

Recommendations for strengthening the brands "Bon Pari" and "JOJO" in the Czech market

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Bachelor Thesis
2011



Tomas Bata University in Zlín
Faculty of Humanities

Univerzita Tomáše Bati ve Zlíně
Fakulta humanitních studií
Ústav anglistiky a amerikanistiky
akademický rok: 2010/2011

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(PROJEKTU, UMĚLECKÉHO DÍLA, UMĚLECKÉHO VÝKONU)

Jméno a příjmení: **Lucie RŮŽIČKOVÁ**
Osobní číslo: **H08378**
Studijní program: **B 7310 Filologie**
Studijní obor: **Anglický jazyk pro manažerskou praxi**

Téma práce: **Doporučení k posílení značek "Bon Pari" a "JOJO" na českém trhu**

Zásady pro vypracování:

Teoretická část

Na základě dostupné literatury zpracujte poznatky týkající se značky a jejího budování.

Praktická část

Analyzujte současný stav značek "Bon Pari" a "JOJO".

Na základě provedené analýzy zpracujte doporučení k posílení těchto značek.

Rozsah bakalářské práce:

Rozsah příloh:

Forma zpracování bakalářské práce: **tištěná/elektronická**

Seznam odborné literatury:

Aaker, David A. 2002. Building strong brands. London : Simon & Schuster.

Aaker, David A; Jungmann, Vilém. 2003. Brand building : budování obchodní značky : vytvoření silné značky a její úspěšné zavedení na trh. Vyd. 1. Brno : Computer Press.

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Taylor, David. 2007. Brand management : budování značky od vize k cíli. 1. vyd. Brno : Computer Press.

Vedoucí bakalářské práce:

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Ústav anglistiky a amerikanistiky

Datum zadání bakalářské práce:

1. února 2011

Termín odevzdání bakalářské práce:

6. května 2011

Ve Zlíně dne 1. února 2011

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ABSTRAKT

Tato bakalářská práce je zaměřena na problematiku značky, její budování a posílení.

Práce se skládá z teoretické a praktické části. Obsahem teoretické části jsou poznatky, týkající se značky a jejího řízení, které byly získány z literárních zdrojů. Jsou zde také zahrnuty studie, které poskytují obrázek nejen o nejhodnotnějších značkách současnosti, ale i o značkách, kterým spotřebitelé nejvíce důvěřují. Své místo si vydobyl i průzkum provedený na českém trhu, jehož cílem bylo zjistit, jaký vztah mají ke značkám čeští spotřebitelé.

Praktická část poskytuje informace o společnosti Nestlé S.A., její pobočce pro Českou republiku Nestlé Česko s.r.o. a také o výrobním závodě Sfinx. Dalším krokem je pak analýza současného stavu značek Bon Pari a JOJO na českém trhu. Výsledkem praktické části jsou doporučení k posílení těchto značek, které byly podrobeny nákladové a rizikové analýze.

Klíčová slova: značka, hodnota značky, identita značky, prvky značky, řízení značky, marketingové komunikace

ABSTRACT

This thesis focuses on brand building. It comprises a theoretical and an analytical section.

The scope of the theoretical part is brands and their management, using knowledge extracted from literary sources. Studies have shown which brands are the most valuable and which are the most trusted. As we live in the Czech Republic, research into the relationship of Czech consumers to brands could not be omitted.

The analytical section provides information about the global company Nestlé S.A., its Czech branch Nestlé Česko s.r.o. and in particular, the factory of Sfinx, the largest Czech producer of confectionery. The next step is an analysis of the current disposition of the Bon Pari and JOJO brands in the Czech market. The analysis culminates with recommendations to strengthen these brands and with their cost and risk analyses.

Keywords: brand, brand equity, brand identity, brand elements, brand management, marketing communication

ACKNOWLEDGEMENTS

I wish to express thanks to my bachelor thesis supervisor Mgr. Ing. Dagmar Svobodová who provided me with valuable advice and comments, and patiently answered all my queries.

Furthermore, I am deeply grateful to the production manager of Sfinx, Ing. Martina Lojkásková, who willingly sent me documents without which I would have been unable to complete the analytical section. Mrs Lojkásková gave me practical advice and spent time with me discussing my ideas and proposals.

Finally, I would like to thank my family and friends, who have supported me during my studies.

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INTRODUCTION

"We are no doubt in the Great Age of the Brand."

(Sarin 2010, 2)

Coca-Cola, Microsoft, Disney, Nokia, BMW, Prada, L'Oréal, MTV, Cartier, Heineken, Manolo Blahnik, and thousands of others: although these names relate to different business spheres, all can go by one name – that of a brand. We encounter brands every single day and their ability to influence our behaviour as consumers is sometimes stronger than people are willing to admit. This is paradoxical as a brand is not something that can be touched, smelled, felt or tasted. It is intangible, but still has great power which companies do not hesitate to take advantage of. However, to be able to influence consumers in their choice, brands must be seen. Marketing communications is used to provide information about a brand, present its added value, persuade potential customers of its excellent quality and uniqueness, and consequently gain competitive advantage in the market.

As a brand is considered to be one of a company's most valuable assets, if not the most valuable, the issue of how to strengthen brands is of high importance. I decided to deal with this topic in my bachelor thesis. The subjects of analysis will be the brands Bon Pari and JOJO which are produced by Nestlé Česko s.r.o. The aim of my bachelor thesis is to analyze the current state of the Bon Pari and JOJO brands and then recommend some solutions in order to improve the position of these brands in the Czech market. The thesis is divided into two parts, theory and analysis, and will be based both on technical literature, as well as documentation provided by Nestlé Česko and the Sfinx factory.

In the theoretical section I will try to explain what a brand actually is and how one can be built. This section also contains a chapter concerning marketing communications and its importance in the building of brands. The very last part of the theoretical section will be dedicated to the surveys by Interbrand and Reader's Digest surveys whose results are lists of the most valuable and trusted brands. I will not forget to describe the overall relationship of the Czech people towards brands.

Nestlé S.A., Nestlé Česko and the Sfinx factory will be introduced at the beginning of the analytical section. After that, according to information and documents provided by these companies, I will evaluate the current position of the Bon Pari and JOJO brands and based on that I will offer several useful recommendations which could help to strengthen both brands. Finally, the cost and risks analysis will be performed. This point is very

important as it will show the approximate amount of money which would be required for implementation of my recommendations, as well as possible risks.

I. THEORY

1 BRANDS

"If this business were to be split up, I would be glad to take the brands, trademarks, and goodwill, and you could have all the bricks and mortar and I would fare better than you."

(Capon and Hulbert 2008, 289)

As this quotation of the former chairman of Quaker Oats, John Stuart, suggests, a brand is a very valuable asset which, if managed well, can become a guaranteed source of income for a company. Therefore it is necessary to manage it correctly. If so, it not only has a positive impact on the financial results of the company but it creates a good reputation for the company. The results of such efforts are that a company manages to build a strong brand which continuously satisfies the customers, who remain loyal only to a small amount of concrete brands and cease to look for identical, competing products. (Chernatony 2010, 4)

The importance of a favorable brand reputation can become clear, especially during a period of crisis. An example is the critical and very unpleasant situation experienced by two strong brands, Mars and Tylenol, several years ago which was caused by intentional poisoning at certain parts of the production process. Although they were facing a serious problem, these brands managed to renew their dominant position in the market thanks to the immediate reaction of a product recall. However, what provided the most assistance was the long-term respect of their customers. Unfortunately, there are still many companies which do not consider the value of a brand's reputation to carry any weight or are not aware that building trust in a brand requires time and systematic management. (Chernatony 2010, 5)

Customer trust is the result of repeated interactions with a particular brand. The only way to sustain customers' trust is to demonstrate to them that brand owners are interested in and care for their clients needs and desires. Otherwise, the consumers' trust in a brand can be shaken. (Chernatony 2010, 5)

Thus brands provide important functions both to the individuals and organisations who are consumers, and to manufacturers or brand owners.

- **Brand as a source of value for the consumer**

The most important function of a brand for consumers is that it enables them to identify the source of a product or manufacturer of a product, allowing them to assign responsibility to a certain product maker or distributor. Previous experiences with the product enable

consumers to judge whether a certain brand satisfies their needs. A brand thus becomes an instrument to facilitate the process of choosing a product. Facilitation arises from the fact that if a consumer identifies the brand, all information connected to it is recalled and the consumer does not need to think hard and seek further information to help him decide. Keller defines the relationship between a brand and a consumer as a form of bond, in which the consumer offers his trust and loyalty and in return expects the brand to provide him satisfaction. If the consumer realizes that the purchase and consumption of a certain brand brings him various advantages, it is very likely that he will continue to buy this brand. (Keller, Apéria and Georgson 2008, 6-7)

The advantages brought by a brand are not only functional in nature. A brand can function as a symbolic device which enables consumers to create their own image. Particular brands are used by a particular type of people and therefore a brand reflects various characteristics. Based on consumption of products of a particular brand, consumers can notify other people of the personality they possess or would like to possess. Brands are supposed to help people identify who they truly are and subsequently convey the information to other people. (Keller, Apéria and Georgson 2008, 7-8)

Another very important role of a brand is to draw the consumer's attention to concrete attributes of a product. Products and services and the attributes associated with them fall into three categories: search goods which enable consumers to evaluate attributes by visual inspection; experience goods where the product's attributes are evaluated by personal experience and not only visually; and credence goods which can be evaluated neither visually nor by product trial hence consumers simply have to put their trust into the product. In the categories of experience and credence goods, a brand may be a very important signal of quality. (Keller, Apéria and Georgson 2008, 8)

Finally but no less importantly, brands can reduce the risks arising from the decision to buy a product and its consumption. A consumer may face for example a functional risk, meaning that the product does not fulfill its purpose in accordance with the consumer's expectations. There is also a danger that the product will not be worth the price paid, which risk is referred to as financial and many others. (Keller, Apéria and Georgson 2008, 8)

In summary, the importance of a brand to the consumer is the facilitation of decision-making and risk reduction. As a result brands facilitate consumers' day-to-day activities and therefore enrich their lives. (Keller, Apéria and Georgson 2008, 6-8)

- **Brand as a source of value for the firm**

Of course, brands fulfil a number of functions which are valuable to their manufacturers. One is that a brand serves for identification purposes and therefore contributes to simplification of tracing a company. A brand also gives a company some degree of legal protection of the product's unique attributes. For instance, the brand name can be protected by registered trademarks, manufacturing processes can be protected by patents, and packaging can be protected by copyright. Thanks to intellectual property rights, the investment a company makes in a brand are safe. A brand is of course a signal of the level of quality of a product or service. If of high quality, consumers will be encouraged to make further purchases, creating customer loyalty. This loyalty provides security of demand for the manufacturer, which allows demand to be predicted. If the consumer trusts a certain brand, he is unconcerned with competing products and therefore barriers to entrance to the market are created. In such an eventuality, other companies find it difficult to establish themselves in a market. If a company desires to achieve this goal, it is essential to develop competitive advantage. A competitive advantage can be acquired if a brand leaves a good impression upon the consumer's mind. Thus, even if competitors imitate a product's design, manufacturing process or formulae, they cannot imitate the image in the consumer's mind. It is possible to say that brand functions concur and that one function invokes another. Therefore the function of financial returns can be understood as a climax to the whole sequence. (Keller, Apéria and Georgson 2008, 9-10)

1.1 Brand background

1.1.1 The origin of brands

People generally think of branding as a modern phenomenon, making it surprising that brands have been in use since ancient times. The word "brand" originates from the Old Norse expression "brandr", meaning "to burn" and later it was adopted by Anglo-Saxons. People burned singular designs onto the skin of their livestock in order to declare ownership and potters and silversmiths marked their wares with initials or other personal tags. Later, brands stopped expressing only the ownership but they also became a sign of good or bad quality: "Thus, the utility of brands as a guide to choice was established, a role that has remained unchanged to the present day." (Clifton et al.2009, 14)

