companies which supply them with metallurgical material, expendable supplies and protective material, and office supplies:

- O Suppliers of metallurgical material Ferona, a.s, Raven CZ a.s., Voest-Alpine Stahlhandel s.r.o., Universal ocel s.r.o., Unionocel s.r.o., ŽELEZO HRANICE s.r.o., Otčenášek s.r.o., Nypro, a.s., RESTA, spol. s r.o., Arcelor Distribuce CZ, s.r.o., Alupa s.r.o.
- O Suppliers of expendable supplies and protective material Profi Brus s.r.o., Tech centrum, a.s., Briol, s.r.o.
- o Supplier of office supplies Büroprofi, s.r.o.

3.4.4 Storing Conditions

The company ORLET služby s.r.o. has its own warehouse for sheet metal materials on site in Choceň and also premises for completed components in the area of the co-operative company Kögel a.s. in Dvořisko.

The storage of material is situated in the immediate vicinity of the production halls with CNC cutting machines. That is a big advantage because time and financial costs spent on transport of material from store to production are reduced.

A storekeeper decides on a way of material storage and organizes it in order to be well-arranged, to provide optimal handling with material and protection against theft or depreciation. Material must be marked by colour, chalk or a label so that it can be easily identified, especially by type and quality.

3.5 Promotion

Marketing communication (promotion) is an integral part of company's marketing mix. The principal aim of promotion is as efficient communication between the company and the customer as possible. Some transmitted information could largely affect opinion and behaviour of the customers to the company.

First of all, it is necessary to emphasize that the company ORLET služby s.r.o. does not support a mass marketing communication such as promotion on television or radio because the firm cooperates especially with its regular customers. Of course, the company uses certain tools of marketing communication but not on a large scale. In the beginning it was really important to reach potential customers with offered products and services.

Currently advertising is at a minimum. Promotion has been relatively neglected up to now because there was not shortage of orders. With increasing numbers of competitors and especially with a situation on the industrial market in the sphere of automotive industry everything can change. That is the reason for the improvement of marketing communication in the company and also its continuous innovation.

3.5.1 Supporting Communication Channels

The company belongs to the industrial market and due to this fact a promotion is not so developed. The firm supports market communication in the form of advertising, participation in trade fairs, sales promotion and the company's web site.

Advertising:

- Advertising in the press newspapers ORIN (Orlické inzertní noviny), Reklama magazín
- o Regional bulletins (Ústí nad Orlicí, Česká Třebová, Choceň, Vysoké Mýto)
- o The company's logo on their vehicles
- O Participation in trade fairs the company has not got any final product which could be sold to end users, but sales representatives visit trade fairs in order to arrange new contacts and initiate new business connections with potential customers and also suppliers → representatives of the company give leaflets and business cards to each other
 - trade fairs: International engineering fair in Brno annually
 - trade fairs in foreign countries occasionally

Sales promotion:

- Discounts quantity discounts and discounts provided to customers with long-term cooperation
- Promotional items within good relations between the company and the customer
 (calendars, pens and pencils, mugs, umbrellas, quality bottles of wine, etc.)
 - are given: annually to regular customers and long-term partners
 - to new customers
- Corporate gifts the company annually gives these gifts to long-term customers as thanks for cooperation; gifts are delivered by co-owners in person
 - at Christmas: to large and regular customers a quality bottle of wine and New
 Year wishes are delivered in person
 - to smaller customers New Year wishes are sent by post

Company's web site:

Nowadays is one of the most important and effective way of marketing communication to have well-arranged company's web sites with all necessary information.

The company ORLET služby s.r.o. has a web site www.orlet.cz. Unfortunately, this site has not been updated for a long time and there are only useful contacts (telephone numbers, fax number, e-mail or address) and brief company's objectives. It should be definitely improved as soon as possible, because the potential customers could be discouraged.

In spite of these drawbacks new customers mostly find out about the company thanks to the Internet. Then they call by telephone or send an e-mail with a certain demand.