The remains of clay pots found around the Mediterranean show evidence of two ways to identify products that were used by potters in the ancient civilisations of Rome, Greece and Etruria. A potter either put his thumbprint into the wet clay on the bottom of the pot or he marked a pot with his mark which could have been a star, fish, cross or other. The remains of the first manufactured goods prove that "symbols were the earliest visual form of brands." (Clifton et al.2009, 14) In order to recognise forgeries, Ancient Roman commercial law respected potters' personal marks. This precaution, however, did not prevent counterfeiters from imitating the marks of well-known makers. An elaborate system of trade between the Mediterranean and Western Europe broke down after the fall of the Roman Empire in the sixth century AD. Brands continued to be used, but only on a local scale. (Clifton et al.2009, 14)

The importance of brands was revived in the seventeenth and eighteenth centuries when France and Belgium began manufacturing tapestries, furniture and porcelain. Again brands were used as indicators of origin and quality. "At the same time, laws relating to the hallmarking of gold and silver objects were enforced more rigidly to give the purchaser confidence in the product." (Clifton et al.2009, 14-15)

The implementation of brands in the field of marketing is firmly connected to the Industrial Revolution of the nineteenth century and the concurrent improvements to manufacturing. During this period, the production of many household items such as soap, tea, washing powder and many other everyday products was shifted from local communities to centralised factories. These huge factories, generating mass-produced goods, needed to gain an access to national markets, but it turned out to be very difficult as the customers were familiar only with local products. Manufacturers soon understood that it was necessary to convince the public of the quality of their goods and to gain customers' trust. The key tool in this process was advertising, leading to the formation of a number of advertising agencies in the late nineteenth century. It soon became apparent that brands required a certain degree of protection. The solution to this was the creation of trademark legislation which enabled brand owners to register their brands and gave them the right to protect their brands against misuse. Some of today's best-known brands were established during the nineteenth century, including Coca-Cola, Gillette, Kodak and Heinz. (Clifton et al.2009, 15)

If it was said that the nineteenth century was propitious towards brands and their development, then the period which followed the Second World War has to be

characterised as a tremendous boom. The particular causes of this brand explosion were the fall of communism, the launching of the Internet and mass broadcasting. As a result of these developments, there are now more than 500,000 globally registered brands associated with certain products and services. (Clifton et al.2009, 15; Encyclopedia of Business 2011 Web site)

1.1.2 What is a brand?

Matters become complicated when it comes to defining what a brand actually is. Even marketing experts, consultants, professors and other professionals who deal with the issue of branding on a daily basis either do not have a clear answer or have answers which vary from one expert to another. If you ask ten scholars to explain and define a brand, there will almost certainly be ten different explanations. Furthermore, as has been previously noted, brands provide functions to consumers as well as to producers of brand goods and therefore a brand can be viewed not only from the consumer's perspective, but also from the brand owner's position. As a result, there are various brand definitions, each based on a different approach to brands. (Wood 2000, 664)

The American Marketing Association defines a brand as "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name." (Marketing Power 2011 Web site) Due to its product-oriented nature, this interpretation has met with criticism. Nevertheless, the definition has endured in contemporary literature, even if in slightly amended form. One of the modifications to the definition says that "a brand is a name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers." (Wood 2000, 664) The words "any other feature" is regarded as a crucial addition to the definition, because it allows for intangibles to become a point of differentiation. (Wood 2000, 664)

The above-cited definitions deal with the concept of a brand from the corporate point of view, but there is also the opposite perspective – the manner in which the brand is perceived by consumers. Such a definition is offered by marketing expert Tim Ambler, who thinks of a brand as "the promise of the bundles of attributes that someone buys and

provide satisfaction...The attributes that make up a brand may be real or illusory, rational or emotional, tangible or invisible." (Wood 2000, 665)

There are hundreds of other definitions, however perhaps the most preferable is that of Jeff Bezos, the founder of Amazon.com, who states that "a brand is what people say about you when you're not in the room." (Boost Your Brand 2010 Web site) As the nature of today's world is extremely fast-paced, we need to act and express ourselves very quickly and using long definitions may be regarded as a waste of time. Therefore, here is a definition which is both short and meaningful and may be considered a good compromise between all the definitions: "A brand is a collection of perceptions in the mind of the consumer."(The Sideroad: Practical Advice Straight from the Experts 2011 Web site)

1.1.3 Brand versus brand

Some marketing experts and managers suggest that there is a significant difference between brand and Brand. Brand with a capital "B" is viewed as "an overriding business concept." (Ferguson, Brand Insight Blog, entry posted January 14, 2010) It stands for brands which function in a unique way, which have pierced consumers' minds and which have attained a respectable position in a commercial sphere. A brand is here perceived as something more abstract, symbolic and conceptual that has been created within consumers' minds. A brand does not become a Brand immediately. On the other hand, brand with a small "b" can be practically anything.

1.1.4 Brand versus product

Confusing brand and product is a frequent mistake and people should realise that there is a considerable distinction between these two concepts.

Kotler defines a product as "anything we can offer to a market for attention, acquisition, use, or consumption that might satisfy a need or want." (Keller 2008, 3) A product can take several forms which can be illustrated by following examples. A branded product may be a physical good like Yoplait yoghurt, Manolo Blahnik shoes, or a Hyundai Santa Fe car; a service like Čedok travel agency or UniCredit Bank; a retail outlet like Selfridges department store or Billa supermarket; a person such as top model Naomi Campbell or politician Barack Obama; a place such as New York city or a country such as the Czech Republic; a non-profit organisation such as SOS Children's Villages or a music group like U2; or an idea like freedom of speech or corporate responsibility. (Keller 2008, 5)

Keller speaks of five levels of meaning which can be found within a product. The first level is the core benefit level which is responsible for satisfying consumers' fundamental needs by consuming the product or service. The second level is called the generic product level and it stands for the basic version of the product. At this point, a product offers only attributes which are necessary for its functioning and without which the product would be useless. However, it does not contain any feature which could distinguish it from other products satisfying the same need. The third is the expected product level, meaning that there are various normally expected attributes of the product when buying it. The fourth is the augmented product level which includes various additional product attributes, benefits or other favourable implications. These additions are all means of distinguishing the product from those of competitors. The last level is the potential product level, comprising augmentations, transformations and changes which a product may undergo in the future. (Keller 2008, 3)

The augmented level is considered key. What really matters is the additional benefit, something that can make the product different from others and at the same time something that is valued by people. A product is simply an artifact manufactured in a factory. A brand is an abstract concept that is created and exists only in people's minds. The brand is something more than the product or service, it is the aura surrounding them. (Rypáček, Marketingové noviny 24.3.2003; Randall 2000, 4)

1.2 Brand identity

"Customers must recognise that you stand for something."

Howard Schultz, Starbucks (Aaker 2010, 67)

The easiest way to explain brand identity is to compare it to a person's identity, which reflects core personal values. However, there is a more sophisticated definition in which Aaker describes brand identity "as a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to customers from the organisation members." (Aaker 2010, 68)

The principal reason why brand identity is so important is that it generates functional, emotional or self-expressive benefits for the customer. Therefore brand identity serves as a means to assist the process of establishing the relationship between the brand and customers. Essentially, the brand identity is how the company wishes the brand to be seen

and perceived by customers. Customers form an opinion of the brand, which is referred to as the brand image. Brand image expresses how the brand is perceived in reality which may not always match the brand identity and therefore a company should endeavour to harmonise its view with the perspective of costumers, i.e. harmonise brand identity and brand image. (Aaker 2010, 68)

Brand identity is based on the customer, competition, trends and the firm's understanding of strategy. Brand identity has to reflect the company's strategy and its willingness to invest in various programs and activities which are aimed on brand identity enforcement support. It is highly advisable to ensure that brand identity and its interpretation are clear. Therefore it is necessary to evaluate the meaning of words and phrases that are used for identity description. For example, everybody can understand the words "friendly" and "kind" in a different way and attach different importance to them and as a result, each of us will have a different brand identity interpretation. Based on this, companies must bear in mind that they should eliminate any ambiguities. (Rypáček, Marketingové noviny 16.4.2003)

Brand identity can be viewed from four perspectives – the brand-as-product, brand-as-organisation, brand-as-person and brand-as-symbol. Furthermore, brand identity can be divided into two parts – core and extended identity. (Aaker 2010, 68)

1.2.1 Core identity

"The core identity represents the timeless essence of the brand." (Aaker 2010, 85) This stable core contains brand associations which are likely to remain unchanged in consumers' minds even if the brand expands to new markets or new products. The core identity is largely based on the soul of the brand, on the fundamental beliefs and values of the brand and on the organisation which stands behind the brand. If we ask people who stand behind the brand what is the first word which comes to their mind in connection with that brand, their answer can be considered to be the core identity. (Aaker 2010, 85-87)

1.2.2 Extended identity

"The extended brand identity includes elements that provide texture and completeness." (Aaker 2010, 87) It comprises additional details and information, enabling the consumer to clearly understand what the brand stands for. The extended identity should be helpful particularly in deciding what kind of marketing program and communications to use. (Aaker 2010, 87-88)

Although the brand personality is mostly not a part of the core identity, that does not mean it is not important. In essence, the brand personality should be viewed in the same way as a human personality. People are unlikely to form a relationship with another person who is considered to have no personality, and the same is true of customers and brands which lack personality. (Rypáček, Marketingové noviny 16.4.2003)

1.3 Brand elements

Brand names, URLs, logos, symbols, characters, spokespeople, slogans, jingles, packages, and signage are all trademarkable devices which are known as brand elements. They are used to differentiate a brand from the competition, making it unique and easily identifiable to customers. Marketers must bear in mind that the choice of brand elements should lead to as much brand equity as possible. In other words, a combination of properly chosen brand elements assists in "enhancing brand awareness; facilitating the formation of strong, favorable, and unique brand associations; or eliciting positive brand judgments and feelings." (Keller 2008, 139)

In order to ascertain whether a certain brand element structure is functional, it is always advisable to discover what would be the customers's feelings and thoughts of the product in a situation where they would be told only the brand name or showed the brand logo. If we focus exclusively on names, a consumer would probably expect Nivea's Expert Lift to positively impact wrinkles and ageing of the skin, Nestlé's Fitness Cereals range would evoke the image of a healthy lifestyle and a perfectly shaped figure. However most "strong brands employ multiple brand elements, for instance, Nike has the distinctive 'swoosh' logo, the empowering "Just Do It" slogan and the name "Nike" which is that of the winged goddess of victory." (Scribd 2011 Web site) If reactions are positive, the elements structure contributes to brand equity. Thanks to these examples we can see that brand elements cannot be chosen randomly but the choice should be well-considered and fulfil certain conditions.

1.3.1 Criteria for choosing brand elements

Keller defines six core criteria for the choice of brand elements: memorability, meaningfulness, likability, transferability, adaptability and protection. The first three are particularly important during the process of brand building when the company has to select the correct mix of elements. The last three are referred to as "defensive" as they deal with leveraging and preserving brand equity. (Keller 2008, 140)

1.3.1.1 Memorability

Memorability is the first criterion because it is essential to achieve a high level of brand awareness to build brand equity. It makes recognising and recalling a brand less complicated. In this case, it is important to choose brand elements which are inherently memorable and attract more attention, facilitate remembering and subsequently contribute to brand equity. (Keller 2008, 140)

1.3.1.2 Meaningfulness

Brand elements are not chosen only as a means to build brand awareness but can also enhance the formation of brand associations. Meaningful brand elements have to be both descriptive – providing general information about the nature of the product category - and persuasive – providing specific information about the particular attributes and benefits of the brand. (Keller 2008, 141)

1.3.1.3 Likability

It is not always true that the associations invoked by a certain brand element have to be related to the product. If the elements are rich in visual and verbal imagery, they are more interesting and amusing for the consumers and the company will apply them regardless of the fact that they may be neither memorable nor meaningful. Simply put, the only matter of consequence is whether the elements are aesthetically appealing for customers and whether they are capable of attracting customers' attention. (Keller 2008, 142)

1.3.1.4 Transferability

The criterion of transferability concerns firstly whether the brand element is appropriate and useful for line or category extensions. Generally, it is much easier to transfer brand names which are unspecific. The name of electronic commerce company Amazon is a perfect example of a brand element which can be used for different types of products or product categories. On the other hand, if the nature of the brand name is similar to Toys"R"Us, transferability is highly restricted. The second question when thinking of brand element transfer should be: "To what extent does the brand element add to brand equity across geographic boundaries and market segments?" (Keller 2008,142) Here the cultural content and linguistic qualities of the brand element play a crucial role. Sometimes matters become highly complicated, making to impossible to translate brand names, slogans and other elements into other languages and cultures, in which case companies can employ a

non-meaningful name such as Exxon. Unfortunately, some companies continue to use brand names and slogans, the translations of which are comical or even embarrassing. For example, the Salem cigarettes slogan states "Salem – feeling free", but in Japanese this becomes "When smoking Salem, you feel so refreshed that your mind seems to be free and empty." Another victim of inappropriate translation is Pepsi's slogan "Come alive with the Pepsi Generation" which in Taiwan was translated as "Pepsi will bring your ancestors back from the dead." (Keller 2008, 142-143; Marketing Translation Mistakes 2011 Web site)

1.3.1.5 Adaptability

As consumers' needs, values, opinions and requirements vary with time, it is considered highly advantageous if brand elements are adaptable. For brand elements to keep abreast of contemporary trends, they must be updated periodically. If the brand elements are flexible, nothing can prevent their updating and therefore old logos can get a brand new design. (Keller 2008, 143)

1.3.1.6 Protection

Brand elements should be protected not only in a legal sense but they should have a chance to defend themselves against various infringements on the part of competitors. Legal protection entails registering brand elements with the appropriate legal bodies. It is also advisable to ensure that the protection is international and does not apply to only one country. Even if brand elements are protected legally, not every kind of interference by competitors is prevented. A company could simply copy the name of a product and add a prefix or suffix, so that the name appears or sounds marginally different. Thus, companies have to develop brand elements which are difficult to imitate. (Keller 2008, 143-144)

1.3.2 Brand elements options

As discussed previously, choosing the right brand elements is no easy task. However, a company should try to concoct a suitable combination of elements which contributes to a brand's equity. Brand managers can choose and combine the following brand elements.

1.3.2.1 Brand names

The brand name is the most important element as it can capture the main topic or key associations with the product and takes but seconds to be noticed and recorded in the consumer's mind. Sometimes the brand name is so closely tied to the product in the consumer's mind that marketers are unable to change it. At present a brand name is not

chosen until systematic research has been carried out. The choice of a brand name for a new product is both an art and a science. In common with all other brand elements, the brand name has to be chosen with respect to six core criteria. Generally, it is believed that brand awareness is higher if the brand name is simple, easy to pronounce or write, familiar and meaningful, distinct, individual and unusual. (Keller 2008, 145-146)

1.3.2.2 URLs

Uniform Resource Locators (URLs) precisely identify the location of web pages and are usually referred to as domain names. A company becomes the owner of a domain after it has registered the name and paid the organisation which runs the service. In recent years, the demand for web space has increased rapidly and this trend is very likely to continue in the future. As with every other brand element, URLs have some disadvantages. The major threat is an unauthorised use of domain names, however this can be halted by domain repurchase or by registration of all possible names in advance. (Keller, Apéria and Georgson 2008, 144-145)

1.3.2.3 Logos and symbols

Although a brand name is often considered to be the most important brand element, logos and symbols are, thanks to their graphic nature, significant means of building brand awareness. There are various types of logos, for example a logo can be created by modification of the brand name (Coca-Cola, Kit-Kat, JOJO) or be abstract, with no connection to the brand name (the Mercedes star, Olympic rings, Lacoste crocodile). In the latter case, the logo is referred to as a symbol. A huge advantage of logos and symbols is that thanks to their non-verbal nature they can be easily updated and their transfer to other cultures and languages does not cause so many problems as the transfer of a brand name. (Keller, Apéria and Georgson 2008, 145-148)

1.3.2.4 Characters

Apart from inanimate brand elements, a brand can be also represented by characters who are in essence a special type of symbol that imparts human or life-like characteristics to a brand. Characters appear primarily in advertising campaigns or on packaging. They can assume various forms, such as animated characters (the Michelin man, Haribo bear) or people (top model Adriana Lima for Maybelinne New York, actress Emma Watson for Burberry). A company has to bear in mind that it is necessary to update characters. A

consumer will find an old-fashioned character unrealistic, and will thus believe neither the advertisement nor the brand itself. (Keller, Apéria and Georgson 2008, 149-150)

1.3.2.5 Slogans

As they are capable of communicating descriptive or persuasive information about the brand using only several words, slogans are considered to be a very powerful brand element. They can appear on television, radio or printed advertisements, or they can be placed on packaging. Slogans can be encountered which highlight the brand name ("Maybe she's born with it. Maybe it's Maybelline.") or which focus more on expressing the benefits of the product ("Impossible is nothing" - Adidas slogan). Of course, the people responsible for creation of slogans can toy with language, taking advantage of puns, superlatives, hyperbole, oxymoron and other linguistic techniques. As with previously described elements, slogans must be updated to keep abreast of the times. (Keller, Apéria and Georgson 2008, 150-156)

1.3.2.6 Jingles

Jingles are defined as "musical messages written around the brand." (Keller, Apéria and Georgson 2008, 156) Jingles are basically extended slogans set to music. Jingles can be based solely on music. The most powerful characteristics of jingles are chorus and melody. Melody can go so far as to be haunting. Jingles therefore register in the minds of potential consumers very easily and sometimes even against their will. The result is that a jingle is heard in a person's head or they sing it repeatedly for the whole day, strengthening brand awareness. The negative aspect of jingles is that they are difficult to transfer to other cultures and languages. (Keller, Apéria and Georgson 2008, 156-157)

1.3.2.7 Packaging

Packaging, a necessity for most products, comprises the design and production of a product's wrapping or container. Up to three levels of material can be included in the package. For example Escada perfumes are stored in design flacons, the primary package. Each of the flacons is packed in a small carton, which again has a certain design. This is the secondary package. The last level is a shipping package. In this case it is a large carton containing several smaller boxes with flacons within them. Packaging has to fulfil a number of objectives: "it must identify the brand, communicate descriptive and persuasive information, facilitate product transportation and protection, assist at-home storage, and aid

product consumption." (Kotler and Keller 2007, 182) Apart from packaging, a product also has to be labeled, so that the consumer is provided with all information about the product as well as all warranties and guarantees. (Kotler and Keller 2007, 182)

1.4 Brand equity

The brand equity concept emerged in the 1980s and caused brands to play a much more important role in marketing strategy than was previously the case. Branding confers brand value on products and services. The following definitions will provide a more detailed explanation of brand equity. (Keller, Apéria and Georgson 2008, 33-34)

David A. Aaker describes brand equity as "a set of assets (and liabilities) linked to a brand's name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firm's customers." (Aaker 2010, 7-8) However, Kotler's brand equity definition seems to be more understandable as he states that "brand equity is the added value endowed to products and services, reflected in how consumers think, feel, and act with respect to the brand, as well as the prices, market share, and profitability that the brand commands for the firm." (Kotler and Keller 2007, 137) This definition highlights that brand equity is an intangible asset which has psychological and financial value to both firms and consumers. (Kotler and Keller 2007, 137)

Consumers' perception of brand equity is displayed by the CBBE model which refers to customer-based brand equity. The CBBE model deals with understanding and influencing consumers' behaviour based on understanding their needs and wishes and subsequently creating products and services which satisfy them. "Customer-based brand equity can be defined as the differential effect that brand knowledge has on consumer response to the marketing of that brand." (Kotler and Keller 2007, 137) As the brand's strength results from consumers' opinion of the brand, marketing departments should ensure that consumers' experiences with a company's products, services, and marketing programmes are the right ones and that favourable opinions, feelings, images, trust, perceptions etc. are associated with the brand. Brands can have either positive or negative customer-based brand equity. The result of positive CBBE may be that consumers react better to brand extension, will be less sensitive to an increase in price and will require less marketing promotion, or will be prepared to find new distribution channels in order to obtain an artifact of a certain brand. The opposite is negative CBBE when consumers are

not interested in the brand, are not willing to search for it or will cease to purchase a brand following a price increase. (Keller, Apéria and Georgson 2008, 42)

Based on the CBBE model, brand equity ensues if there is a high degree of brand awareness in the consumer's mind, if the consumer knows the brand very well and if he has favourable associations with the brand. There are supposedly different consumers' reactions to branded and non-branded products and services and it is necessary to make consumers see that brands of a certain product category are not the same and that each of these brands offers distinct quality and value. Therefore the main effort of brand managers is to create such brand equity as would persuade the consumers that there are significant differences between products of various brands operating in the market. Thus the sources of brand equity are brand awareness and brand image. (Keller, Apéria and Georgson 2008, 48)

- **Brand awareness**

Brand awareness has two important facets – brand recognition and brand recall. There is a place in the consumers' mind for whether he has heard of a brand, seen it, or tried it and was satisfied with the product or service. If the consumer recognises a brand he is more likely to purchase it. Brand recall, conversely, is considerably more complicated. If the consumer is in a shop, his choice can be influenced through brand recognition, as all brands are present and can affect the consumer. When purchasing goods on-line, or ordering services, the brand is not physically present and the consumer is required to recall the brand and actively search for it. (Keller, Apéria and Georgson 2008, 49)

- **Brand image**

In order to create a positive brand image, it is necessary to integrate marketing campaigns and programmes which generate strong, favourable and unique associations to the brand in the memory of consumers. Other than information gained from the marketing activities of the company, associations can be created on the basis of direct experience, experience of other people, or identification of a brand with a certain person, place or event. (Keller, Apéria and Georgson 2008, 52)

1.4.1 Brand equity drivers

"Brand equity is the value and strength of the brand that decides its worth." (Management Study Guide 2011 Web site) According to David A. Aaker, brand equity is based on four major asset categories including brand name awareness, brand loyalty, perceived quality

and associations connected with a certain brand. Aaker refers to these four components as brand equity drivers.