3.5.2 Sponsorship

The company ORLET služby s.r.o. is a regular sponsor of a lot of social and sport events in Choceň. Sponsorship means an activity which is provided without any expectation of a profit. The company is engaged in this form of marketing communication by means of financial resources or donations. An important advantage for the company is that a sponsorship helps to increase company awareness among people and potential customers.

The company ORLET služby s.r.o. sponsors following activities:

- o Football team (FK Agria Choceň) main sponsor
- Indoor football (Gillotina Choceň)

- Non-profit organizations in Choceň and its close neighbourhood (e.g. Maternity centre Kamínek in Choceň)
- o Social events in Choceň balls, festivities, etc.

3.6 SWOT Analysis

This analysis is one of the simplest and also the most effective way how to identify the factors which should be developed and on the other hand which should be rather avoided. According to Cannon et al. (2008, 51) the name SWOT is "simply an abbreviation for the first letters of the words strengths, weaknesses, opportunities, and threats. A good SWOT analysis helps the manager focus on a strategy that takes advantage of the firm's opportunities and strengths while avoiding its weaknesses and threats to its success."

Strengths and weaknesses are internal factors which increase or decrease an intrinsic value of the company. Opportunities and threats are external factors which can not be so well controllable by the firm.

The SWOT analysis was chosen as a tool for the identification of the marketing situation in the company ORLET služby s.r.o. It was resulted from the interview with one of the firm's co-owners.

3.6.1 Strengths and Weaknesses Analysis

Strengths:

- High-efficiency and modern technology
- Quality certificate
- o Well-chosen locality of the company easy and quick access to customers
- Warehouses are a part of a manufacturing area continuously supplied
- o Emphasis on quality and accuracy of a production
- o Contacts on trustworthy customers
- o Seriousness towards customers
- Skilled employees technical know-how of employees
- o Positive approach to employees
- Excellent transport connections for employees

Weaknesses:

- Weak promotion on the market
- Significant expenses on a transport
- Shortage of own capital and need of (bank) credits

- Shortage of personnel as blue-collar workers
- o Little opportunity for personal and career growth within the company
- Ineffective promotion
- Out-of-date web site of the company could discourage potential customers

3.6.2 Opportunities and Threats Analysis

Opportunities:

- Possibility of production expansion
- Attendance at presentation actions and trade fairs to become well-known, contacts on new customers
- Customers' satisfaction
- Increase in exports a higher sale and profits
- Positive cooperation with apprentice college (excursion, practice) new labour force immediately after they finish school

Threats:

- New competition with lower prices
- o Rise in prices of a material
- o Unexpected and quick decline of customers
- Unfavourable tax situation
- o Economic / financial crisis
- o Lack of financing orders and company's functioning
- Absence of marketing activities to external environment
- o Breach of a term of expiration of orders
- o A large number of companies with mechanical production in close surroundings

3.6.3 SWOT Analysis Evaluation

Strengths of the company ORLET služby s.r.o. are especially high-efficiency and modern technologies which are connected with plasma and laser, computer controlled CNC machines. Thanks to these technologies is achieved a high productivity and products meet the strict criteria. The locality of the firm is well-chosen because it is in the immediate vicinity of the biggest customer Kögel, a.s. Choceň and also other customers. It is on the way between Choceň – Vysoké Mýto and consequently customers and suppliers have not got any problems with transportation. Another advantage is also a variety of contacts on trustworthy customers.

On the other hand weaknesses are connected mainly with a promotion of the company. An ineffective promotion such as out-of-date web site of the company could discourage potential customers. Significant expenses on a transport mean a big disadvantage as well as a worsening financial situation and need of (bank) credits.

Opportunities of the company could be a possibility of production expansion in the future, attendance at presentation actions and trade fairs to become well-known and get new contacts. The company ORLET služby s.r.o. can also increase exports and due to it achieve higher sale and profits.

Threats represent new competition with lower prices or rise in prices of a material. Nowadays the biggest threat to the company is a present economic / financial crisis which is the cause of an unexpected and quick decline of customers and sales.