1.4.1.1 Brand name awareness

Brand awareness represents the strength of a brand's presence in the consumer's mind. Essentially, it means that customers are familiar with a certain brand and they are informed of its qualities, advantages or disadvantages and contribution. Customers are therefore able to compare such brands with the products and services of competitors and based on this comparison they subsequently favour a certain brand. Awareness can be measured in different ways: brand recognition (the customer has prior experience of the brand), brand recall (the customer is able to recall brands of the certain product class), and "top of mind" brand (the brand is the first to be recalled; a dominant brand is the only one to be recalled). (Aaker 2010, 10-15)

1.4.1.2 Perceived quality

Perceived quality is based on a brand's public image, on consumers' experience with the brand, on the influence of opinion leaders etc. In fact, perceived quality does not express the actual excellence and quality of the product or service. It is the overall feeling of the brand. If these feeling are positive, it can affect the pricing decisions of the companies. The more positive the perception of the product, the higher its price. (Management Study Guide 2011 Web site)

1.4.1.3 Brand loyalty

The second essential aspect detailed by Aaker is brand loyalty. This refers to the consumer's preference and commitment to a particular brand. It occurs because consumers perceive that the brand offers the right product features, images or level of quality at the right price. This perception becomes the foundation of a new buying habit. Consumers initially make a trial purchase of the brand and if the product or service turns out to be satisfactory, then these customers tend to form habits and continue buying the same brand because the product is safe, familiar or fulfils customer's expectations. However, brand loyalty and repurchasing a brand is not that simple. Consumers sometimes repurchase a brand not due to loyalty but to situational constraints, a lack of alternatives or convenience. Bloemer and Kasper refer to such loyalty as "spurious." On the other hand, if consumers bind themselves to products or services as a result of a deep-seated commitment, we talk

about "true" loyalty, which is ranked among the most important assets of the company. The first reason to support this statement is that loyal customers are willing to pay a higher price, despite being able to buy a similar product from a competitor for less money or with higher quality. Secondly, retaining customers usually costs less than attracting new ones. Unfortunately, some companies do not consider this to be important and consequently make a frequent mistake – enticing new customers but neglecting existing ones. Finally, loyal customers can be very helpful in widening the customer base, as they can recommend the brand to others or talk about the brand in a positive way. (Aaker 2010, 21-22; Brandchannel 2011 Web site)

When trying to build a strong brand, companies should also focus on loyalty segmentation. Usually, a market can be divided into five groups: (Aaker 2010, 22-23)

- 1) non-customers (people who buy competitors' brands)
- 2) price switchers (people whose brand choice depends on the price)
- 3) the passively loyal (people who buy the brand from habit)
- 4) fence sitters (people whose brand choice is random)
- 5) committed (people who are loyal to the brand)

The ideal situation for the company would be if there were only committed customers. While it is a utopian concept, companies can approach it by improving a brand's loyalty profile for example by offering frequent-buyer programs and customer clubs. (Aaker 2010, 22-23)

1.1.1.1 Brand Associations

Brand equity is supported by the associations consumers make with a brand. Brand association is anything linked in memory to a brand and these associations might include product attributes, a celebrity spokesperson, or a particular symbol. An important fact is that association does not only exist but also has a level of strength. A link to a brand will definitely be stronger when it is based on many experiences or exposures to communications, rather than few. Brand associations are driven by the brand identity - what the organisation wants the brand to stand for in the customer's mind. (Aaker 2010, 25)

2 BRAND MANAGEMENT

It has been noted several times that brands are considered to be one of the most valuable assets a company can possess. However, creating brand value is a long-term, strategic, and complex process during which customer trust and loyalty to a brand need to be established. The main purpose of brand management is adding value to a company's products and services which make them unique and enables a company to differentiate itself from competitors. (EzineArticles 2011 Web site)

2.1 Past, present and future developments in brand management

Brand management began to be integrated into companies in the 1950's and 1960's. The post-war period was characterised by increased demand for good, quality-providing brands. The most important factors for brand development were rising employment and personal incomes (especially in the United States), as well as the baby boom. Consequently, consumers' appetites grew and they started to call for branded goods. Companies fulfilled these requirements with relish and supplied the market with additional goods. In the 1980s, Wall Street realised that brands belong to a firm's assets, generating additional cash-flow and therefore significantly influencing company's profitability and its total value. (Rypáček, Marketingové noviny 1.9.2003)

With the arrival of the 21st century, new conditions and factors have emerged in brand management. There is now fierce competition among brands, making it hard for newcomers to become established. The next change concerns consumer behaviour. Consumers are no longer naïve and easily persuaded. The 21st century consumer has demanding expectations, searches for value and is capable of finding it. Communication technologies and all technologies in general have experienced significant innovation. The disadvantage of improved technology is that it is accessible to almost anybody and thus almost anybody is able to manufacture – and copy - whatever he wants. The last changed condition is market globalisation, in which only globally oriented companies are successful, or at the minimum able to survive. (Rypáček, Marketingové noviny 1.9.2003)

Nobody knows what the future holds. As far as the future of brands is concerned, companies should primarily pay attention to trends and be flexible enough to adapt to those trends and to demand. The next crucial point is to monitor the competition and market situation which is changing rapidly. Peter Drucker expressed it thusly: "One cannot manage change. One can only be ahead of it." (Rypáček, Marketingové noviny 1.9.2003) The aim

is to get ahead of the competitors and gain the first place in the consumer's mind. Of course, there will still be new opportunities in the future, but they will exist only for those who actively search for them. (Rypáček, Marketingové noviny 1.9.2003)

2.2 Strategic brand management

At the beginning of section 2.1, it was suggested that brand management is a strategic process comprising design and implementation of marketing programmes and activities that are used to build, measure and manage brand equity. Keller claims that the strategic brand management process is composed of four main steps: (Keller, Apéria and Georgson 2008, 35)

1. "Identifying and establishing brand positioning and values
2. Planning and implementing brand marketing programs
3. Measuring and interpreting brand performance
4. Growing and sustaining brand equity" (Keller, Apéria and Georgson 2008, 35)

All these stages are of high importance and each of them could have been dealt with in hundreds of pages, nevertheless, one part of the second step will be focussed on: the integration of marketing communications into brand management.

2.3 Marketing communications as a means of building brand equity

Marketing communications are the part of the traditional marketing mix model of the four Ps – price, product, place (distribution) and promotion. The latter is referred to as marketing communications. In modern marketing, it is no longer sufficient to merely develop a good product: often an attractive price and ready accessibility are required. It is essential that companies communicate with their present and potential customers as well as their stakeholders. There is no need to decide whether to communicate or not as the company communicates even when it does not: if a company is silent, it conveys a certain, rather negative image to the public. Companies should carefully decide on what to say, how to say it, to whom and how often. (Kotler and Keller 2007, 279)

2.3.1 The role of marketing communications

"Marketing communications are the means by which firms attempt to inform, persuade, and remind consumers – directly or indirectly – about the products and brands that they sell." (Kotler and Keller 2007, 279) Marketing communications can be viewed as the voice

of a brand, whose intention is to establish and gradually build the relationship with consumers. The most significant role of marketing communications is to contribute to brand equity by creating brand awareness, crafting a brand image, eliciting brand responses, and facilitating a stronger consumer-brand connection. Each time a consumer makes contact with a brand, it creates an impression that can strengthen or weaken a customer's view of the company. Therefore when deciding on possible communications options, marketers have to take into consideration not only how well it will work (effectiveness criteria) but also how much it will cost (efficiency criteria). The results of effective communication should be that the current brand knowledge will be transformed into desired brand knowledge. (Kotler and Keller 2007, 279-280) In order to reach the desired brand knowledge and to persuade the customer the following six steps must occur: (Keller 2008, 233)

1. "Exposure – a person must see or hear the communication
 2. Attention – a person must notice the communication
 3. Comprehension – a person must understand the intended message or argument of the communication
 4. Yielding – a person must respond favourably to the intended message or argument of the communication
 5. Intentions – a person must plan to act in the desired manner of the communication
 6. Behavior – a person must actually act in the desired manner of the communication"
- (Keller 2008, 233)

2.3.2 Marketing communications mix

The marketing communications mix is said to be composed of six general communication modes – advertising, events, public relations, direct marketing and personal selling, although the number varies from one author to another and some sources describe only five modes. Each of these modes provides several options which can be seen in Appendix II. (Kotler and Keller 2007, 279)

3 BEST BRANDS

3.1 The European Trusted Brands

The European Trusted Brands is an annual consumer survey, carried out by the Reader's Digest magazine, involving 33,000 people in sixteen European countries. The main purpose of the survey is "to find out which brands Europeans trust the most across a range of consumer product categories".(Reader's Digest Trusted Brands 2011 Web site) Respondents can choose brands from twenty product categories, ranging from cars, PCs, insurance companies, mobile phone handsets to vitamins or pain relievers. These categories are common to each of the sixteen European countries. (Reader's Digest Trusted Brands 2011 Web site)

In addition, each country is allowed to include up to twenty other categories, based on the country's own choice. These optional categories are referred to as "local" and they are supposed to reflect either the local taste or give a chance to brands which are primarily local. (Reader's Digest Trusted Brands 2011 Web site)

Brands, that are according to the survey entitled the "trusted brands", are those which receive the most nominations. It would be very unlikely to find one overall winner across the sixteen countries, on the other hand the fact that the same brand wins in several, equaling more than three countries, is a very frequent situation. Such brands belong to the section of "multi country winners". (Reader's Digest Trusted Brands 2011 Web site)

3.1.1 The European Trusted Brands and its overall results

During this year's Reader's Digest survey, 586,593 questionnaires were distributed among Belgium, the Czech Republic, Finland, France, Croatia, Hungary, Germany, the Netherlands, Poland, Portugal, Austria, Romania, Russia, Slovenia, Sweden and Switzerland. Respondents from the listed countries nominated 128,000 brands in total and the brands with the best results can be seen in the Table 2. (Reader's Digest Trusted Brands 2011 Web site)

The most successful brands for 2011 are German skin care brand Nivea and Finnish mobile phone brand Nokia as they were voted in the first place in fifteen from the total amount of sixteen countries. The imaginary silver medal goes to the credit card Visa which gained superiority in fourteen European countries and thanks to the victory in thirteen countries the third place is occupied by Japanese camera brand Canon.

Table 1. The European Trusted Brands – European Wide Winners

Brand	Category	Countries
1.Nivea	Skin care	15/16
1.Nokia	Mobile phone handset	15/16
2.Visa	Credit card	14/16
3.Canon	Camera	13/16

Source: Own elaboration according to Reader's Digest. European Wide Winners. Reader's Digest Trusted Brands 2011. <http://www.rdtrustedbrands.com/tables/brands.shtml> (accessed March 18, 2011).

3.1.2 The European Trusted Brands and its results in the Czech Republic

As far as the choice of the Czech respondents is concerned, their preference in mobile phone handset, camera, credit card and skin care category unconditionally follows the overall European leadership of Nivea, Nokia, Visa and Canon.

In comparison to 2010 and 2009, the brand representation in the following categories has not experienced either any or just slight changes and has remained stable even in 2011. Apart from the continual presence of brand leaders Nivea, Nokia and Visa, there are also other brands appearing on the list repeatedly every year without any interruptions. The highest amount of votes for the car brand was received by Škoda. Czech people put the highest trust into Čedok travel agency, into Česká pojišťovna representing the category of insurance companies and Česká spořitelna as a representant of the bank category. The first place among the petrol retailer brands was defended by Shell and ETA kitchen appliances managed to do so as well. Avon is the queen among the cosmetic products and Seznam is the king of Kings among internet service providers. Other trusted brands with unconverted condition are T-Mobile – the mobile phone service provider, Ibalgin – the pain relief, vitamin product Centrum and soap powder brand Ariel. Hair care brand Schwarzkopf and PC brand Acer have been favoured as the best in their categories since 2010.

Of course, there are also some brands which did not manage to repeat their success achieved in previous years and were replaced by others. As a result, cold and cough relief Mucosolvan became the successor of Bromhexin, breakfast cereals brand Opavia was defeated by Nestlé and the lack of votes sealed fate of Olympus camera brand which was replaced by Canon.

Certain brands in the Table 3. are highlighted in green. Those brands were voted the first in more than three of the sixteen countries and therefore are referred to as "multi country winners".

Table 2. The European Trusted Brands – Winners in the Czech Republic

Category	2011	2010	2009
Automotive	Škoda	Škoda	Škoda
Kitchen appliances	Eta	Eta	Eta
Personal computer	Acer	Acer	HP
Internet service provider	Seznam	Seznam	Seznam
Mobile phone handset	Nokia	Nokia	Nokia
Mobile phone service provider	T-Mobile	T-Mobile	T-Mobile
Camera	Canon	Olympus	Olympus
Holiday company/tour operator	Čedok	Čedok	Čedok
Bank/Building Society	Česká spořitelna	Česká spořitelna	Česká spořitelna
Credit card	Visa	Visa	Visa
Insurance company	Česká pojišťovna	Česká pojišťovna	Česká pojišťovna
Petrol retailer	Shell	Shell	Shell
Cough/cold remedy	Mucosolvan	Bromhexin	Bromhexin
Analgesic/pain relief	Ibalgin	Ibalgin	Ibalgin
Vitamins	Centrum	Centrum	Centrum
Hair care product	Schwarzkopf	Schwarzkopf	Avon
Cosmetic	Avon	Avon	Avon
Skin care	Nivea	Nivea	Nivea
Soap powder	Ariel	Ariel	Ariel
Breakfast cereal	Nestlé	Opavia	Nestlé

Source: Own elaboration according to Reader's Digest. European Wide Winners. Reader's Digest Trusted Brands 2011.

<http://www.rdtrustedbrands.com/tables/Europe%2520Wide%2520Winners.country.Czech%2520Republic.shtml> (accessed March 18, 2011).

3.2 Interbrand






Interbrand Corporation, the subsidiary of the advertising conglomerate Omnicom Group Inc., is the world's largest brand consultancy which is specialized in offering brand services such as research, strategy naming and verbal identity, package design, corporate identity, integrated marketing services, brand valuation and many others. Interbrand is headquartered in New York and nowadays has nearly forty offices and operates in twenty-five countries. (Interbrand 2011 Web site)

Apart from conducting valuations for its clients and other consulting activities, Interbrand together with the BusinessWeek magazine is responsible for releasing of the annual report on the world's most valuable brands known as the Best Global Brands. (Interbrand 2011 Web site)

3.2.1 The Best Global Brands and its 2010 results

The BusinessWeek/Interbrand annual ranking of the world's most valuable brands gives us an opportunity to see in what way the brand value is created and managed by global organizations. The report contains a hundred global brands which have received the best results. (Interbrand 2011 Web site)

Table 3. The Best Global Brands Rankings for 2010 - excerpt

Rank	Previous Rank	Brand	Country of Origin	Sector	Brand Value (\$m)	Change in Brand Value
1	1		USA	Beverages	70,452	2%
2	2		USA	Business Services	64,727	7%
3	3		USA	Computer Software	60,895	7%
4	7		USA	Internet Services	43,557	36%
5	4		USA	Diversified	42,808	-10%

Source: Interbrand. Best Global Brands Ranking for 2010. Interbrand.
<http://www.interbrand.com/en/best-global-brands/best-global-brands-2008/best-global-brands-2010.aspx> (accessed April 17, 2011).

3.3 Czech people and their relationship towards brands

Factum Invenio survey, which was carried out in January 2011, showed that the approach of the Czech people towards branded goods can be described as realistic. The most important attribute when choosing a product is its functionality which prevails in all three monitored categories – groceries and chemist's, tools, and cosmetics and perfumery. The opinion that "what matters is the functionality of the product, not its brand" is shared by approximately 80% of the consumers. However, this consent does not indicate the rejection of brands as approximately two thirds of the respondents yield that "branded goods is of high quality". Generally, there are more people whose relationship towards brands and branded goods is rather lax as 45-60% of the respondents state that they "do not need to buy branded goods". More than a quarter of the population responded that "instead of buying an unknown brand, they rather do not buy anything", thus these customers buy exclusively the brand products. (Factum Invenio, Marketingové noviny 2.4.2011)

Within the scope of monitored assortment, the brand importance is the strongest in the category of cosmetics and perfumery. Czechs find brand a way less important in the category of groceries and the least important role is played by the brand when buying various tools because here the key attribute is their functionality. (Factum Invenio, Marketingové noviny 2.4.2011)

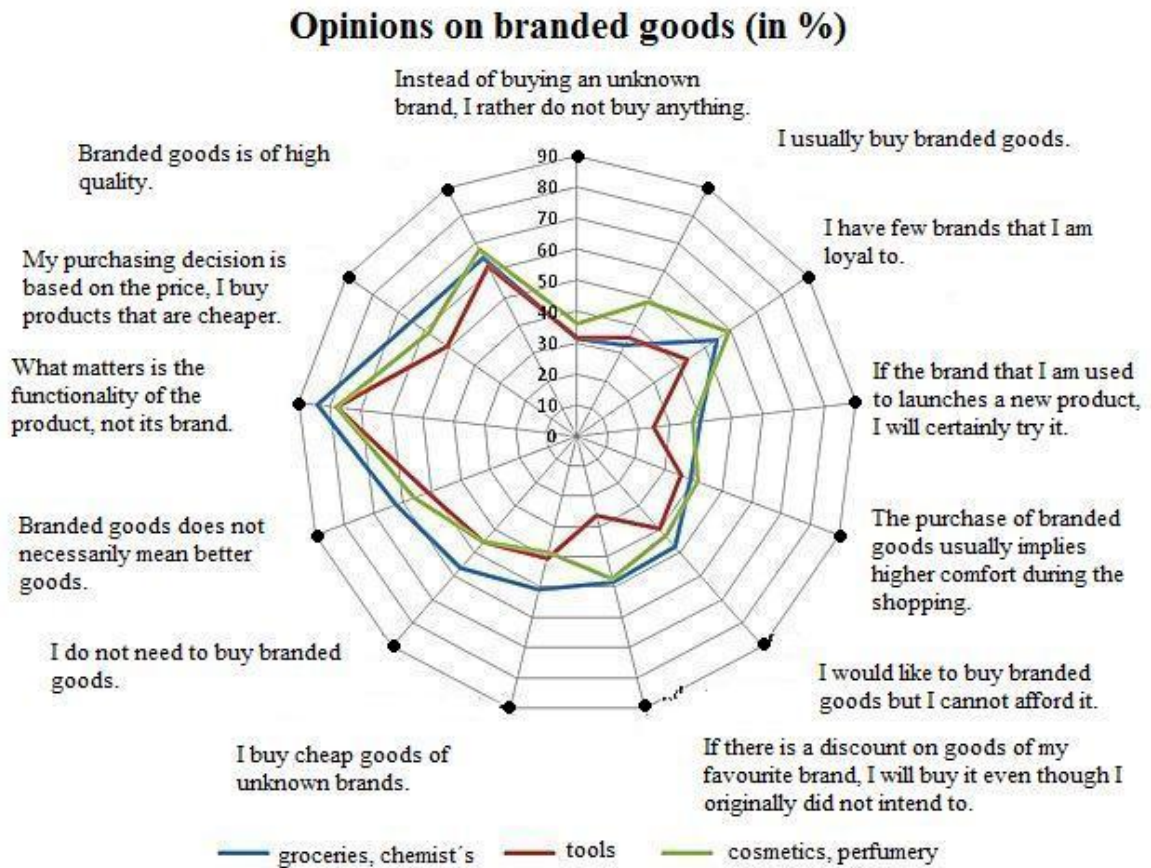


Figure 1. Opinions of Czech People on Branded Goods

Source: Based on Factum Invenio. 2.4.2011. Lidí dávajících přednost domácímu zboží před zahraničním stále ubývá, Marketingové noviny:

http://www.marketingovenoviny.cz/index.php3?Action=View&ARTICLE_ID=9609

(accessed April 20, 2011).

Now that we know what the general opinion of brands among Czechs is like, we can deal with luxurious brands a little bit. "Czech people and luxurious brands" is a name of the study that was carried out in July 2010 by the communication group Mather and that provides somewhat simplifying view of the luxurious goods market. According to Czech marketing directors, luxury in the Czech Republic is not for now a means of satisfaction of all senses, but it is limited primarily to demonstration of the social status and to desire for recognition. (Mather 2010 Web site)

The listing of segments, in which Czech consumers expect luxurious goods or services, is very limited. Czechs choose especially automobiles, watches, jewellery and

fashion – that means categories which give customers a chance to show off. Luxury in a form of unusual personal experience, which can be found for example on vacation or in a restaurant, was rather rare answer. Only a small part of the respondents included the category of cosmetics and housing into the listing. (Mather 2010 Web site)

According to survey, Czech brands do not deserve to be included among the brands labelled as luxurious at the moment. However, in connection with luxury respondents recalled following Czech brands. The most respondents mentioned mechanical watch brand Prim, which has been recently offering limited editions or watch manufacturing made-to-measure. The second place is occupied by the Pilsner Urquell beer. At this point we certainly cannot talk about luxury, but there is no doubt that Pilsner Urquell counts for the world's best known Czech brands. Another three places of the ladder are in token of Czech glass and bijouterie – traditional Czech glass Moser, Czech cut glass and crystal brand Bohemia Crystal and last one red-coloured gemstone Český granát. (Mather 2010 Web site)

The interesting fact is that in the Czech Republic people tend to overestimate the brands in comparison to how these brands are perceived on their traditional markets. As a result, brands labelled as "good quality for good price" abroad, belong to the most expensive ones in the Czech market. Such paradox can be seen for example with brands Hugo Boss, Tommy Hilfiger, Lacoste, Zara and Replay. (Mather 2010 Web site)

II. ANALYSIS

4 NESTLÉ S.A.

Nestlé S.A. is the largest producer of packaged consumer goods in the world and over the years it has become recognized as the world's leading company in nutrition, health and wellness. Nestlé's aim is "to provide consumers with the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night".(Nestlé Global 2011 Web site)

The company was founded in 1866 by Henri Nestlé in Vevey, Switzerland, where Nestlé's headquarters are still located today. The key factor in establishing the company was Henri Nestlé's search for a healthy, economical alternative to breastfeeding for mothers who could not feed their infants naturally. Nestlé's efforts resulted in the creation of a new product called Farine Lactee Henri Nestlé. The value and importance of this product was recognized after Nestlé's new formula saved a child's life and within a few years, it was being marketed in much of Europe. Since then, the Nestlé company has begun a long journey of continual growth and success. (Nestlé Global 2011 Web site)

Nestlé S.A. currently operates in almost every country of the world and employs around 280,000 people. The company is headquartered in Switzerland and portfolio covers practically all food and beverage categories including baby food, bottled water, cereals, chocolate and confectionery, coffee, culinary, chilled and frozen food, drinks, ice-cream, pet care and many others. Each of these categories comprises several brands (there are 6,000 in total). Some of the best known are Chocapic, Nesquik, Kit Kat, Orion, Nescafé, Maggi, Nestea, It is also important to state that the Nestlé group owns significant shares in LOréal and Innéov, companies offering a wide range of products in the fields of cosmetics and a healthy lifestyle. (Nestlé Česko 2011 Web site; Nestlé Global 2011 Web site)

Nestlé carries out its business activities on the basis of the Nestlé Corporate Business Principles, which reflect the company's conviction to fairness, honesty, success for its shareholders, sustainable development and creating value for society. Apart from these business principles, there are other rules that Nestlé factories must follow. One of them is protection of the environment. (Nestlé Global 2011 Web site)

4.1 Nestlé Česko s.r.o.

As with Nestlé factories in other countries, in the Czech Republic the main goal of the company is to fulfil the concept "Good Food, Good Life" by providing its consumers and customers with food and beverages of the highest quality. (Nestlé Česko 2011 Web site)

4.1.1 Company characteristics

Nestlé's head office for both the Czech and Slovak markets is located at Modřany in Prague. However, Nestlé's business activities in Slovakia are administered by an office in Bratislava. (Nestlé Česko 2011 Web site)

Production activities of the Nestlé company in the Czech Republic are focused on production of chocolate and non-chocolate confectionery. Chocolate bars, chocolate sticks, desserts and other chocolate specialities are produced in the Zora factory in Olomouc. And chocolate dragees lentilky and candy of various forms, flavours and colours and other non-chocolate products are produced in the Sfinx factory in Holešov. Both factories are among the most important producers and exporters in their categories in the Czech republic. Nestlé's factory in the Slovak town of Prievidza concentrates on the production of bouillons, soups, species and other culinary products. (Nestlé Česko 2011 Web site)

4.1.2 History and present of the company

Nestlé has conducted business activities in the Czech Republic since 1890, but the direct business representation of the Nestlé company in Prague came into existence after the Czechoslovakian declaration of independence in 1918. The Nestlé company founded a distribution company called Nestlé Food s.r.o. in Prague. This company developed a business network which offered domestic market traditional brands such as Nescafé instant coffee, baby food or culinary products such as Maggi. (Nestlé Česko 2011 Web site)