3.7 Proposals for Improvement

There are several proposals for improvement and arrangements which should be implemented in the company ORLET služby s.r.o. The following suggestions result from the marketing mix analysis in the company, findings determined by interviews and SWOT analysis.

The aim of these proposals is to achieve a better status on the market and gain higher market shares. It is also important to consider if the company is able to survive in the competitors fight in the sphere of costs, improvement and development of the production or effective marketing communication.

The company ORLET služby s.r.o. insists on a quality of its products and that is the reason for a careful choice of suppliers who supply the company with a high-quality material. I would certainly recommend to keep cooperation with the reliable suppliers with which the firm has long-standing experience and can rely on them and their provided services.

Nowadays the company functions as a sort of intermediary. It transforms a metallurgical material into some product which is subsequently put into a customer's production. Products which are manufactured in the company ORLET služby s.r.o. are not useful to the final customer but they serve as parts to final products or components. Therefore the main aim of the firm is to start a production of its own complete product which would be fully functional for the customer without any further alterations. I agree with this idea because the company is at present dependent on the number of customers

who then sell products / components to the end user. Everything consists in customer's requirements and orders. If the company had its final product it would have also a better promotion.

A continual improvement of a production is important for the company because of a big increase in competition in this branch of industry. I think that a replacement of outdated machines by more modern and more effective ones (e.g. from plasma technologies to laser technologies) also leads to easier work for the employees.

The company ORLET služby s.r.o. wants to have high-qualified employees. They are regularly trained in their profession in order to produce almost with no errors. I would recommend a camera system which will monitor and will have the whole production under the control all the time. It could also contribute to effectiveness in the workplace.

The discounts which are provided to customers with a long-term cooperation and quantity discounts mean from my point of view a big advantage for customers as well as for the company. There could be also offered samples of products from a requested material.

The company ORLET služby s.r.o. has four centres of manufacture – two in Choceň (Vysokomýtská 368 and Záměstí 173), one in Dvořisko (about 3 km from Choceň) and one in Přestavlky (about 11 km from Choceň). The main production is placed in a hired manufacturing area in Choceň, Vysokomýtská 368. In my opinion it would be better to build a new production hall directly in the mentioned area which provides necessary space. It will help to reduce heavy expenses on transportation. New production hall building would cost cca 16 000 000 Czech crowns. On the other hand the following costs would disappear:

- a rent: Choceň, Záměstí 173: 60 000 Czech crowns/month
 - Dvořisko: 160 000 Czech crowns/month
 - Přestavlky: 120 000 Czech crowns/month
- transport of components among centres of manufacture: cca 160km/day = 3680 Czech crowns (80 000 Czech crowns/month)
- reduction of the number of employees (porter 3x, fork-lift truck driver 2x, master 2x,
 driver 1x): cca 140 000 Czech crowns/month

It can be seen that to build a new production hall would be advantageous for the company into the future.

The marketing communication of the company and its offered production is not on a high level. The firm knows that it has its regular customers and does not attach importance to the promotion of the products. It is really important to inform potential customers about the company and its services, especially nowadays at a time of economic / financial crisis.

The company ORLET služby s.r.o. is not a huge company and also its financial possibilities are considerably limited. Annual expenses of the firm should be approximately pre-planned and divided into individual areas and do not forget the marketing communication. The company could entrust one person with marketing activities in the sphere of promotion of products and services.

I would especially recommend new company's web sites because current ones are out-of-date and are not updated for a long time. The web sites should be translated at least into English and German because of foreign customers. They must be well-arranged and contain more detailed information about the company and offered services and products including pictures, machine equipment, useful contacts, references etc. New web sites would cost about 20 000 – 30 000 Czech crowns. In my opinion this investment is really useful because most of customers use Internet to look for company's information.

It could be a good idea to have a radio advertising for instance in any regional radio but this kind of advertisement is quite expensive and offers too little time for expressing of everything significant. I would prefer more frequent advertising in regional newspapers and bulletins which should be connected also with some discounts.