The Nestlé company became one of the strategic partners in the process of privatization of Čokoládovny a.s.. This step enabled Nestlé to continue its long-standing domestic tradition of chocolate and confectionery by building strong brands such as Orion, Deli, Granko, Bon-Pari, JOJO or Hašlerky. (Nestlé Česko 2011 Web site)

The tradition of food production at this factory goes back to 1875 and Nestlé investments made it one of the significant producers, particularly of dehydrated soups and bouillons of the brands Maggi and Carpathia. As for the other products, we can mention production of species, soup balls and sauces. (Nestlé Česko 2011 Web site)

The successor company Nestlé Čokoládovny a.s. came into existence on 1.1.1999 by division of the joint stock company Čokoládovny. This company took over chocolate and confectionery production and centered it in the factories of Zora in Olomouc and Sfinx in Holešov. The Zora factory in Olomouc became the most important producer of the

chocolate category, especially thanks to the wide product portfolio of Orion. (Nestlé Česko 2011 Web site)

Since 1999 all Nestlé activities in the Czech and Slovak Republic have been coordinated by the common management headquartered in Prague-Modřany. The date 1.10.2001 is the date of incorporation and merger of the Nestlé Food and Nestlé Čokoládovny companies into one company called Nestlé Česko s.r.o. in the Czech market. On the same date the Slovak company of Prievidza was renamed Nestlé Slovensko s.r.o.. In 2003 the company's portfolio broadened to include ice-cream due to the activation of Schiller (now Nestlé Zmrzlina), one of Nestlé's divisions. Nestlé operations in the Czech market have been enriched since 2006 by the Nespresso division, which launched a new type of coffee. (Nestlé Česko 2011 Web site)

4.1.3 Consumers

As the world's leading company in food industry, Nestlé focusses on the sphere of nutrition and healthy life-style. In order to be able to fulfil consumers' needs, it is essential that Nestlé pays attention to all their requirements and wishes. Subsequently, thanks to feedback, company can innovate its products as well as introduce the new ones. (Nestlé Česko 2011 Web site)

Based on current trends, factories of Zora, Sfinx and Carpathia reduce the content of sodium, fat, sugar and others in their products and simultaneously extend the range of products without added glutamates and conserving substance. Nestlé can also offer products with natural colours, vitamins and mineral substances. (Nestlé Česko 2011 Web site)

In 2010, Nestlé came up with the new concept of communication with consumers called "Plus pro Vás od Nestlé". It can be characterised as an interactive tool, which is primarily used to inform public about the healthy life-style. The web site offers interesting articles, ideas, advice and contests to all age groups. (Nestlé Česko 2011 Web site)

Nestlé realises that its communication activities have an impact on following of healthy diet and life-style. The special emphasis is placed on children whose dietary habits are yet to develop. Therefore all Nestlé companies around the world follow the Consumer Communication Principles. (Nestlé Česko 2011 Web site)

5 THE SFINX FACTORY

Sfinx is the largest Czech producer of candy. The factory is situated in Holešov and has a 145-year history of sugar confectionery production. After its acquisition by Nestlé in 1992, the factory was completely reconstructed and modernized, making Sfinx a modern European candy manufacturer. Sfinx's production range consists of hard and soft candies, dragees, jellies and marshmallows that are packed in a large variety of packing shapes and formats. (Sfinx Holešov Internal Sources and Documents)

5.1 History and present of the factory

The production of sugar confectionery in Holešov started in 1863 when Philipp Kneisl, a former weaver, set up a workshop for sugar bars and block production. Holešov was a perfect place for Kneisl's business plan, because it provided everything that was needed for confectionery production. Sugar was purchased from a nearby sugar refinery, honey was provided by local beekeepers and several orchards served as sources of fruit. (Nestlé Česko 2011 Web site)

After Kneisl's death in 1883, the small family factory was run by his sons Philip and Rudolf. They bought new machinery thanks to which the product range was widened and chocolate products, candied and wetted fruits and fondant started to be produced. Kneisl's biggest success is probably the creation of the Lentilky phenomenon, which continues today. (Nestlé Česko 2011 Web site)

A small factory was no longer sufficient, hence in 1910, a new production building in the Holešov suburb of Všetuly was finished. At that time it became one of the most modern factories and the Sfinx factory is located there to the present day. The factory experienced problems during the occupation. Nevertheless it was strong enough to rise after the war and to continue its development. Due to the communist revolution, the factory was transformed into the national enterprise Sfinx Všetuly in 1949 which became a subsidiary of the Čokoládovny Praha holding company in 1963. (Nestlé Česko 2011 Web site)

Subsequent modernisation included installation of new production and packing lines into the existing buildings as well as addition of brand new production, utility and storage buildings. Lentilky (Smarties) were becoming so popular, that their production had to be increased several times. The factory thus became the biggest Czechoslovakian producer of confectionery (candies and dragees). The period of the 1980s was very fertile, especially due to the introduction of new products – caramels and lollipops. During that time the

factory became an important exporter – more than thirty per cent of production output (mainly Lentilky) was exported to dozens of countries. (Nestlé Česko 2011 Web site)

The year 1992 constitutes a new chapter in Sfinx development because in this year Čokoládovny a.s. and thereby its subsidiary Sfinx were acquired by Nestlé. This step meant the transfer of new technologies and the concentration of sugar confectionery production at the Sfinx factory. Worth mentioning is the production of Bon Pari deposited hard boiled candies. The period 2002 – 2004 was one of continuous restructuring during which the production of marshmallows and jellies was introduced in Sfinx and the existing production portfolio was definitively settled – hard candies (fruit drops, mints, soft centres, functional), soft candies (chewy, toffees), dragees (fruit and chocolate), jellies (oiled, sanded) and marshmallows. (Sfinx Holešov Internal Sources and Documents)

The Sfinx factory in Holešov now operates for Nestlé Česko s.r.o. and is one of approximately five hundreds Nestlé production centres all over the world. Sfinx is widely recognized and famous primarily for Lentilky, but non-chocolate production, represented for example by brands JOJO, Bon Pari, Toffo or the throat soothing confectionery Hašlerky and Anticol, is certainly not of lesser importance. The majority of Sfinx production is directed at foreign markets both as domestic brands and brands designed for a specific market. This confectionery is therefore appreciated in Europe, the USA and Australia. (Sfinx Holešov Internal Sources and Documents)

5.2 Products portfolio

We can restrainedly say that Sfinx offers almost infinite variety of sweets. Therefore the complete products portfolio can be seen in Appendix IV. However, it does not contain products that are directed exclusively on foreign markets and that cannot be found in the Czech market.

Apart from sweets themselves, Sfinx offers a wide choice in packing shapes and formats, including bags, rolls, click-boxes, tubes etc. (Sfinx Holešov Internal Sources and Documents)

5.3 Employees

All together, there are currently 405 employees working in the factory. The vast majority of them is localised in production (286). The rest of the employees are a part of R&D,

logistics, costing, quality control, export, etc. (Sfinx Holešov Internal Sources and Documents)

6 BON PARI AND JOJO BRANDS

6.1 Bon Pari

As consumers have been able to buy Bon Pari products for almost thirty years, this brand requires little introduction. Originally, the Bon Pari brand represented only hard boiled candies without filling but gradually new categories of candies with filling and jellies were added. The Bon Pari assortment is being constantly extended.

The line for Bon Pari production was acquired in 1982. At that time there was only one type of product sold – Bon Pari Original. Soon the assortment was enriched by Bon Pari with Vitamin C and Bon Pari Supersour. This kind of confectionery is ranked among the so-called candys, which are characterized as non-chocolate confectionery. Candys are products of hard consistency, glassy look and various colours, shapes and flavours, both with and without filling. The basic ingredients are sugar-syrup solution, apple juice, natural colours and natural aromas. In addition, Bon Pari with Vitamin C contains ascorbic acid and Bon Pari Supersour contains citric acid. The whole process of production starts with boiling sugar-syrup solution, then all the colours and aromas are dissolved in apple juice and sugar-syrup solution is added using static blenders. The result of this procedure is the candyt substance containing only one to three per cent of water, from which the individual candies are made. The final newcomer, in the category of hard candies is Bon Pari Ice. These candies have a lemon-lime base flavour which is enriched by menthol bringing the cooling effect. (Sfinx Holešov Internal Sources and Documents)

The second stage in assortment extension started twelve years ago, when the Sfinx factory introduced Bon Pari with filling, Bon Pari Forest Mix (candy filled with natural juices and raspberry, cranberry and blueberry flavour purée) and Bon Pari Fizzy (with lime and orange flavour and a soda filling, causing the fizzy effect). The newest products in this category are Bon Pari bars, which are not packed in a bag but in a bar. These bars offer two combinations of flavour – either watermelon and cherry, or grapefruit and blueberry. (Sfinx Holešov Internal Sources and Documents)

Another very important year is 2005, when Sfinx started production of jellies under the brand Bon Pari. In comparison to JOJO products, Bon Pari jellies contain more fruit juice. Now, Bon Pari jellies offer confectionery with 25 to 50 per cent fruit juice. Bon Pari based its slogan on this fact ("Bon Pari – more per cent of juice") as well as the brand mascot,

who is known as Bonparák and is featured on all Bon Pari packaging. (Sfinx Holešov Internal Sources and Documents)

Most Bon Pari production, approximately 55 per cent, is destined for the Czech market. The other 45 per cent is exported to Poland and Russia. (Sfinx Holešov Internal Sources and Documents)

For the whole Bon Pari assortment see Appendix V.

6.2 JOJO

Jelly production has a very long history at the Sfinx factory, however jellies under the brand JOJO have been produced only since 1990. The demand for JOJO products is now so large and the JOJO range so diverse that it needs to be manufactured by two production lines, MOGUL 1 and MOGUL 2. As well as Bon Pari, JOJO contains only natural colours and aromas. (Sfinx Holešov Internal Sources and Documents)

Based on the ingredients used, formulas and production process, JOJO products can be divided into three categories – soft candies, marshmallows and jellies. These categories are further subdivided, as illustrated in Appendix VI.

This year, Sfinx launched special products named JOJO Máma a já and JOJO Táta a já. They were designed exclusively for children and adults. In one package are two bags, one for the child and the second for parents. Also on the occasion of the World Ice-hockey Championship 2011, Sfinx prepared a limited edition called JOJO Hraj si! Hokejisti. (Nestlé Česko 2011 Web site)

6.3 Current situation

As it has been previously mentioned Sfinx is continuously extending its product portfolio. It is no wonder that the R&D department focusses especially on JOJO jellies and strives to come up with new product possibilities.

The following figure shows development in the volumes of production of the Bon Pari and JOJO brands in 2008 and 2010. It is clear that the demand for both types of Bon Pari and JOJO Marshmallow is stable in all three monitored years, however, compared to JOJO jellies production volumes, the volumes are much lower. The figure also shows that the JOJO jellies production volumes during monitored years are continually increasing. In 2009, JOJO jellies production increased by 28 per cent and the between-year growth in 2010 was approximately 12 per cent.

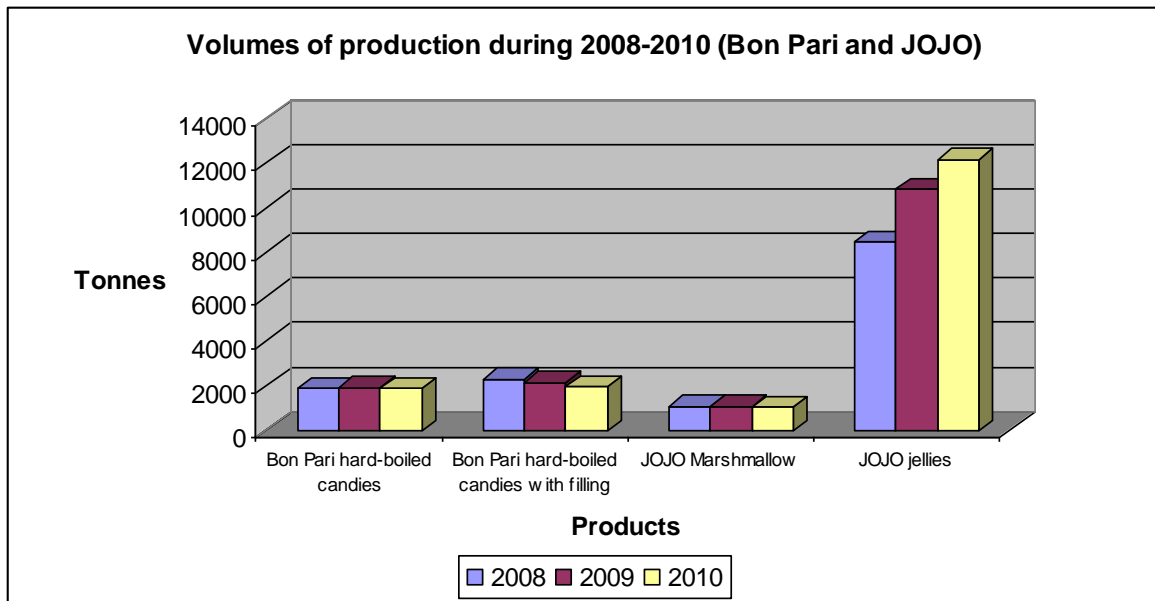


Figure 2. Development in Volumes of Production of the Bon Pari and JOJO Brands during the period 2008 – 2010

Source: Own elaboration according to Sfinx Holešov Internal Sources and Documents

Table 4. Production Volumes of the Bon Pari and JOJO Brands in individual years 2008, 2009 and 2010

Year	Bon Pari hard-boiled candies (in tonnes)	Bon Pari hard-boiled candies with filling (in tonnes)	JOJO Marshmallow (in tonnes)	JOJO jellies (in tonnes)
2008	1880	2302	1088	8450
2009	1921	2159	1077	10838
2010	1890	1940	1038	12158

Source: Own elaboration according to Sfinx Holešov Internal Sources and Documents

JOJO and Bon Pari promotion is connected mainly with the internet, where both these brands have its own website. For Bon Pari it is www.bonpari.cz and for JOJO www.jojoklub.cz. Furthermore, both Bon Pari and JOJO regularly offers various contests for children and limited editions.

6.4 Competition analysis

As far as confectionery is concerned, the Czech market offers an inexhaustible range and therefore both Bon Pari and JOJO face fierce competition.

There is no doubt that JOJO’s largest competitor is the German confectionery producer Haribo which specialises in gummi bears, jelly sweets and liquorice production. However, its disadvantage is that Haribo is much more expensive than JOJO. Another competitor is the Katjes company, which is now the fastest-developing confectionery producer in Europe. Katjes offers unique products without fat, containing only natural colours and aromas, fruit juice and fruit pap. In addition, Katjes also launched a group of yoghurt products. As with Haribo, Katjes products can be purchased for a considerably higher price. The last foreign rival to mention is the American brand of fruit-flavoured soft taffy candies Starburst. The competition can also come in the form of so-called private labels, for instance the Juicee Gummee brand owned by the Candy Plus company.

Bon Pari has a much better position in the market and is less endangered by competition than JOJO. Finally, note should be made of candies called Kyselé ovoce or Ovocný mix, which are products of Billa supermarkets’ private label Clever. The names of the products suggest that there is an effort to imitate Bon Pari. Although Clever candies cannot offer the same quality as Bon Pari, customers may choose the Clever brand due to its lower price. The same situation may appear with Albert hypermarkets’ private label Albert Quality under which various kinds of candies are sold.

6.5 SWOT analysis

Table 5. SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> - long-term presence in the Czech market - customer loyalty - favourable prices - Czech production - natural colours and aromas - wide assortment - innovation and regular launching of new products - unique know-how, formulas and production procedures 	<ul style="list-style-type: none"> - employees can get bored with routine work and therefore production may become ineffective - insufficient marketing policy and support of Bon Pari and JOJO
Opportunities	Threats
<ul style="list-style-type: none"> - changing customer tastes - a new emerging or developing market - change in government politics 	<ul style="list-style-type: none"> - fierce competition - competitors can produce similar products with lower costs (due to innovative technology) and therefore these products can be sold for a lower

	price which attracts consumers - market barriers (increase in taxes) - implementation of stricter health and hygienic regulations concerning food production - change in government politics
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Source: Own elaboration

6.6 PEST analysis

Tab. 8 PEST analysis

Political/Legal factors	Economic factors
<ul style="list-style-type: none"> - taxation policy - foreign trade regulations - environmental protection laws - strict standards in food production 	<ul style="list-style-type: none"> - business cycles - money supply - inflation - unemployment
Socio-cultural factors	Technological factors
<ul style="list-style-type: none"> - population demographics - consumerism - lifestyle changes - income distribution - attitude to work and leisure 	<ul style="list-style-type: none"> - new discoveries and development - rates of obsolescence

Source: Own elaboration

7 RECOMMENDATIONS FOR STRENGTHENING THE BRANDS BON PARI AND JOJO

Although Bon Pari and JOJO have a long history in the Czech market and most people know these brands very well or at least can identify them as belonging to the category of confectionery. Unfortunately, what many people are not aware of is that Bon Pari and JOJO offer a healthy alternative to the substitution of artificial colours and aromas for natural ones in confectionery. No matter what form of recommendations for strengthening the brands would be chosen, it should always be stressed that Sfinx and all of the Nestlé companies are trying to make their products as health-friendly as possible.

The following activities are proposed for brand strengthening: television advertisement, printed advertisements, new group competition, sales promotion in stores, leaflets in shopping baskets, small gift-packs for companies and web banners.

7.1 Television advertisements

Television advertising is a very effective communication tool as it provides wide and complex coverage. Moreover, compared to other types of promotion, the message is communicated much faster via television. Another advantage is that it combines visual and sound perception and this makes it very influential. On the other hand, the creation and placement of advertisements on television requires huge investments.

As there was a TV advertisement for Bon Pari last year, this time perhaps more attention should be paid to JOJO. The proposal of this document is to create a universal advertisement which would be easy to edit, so that it would be easy to add seasonal features such as bunnies before Easter, snowmen and Santa Claus before Christmas or various summer themes before summer holidays. Then, only one advertisement would be sufficient and effective throughout the year.

As JOJO products are characterised as confectionery for children, the advertisement should be colourful and interesting to catch their attention, but also simple at the same time so that even the youngest children can understand the message. The authors of the advertisement cannot forget to include the text highlighting that only natural colours and aromas are included in the jellies.

This brand new advertisement will be broadcast three times a year - before Easter (March and April) when there is an increased demand for confectionery, during the summer holidays (July and August) when children do not go to school and spend quite a lot

of time in front of the television, and, of course, the most promising is the period before Christmas (November and December). Each two month period of broadcasting will be followed by a two month pause.

If the advertisement were broadcast every day, it would be financially unbearable. Therefore it will appear on TV on Tuesday and Thursday between 14:00 and 17:00 when children come home from school and their parents from work. The ideal period for advertising would be around 19:00. During this time, the largest amount of people is sitting in front of the TV, as the children are watching a bedtime story and adults are waiting for the TV news and thus the advert can influence both children and parents. However, advertising in prime time is unaffordable. Saturday and Sunday mornings will also be suitable for advert placement, as many children are watching fairy-tales at this time.

7.2 Printed advertisements in magazines

Bon Pari and JOJO are brands which focus primarily on child consumers. Accordingly, printed advertisements should be placed in children's magazines. The first one is called *Méd'a Pusik*, which is suitable for pre-school age children and in which only JOJO products will be advertised. The second magazine is aimed at school-attending children and is called *ABC*. In this magazine, Bon Pari will be promoted. Confectionery is usually purchased by parents, particularly mothers, thus the advertisement will appear in the female-interest fortnightly *Žena a život* as well. In this magazine, JOJO and Bon Pari advert will alternate.

The advertisement will cover the entire page. The advertisement for Bon pari should be based on the picture of "Bonparák" who will allure potential customers with the slogan "Bon Pari – více ovocné šťávy" (in English: "Bon Pari – more fruit juice"). In the JOJO advert, products of various shapes and colours can be featured, so that the customer can see that there are plenty of options to choose from. Again the natural origin of all colours and aroma has to be stressed.

If competitions are enunciated, then the printed advert will provide information about it.

7.3 New competition

The JOJO brand regularly prepares various competitions for its consumers. The most recent was connected with the World Ice-Hockey Championship of 2011. The winners of the contest got two tickets to a Czech ice-hockey team match and also other prizes. As this

promotion activity was very successful, The preparation of a new competition for the Bon Pari brand is recommended.

Participants in the competition will be children, however it will not be for individuals but for whole classes or leisure groups. Their task will be to elaborate on the topic "How to help our polluted environment". Together with the project, each class or group has to send fifty bags from Bon Pari products. The group with the best proposals will win a one-day trip to the Aquapalace Prague. Ten other groups will receive a basket of Bon Pari products. This kind of competition will take place three times a year.

7.4 Sales promotions

The best way to persuade people of the quality of a product is to let them taste it for free, so they can decide for themselves whether they like the product and whether it fulfils all the promises of the packaging or advertisement.

Sales promotion will take place in twenty Albert hypermarkets in larger Czech cities. In each store there will be a girl offering a free trial of Bon Pari or JOJO and a boy who would be dressed as "Bonparák" or, for example, a JOJO marshmallow. The sales promotion will be realised twice a year, ideally before or during the Christmas time and before the Easter when stores are bursting at the seams.

7.5 Leaflets in shopping baskets

This kind of promotion will again take place in the Albert chain of hypermarkets. The leaflets will have the same graphic design as the advertisements in magazines and they will be stuck to the bottom of a hundred shopping baskets at each of 280 stores. They will be delivered to stores three times a year.

7.6 Small gift packs for companies

The idea of this recommendation is to introduce some of the JOJO and Bon Pari products in miniaturized versions which can be purchased by companies and subsequently sent to their business partners as a free gift.

7.7 Web banners

A web banner is a form of online advertising based on embedding an advertisement in a webpage. The banner often appears as an image which can be upgraded by animation or

sounds. If you click on the banner, you are linked to the website of the advertiser, in the case of JOJO, www.jojoklub.cz, and in the case of Bon Pari, www.bonpari.cz.

8 COST AND RISK ANALYSES

8.1 Television advertisement

Costs

The cost of TV advertisements would be the highest of all the recommendations as the mere creation of an advertisement costs around CZK 300,000. The new JOJO advertisement will last thirty seconds and will be broadcast in the off-prime-time period of 23:00 to 18:00 on Tuesday and Thursday afternoons and will also appear on TV on Saturday and Sunday mornings. In this case it will cost CZK 45,000.

Risks

- The advertisement may not be interesting enough and it will catch neither children's nor adults' attention. To prevent this risk, Sfinx (Nestlé) could carry out research which would provide information about what kind of advertisements people like, what is attractive for them, whether the advert should be funny or what features children miss in current advertisements.
- Before placing an advert on television, the Nestlé marketing department has to ensure that the Bon Pari advert is not preceded or immediately followed by an advert of a competing confectionery brand producing similar products. For example, it should not be followed by Storck's Campino candies but advertising Storck's chocolates Merci would be acceptable.