The long-term aim of the company ORLET služby s.r.o. is to become more remarkable producer of sheet metal components especially for automotive industry than it has done up to now. I think that thanks to an effective strategy and promotion, high technology and production expansion it could be easily reached.

CONCLUSION

Nowadays marketing is a necessary part of every company and through this bachelor thesis I can realize the usage of marketing mix (theory) from a practical point of view.

I implemented a theoretical knowledge in the company ORLET služby s.r.o. which is a producer of sheet metal components especially for automotive industry.

The aim of this bachelor thesis was to analyse the current state of the marketing mix in the company ORLET služby s.r.o. and to suggest possible proposals for its improvement.

The theoretical part resulted from specialized books concerning business themes and marketing mix questions. There was described the principle of marketing and distinction between business-to-business and business-to-consumer marketing concept. In that part I especially focused on a detailed description of individual marketing mix tools such as product, price, place and promotion.

The practical part of this bachelor thesis resulted from the interview with one of the co-owners and employees of the company ORLET služby s.r.o. Firstly there was mentioned a company's description and a brief history, company's objectives, an organizational structure, employees and main customers of the company. Then the major part of the bachelor thesis analyses individual marketing mix tools in detail and is filled with some graphs, tables or pictures. Finally I carried out a SWOT analysis which helped me to identify strengths, weaknesses, opportunities and threats of the company ORLET služby s.r.o. On the basis of the SWOT analysis results I identified weaknesses of the marketing mix which should be improved in the future: an ineffective promotion – especially out-of-date web site of the company, significant expenses on a transport or worsening financial situation and need of (bank) credits.

In the last chapter of my bachelor thesis I suggested proposals for improvement such as production expansion, replacement of outdated machines by more modern and more effective ones. The improvement should be connected mainly with marketing communication: to entrust one person with marketing activities, new company's web sites, radio advertising or more frequent advertising in regional newspapers and bulletins.

In conclusion it should be stated that current situation of the company ORLET služby s.r.o. is on a good level and the company has no serious problems which could threaten its prosperity on the market. While writing this bachelor thesis I could realize the functioning of the company. It has been a personal contribution for me and could also be for the company if it followed some of my proposals.

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APPENDICES

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- P II Structure of interview in Czech language
- P III Location of the company ORLET služby s.r.o.
- P IV CNC machines and other machines
- P V Company's products and components
- P VI Advertising in regional bulletins
- P VII New Year wishes for customers
- P VIII Company's sponsorship

APPENDIX P I: STRUCTURE OF INTERVIEW IN ENGLISH

LANGUAGE

Questions:

- 1) What is the company's history and its development?
- 2) What production is the company focused on?
- 3) What was the company's annual turnover in the year 2008?
- 4) What is the way of financing of investments (new machines, technologies,...)?
- 5) Does the company mediate also export and into which countries especially?
- 6) What is the company's objective?
- 7) What is the organizational structure of the company?
- 8) How many employees does the firm have and what is their education?
- 9) Do you offer any training to your employees?
- 10) Who are your main customers? How many other customers do you cooperate with?

Product:

- 1) What are the company's products? Does the firm produce any final product or is it only the intermediary?
- 2) What is the product classification?
- 3) What is the operating sequence of production?
- 4) How is the product controlled during a production?
- 5) Does the company have any quality certificates?
- 6) Do you prefer quality or price while selecting materials?
- 7) Are you going to introduce new products / technologies? Which ones?
- 8) Is design, branding or packaging of products important?
- 9) Do you have a lot of claims? What are the most frequent reasons?

Price:

- 1) What about price setting? Do you take into account costs, competition or do you prioritize the customer?
- 2) Which factors mostly influence price?
- 3) Have competitor's prices any impact on the price setting in your company?
- 4) What are payment conditions in your company?
- 5) Do you provide any discounts to your customers or other advantages?

Place:

- 1) What kind of distribution does your company prefer?
- 2) Which distribution channels does the company use?
- 3) Has the company its own vans or trucks?
- 4) What about supplying of material?
- 5) Which suppliers does your company cooperate with?
- 6) What are storing conditions? Has the company enough storage grounds?

Promotion:

- 1) What kind of promotion does the firm use?
- 2) Does the company participate in any trade fairs?
- 3) Has the company its own web sites? Are they well-arranged and updated?
- 4) Is the company a sponsor of any social or sport events, organizations,...?

APPENDIX P II: STRUCTURE OF INTERVIEW IN CZECH

LANGUAGE

Otázky:

- 1) Jaká je historie firmy a její postupný rozvoj?
- 2) Na jakou výrobu se firma především zaměřuje?
- 3) Jaký byl roční obrat firmy v roce 2008?
- 4) Jaký je způsob financování investic (nových strojů, technologií...)?
- 5) Zprostředkovává firma také export a do jakých zemí především?
- 6) Co je předmětem činnosti firmy?
- 7) Jakou má firma organizační strukturu?
- 8) Kolik má firma zaměstnanců a jaké mají vzdělaní?
- 9) Poskytujete zaměstnancům různá školení?
- 10) Kdo jsou hlavní odběratelé firmy? S kolika dalšími odběrateli spolupracujete?

Výrobek:

- 1) Jaké jsou produkty firmy? Vyrábí firma nějaký konečný výrobek nebo působí pouze jako mezičlánek?
- 2) Jaké je členění výrobků?
- 3) Jaký je pracovní postup výroby?
- 4) Jak je výrobek v procesu výroby kontrolován?
- 5) Vlastní firma nějaké certifikáty jakosti?
- 6) Dáváte při výběru materiálu přednost kvalitě nebo ceně?
- 7) Chystáte se zavést nějaké nové výrobky / technologie? Jaké?
- 8) Je u výrobků důležitý design, značka, balení výrobků?
- 9) Máte hodně reklamací? Jaké jsou nejčastější důvody?

Cena:

- 1) Jak se určuje cena? Zohledňujete více náklady, konkurenci, nebo se orientujete na zákazníka?
- 2) Jaké faktory nejvíce ovlivňují výši ceny?
- 3) Mají ceny konkurentů vliv na určování ceny ve Vaší firmě?
- 4) Jaké jsou platební podmínky Vaší firmy?
- 5) Poskytujete nějaké slevy svým odběratelům, či jiné výhody?

Distribuce:

- 1) Jakou formu distribuce firma upřednostňuje?
- 2) Jaké distribuční cesty firma využívá?
- 3) Disponuje firma vlastními vozy?
- 4) Jak probíhá zásobování materiálu?
- 5) S jakými dodavateli Vaše firma spolupracuje?
- 6) Jaké jsou skladovací podmínky? Vlastní firma dostatek skladovacích ploch?

Propagace:

- 1) Jaké formy propagace firma využívá?
- 2) Účastní se firma veletrhů?
- 3) Má firma své vlastní internetové stránky? Jsou přehledné a aktualizované?
- 4) Je firma sponzorem nějakých akcí, spolků,...?

APPENDIX P III: LOCATION OF THE COMPANY ORLET SLUŽBY S.R.O.





APPENDIX P IV: CNC MACHINES AND OTHER MACHINES







APPENDIX P V: COMPANY'S PRODUCTS AND COMPONENTS







APPENDIX P VI: ADVERTISING IN REGIONAL BULLETINS



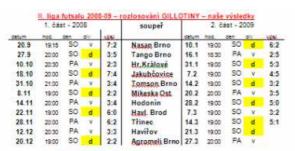


APPENDIX P VII: NEW YEAR WISHES FOR CUSTOMERS



APPENDIX P VIII: COMPANY'S SPONSORSHIP







Náš dnešní soupei Rok založení 1988

Několik let hrají ve 2. lize, kde sehráli 110 utkání, z toho 58 výher, 11 remíz, 41 proher, skóre 534:447 Vícejsmena webových stránkáchnenašli

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