8.2 Printed advertisements in magazines

Costs

The colourful advertisement will appear in every issue of the monthly *Méd'a Pusík*. The price for an advertisement in a single issue is CZK 5,834. An advertisement placed in every second issue of the fortnightly *ABC* will be even more expensive at a price of approximately CZK 42,000 per issue. *Žena a život* is another fortnightly and its price for advertising is set at CZK 10,770 per issue. Again the advertisement will be placed only in every second issue. The costs for graphic elaboration should be also included. The amount will be around CZK 15,000.

Risks

- Again there is a high risk that there will be advertisements for similar products in magazines, for example JOJO and Haribo.

8.3 New competition

Costs

Information about competitors will be available either on the website or in printed advertisements, which will not be very expensive. The winning group will have a chance to spend a whole day in the Aquapalace Prague at a total price of CZK 40,000 (including transport, entrance fees and refreshment). Ten other groups will receive a Bon Pari basket worth CZK 500.

Risks

- One of the risks may be low participation caused either by lack of information about the competition or by lack of interest in the competition.
- Children may not like the prize and therefore decide to not compete. The proposal here is to present a day spent at the aquapark in Prague to the winners in the hope that it will be a great adventure for children. However, it is not possible to please everybody and some children may prefer toys to the aquapark.

8.4 Sales promotions

Costs

The total costs for a one-day promotion in one Albert hypermarket consists of labour costs which are CZK 2,000 per person (in each store there are supposed to be two people) and costs for the costume which are around CZK 5,000. Other expenses are connected with the production of advertising stalls (CZK 10,000) and with goods distributed for free (here it is not possible to predict the costs as it depends on the amount of customers coming to the store). Sfinx (Nestlé) will also have to pay Albert hypermarkets for the space and for the chance to promote the goods. Unfortunately, AHOLD Czech Republic, a.s., the Albert hypermarkets operator, is not willing to reveal these prices to the general public.

Risks

- The major risk is that sales promotion will end up with no effects on the customers. People will indeed taste the product but will not be persuaded to buy it. They will just take advantage of the free trial.

8.5 Leaflets in shopping baskets

Costs

The costs per leaflet with sticking stripe is CZK 5. In the Czech Republic, there are 280 Albert supermarkets and the leaflets will be placed into a hundred shopping baskets at each shop. As with sales promotions, permission to advertise in Albert must be paid for and as with sales promotions, it is not possible to find out what the price for advertising is.

Risks

- Firstly, leaflets are generally not a very popular kind of promotion, as most people consider it annoying to find ten leaflets in the mail box everyday. Nevertheless, if leaflets are stuck to shopping baskets, people will notice them each time they put goods in the basket (of course only until it is full). The risk is that there will be more people using a trolley rather than the basket and the leaflets will be ineffective.

8.6 Small gift packs for companies

Costs

The only expenses are those connected with the packaging. The graphic design will remain the same and there will be changes only to the size of packaging, which will cost approximately CZK 100,000.

Risks

- As there has been an economic crisis quite recently and some companies still have not managed to get out of financial difficulties, there may be low demand for gift packs. Firms will invest their money in more important matters than pleasing their business partners.

8.7 Web banners

Costs

The price paid for banners is based on CPT – cost per thousand, which is the cost per thousand displays of the banner. According to a price list provided by Seznam.cz, during the period from 27.6.2011 to 28.8.2011 the CPT is CZK 175, which means that one banner display costs CZK 175. If we suppose that there will be 10,000 displays per month, the total costs will be CZK 1750 per month.

Risks

- People notice the banner but they are not interested in it and they will not click to be linked to the brand's website.
- In case the banner is making some sounds, the internet user may find it interrupting or annoying.

Table 7. Cost analysis in CZK per year

Recommendation	Costs in CZK per year
1. Television advertisement	5,205,000
2. Printed advertisement in magazines	771,000
3. New group competition	150,000
4. Sales promotion	760,000 + costs for permission to advertise
5. Leaflets in shopping baskets	420,000 + costs for permission to advertise
6. Small gift packs for companies	100,000
7. Web banner	21,000

Source: Own elaboration

CONCLUSION

My bachelor thesis dealt with the issue of strengthening the brands Bon Pari and JOJO in the Czech market. In the first part of the thesis, I tried to include as many theoretical sources as possible to provide information about the brands and their building. The theoretical section concludes with results of the Interbrand and Reader's Digest surveys showing which brands are the most valuable and trusted. In addition, there is a comment on Czech consumers and their perception of brands.

The beginning of the analytical section focusses on Nestlé S.A., the world's leading producer of packaged consumer goods, and its Czech branch, Nestlé Česko. After that is mentioned the Sfinx factory in which the Bon Pari and JOJO products are made. Based on information and documents provided by Sfinx, I analysed the current position of both brands in the Czech market.

The next stage contains my proposals and recommendations. There was a television advertisement for Bon Pari last year, and I would advise that there be more focus on JOJO, with an advert for this brand broadcasted. It is advisable to promote both brands via printed advertisements in magazines. I would recommend the children's magazines *Méďa Pusík* and *ABC* and also the female-interest fortnightly publication *Žena a život*. Another possibility is to devise a competition for Bon Pari where very attractive prizes can be won. Nestlé can also promote both brands in shops by means of stalls offering free trial of the sweets or by leaflets stuck to the bottom of shopping baskets. The introduction of mini-gift packs can also be a wise choice as it helps to spread the brand not only all over the Czech Republic but also abroad. The internet is now a powerful medium and therefore my last recommendation is to make use of a web banner.

It is easy to arrive at various solutions and recommendations, however it is important to propose only options that are pursuable by the company, and principally, affordable. Therefore I subjected my recommendations to cost analysis. The result is that if Nestlé were to implement all my proposals, CZK 7,427,000 per year would be required + costs for permission to advertise. Such a situation is very unlikely to occur and I believe that Nestlé would choose only some of them.

The possible possible risks that could endanger the fruitfulness of the proposed activities were also considered.

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LIST OF ABBREVIATIONS

AD	Anno Domini
a.s.	Akciová společnost – Joint stock company
CBBE	Customer-Based Brand Equity
CZK	Czech crown
etc.	Et cetera – and so on
i.e.	Id est – that is, in other words
Ing.	Engineer's degree
Mgr.	Master's degree
R&D	Research and Development
S.A.	Société Anonyme
s.r.o.	Společnost s ručením omezeným – Limited liability company
URL	Uniform Resource Locator

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APPENDIX P I: THE MOST COMMON NAMING MISTAKES

According to Julie Cottineau, naming director of Interbrand, there are several common naming mistakes:

1. Treating naming as an afterthought

Naming is a complex process which requires some time. Having a creative name is just a first step which is followed by legal and linguistic examination of the name. After analysis is carried out, it is possible to discover that the name, which seemed to be utterly perfect at first, is wholly inappropriate. (Interbrand 2011 Web site)

2. Forgetting that naming is as strategic as it is creative

The strategic role of a brand name is underestimated by some companies. A strong brand is one which communicates the brand's personality and forms emotional connections with customers. A company should clearly define its strategic objectives and based on them, set criteria according to which the brand name choice will be realised. (Interbrand 2011 Web site)

3. Underestimating the importance of a good creative brief

A good creative brief helps to highlight what elements of the strategy should be communicated in a name and forces a company to answer questions which may be asked by future customers. A good brief will show a company what kind of personalities, constructs or word types should be avoided. (Interbrand 2011 Web site)

4. Confusing the need for information with the need for differentiation

When choosing a brand name, companies often select a descriptive name as they think that it is understandable and therefore easier to sell and less demanding as far as investment in marketing activities is concerned. All these reasons may be true, although not in all cases, but the problem with descriptive names is that they are limiting the brand in its evolution. (Interbrand 2011 Web site)

5. Overlooking complex trademark issues

The trademark process is highly complex and time-consuming. If the company wants to make this process easier, a trademark pre-screening should be carried out. Pre-screening identifies names that should be avoided and prevents the creative team from wasting company time and money on unavailable names. (Interbrand 2011 Web site)

6. Ignoring global implications

As this issue has already been discussed in the adaptability criterion of the brand elements, no further time shall be devoted to it. The only point to be stressed is that when a company

enters a foreign market, a thorough linguistic evaluation of a brand name must be performed to provide certainty that the brand name will express what the company intends. (Interbrand 2011 Web site)

7. Choosing names subjectively

When deciding on a brand name, members of the creative team should base their choice on research which functions as a guide but obviously need not be followed. Marketers also have to avoid choosing names according to their subjective preferences or personal associations. (Interbrand 2011 Web site)

8. Thinking everything needs a name

Organisations expand and grow, innovate old products and services and launch new ones. However, not everything needs a name and a company should consider whether it is really necessary to name a certain product. Sometimes the company's portfolio can be overloaded by too many brands, which may confuse the customer rather than evoke a feeling of prosperous and innovative company. (Interbrand 2011 Web site)

9. Keeping names that are no longer relevant

One of the most common mistakes is to keep a brand name which is no longer relevant as it is, for example, not in harmony with updated offers, changes in the market or customer requirements. (Interbrand 2011 Web site)

10. Ending the verbal identity process at a name

Language is a powerful tool which can influence behaviour and which can be very helpful as far as the creation of an emotional connection with customers, employees and business partners is concerned. Words must be chosen very carefully and the main goal is to choose such words which are able to communicate a desired message. (Interbrand 2011 Web site)

**APPENDIX P II: DESCRIPTION OF COMMUNICATION MODES
AND THEIR OPTIONS**

Communication mode	Description	Options
Advertising	Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.	<ul style="list-style-type: none"> - print and broadcast ads - brochures and booklets - posters and leaflets - billboards etc.
Sales promotion	Short-term incentives to encourage trial or purchase of a product or service.	<ul style="list-style-type: none"> - contests, games - premiums and gifts - samples, free trials - fair and tradeshows - exhibitions - coupones - rebates etc.
Events and experience	Company-sponsored activities and programs designed to create brand-related interactions.	<ul style="list-style-type: none"> - sports - entertainment - arts - street activities etc.
Public relations and publicity	Programs promoting or protecting company or product image.	<ul style="list-style-type: none"> - speeches - press-kits - annual reports - publications - lobbying - charitable donations - company magazine etc.
Direct marketing	Use of mail, telephone, fax, e-mail, or Internet to communicate directly with or colicit response or dialogue from specific customers and prospects.	<ul style="list-style-type: none"> - catalogues - mailings - telemarketing - electronic shopping - TV shopping - fax mail - e-mail etc.
Personal selling	Face-to-face interaction with prospective purchasers for the purpose of making presentations, answering questions, and procuring orders.	<ul style="list-style-type: none"> - sales presentations - face to face meetings - incentive programs - symplex etc.

(Kotler and Keller 2006, 279-280)

APPENDIX P III: NESTLÉ CORPORATE BUSINESS PRINCIPLES

- 1. Nestlé's business objective, and that of its management and employees at every level, is to manufacture and market the Company's products in such a way as to create value that can be sustained over the long term for shareholders, employees, consumers, business partners and the large number of national economies in which Nestlé operates.*
- 2. Nestlé does not favour short-term profit at the expense of successful long-term business development, but recognises the need to generate a healthy profit each year in order to maintain the support of our shareholders and the financial markets, which enables it to finance investments.*
- 3. Nestlé recognises that its consumers have a sincere and legitimate interest in the behaviour, beliefs and actions of the Company behind the brands in which they place their trust, and that without its consumers the Company would not exist.*
- 4. Nestlé believes that, as a rule, legislation is the most effective safeguard of responsible conduct, although in certain areas, additional guidance to staff in the form of voluntary business principles is beneficial in order to ensure that the highest standards are met throughout the organisation.*
- 5. Nestlé is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and responsible attitude of its management and employees. Therefore recruitment of the right people and ongoing training and development are crucial.*
- 6. Nestlé operates in many countries and in many cultures throughout the world. This rich diversity is an invaluable source for our leadership. No single document can capture every legal obligation that may be required in each of these countries. Indeed, there may be conflicting legal requirements. Nestlé continues to maintain its commitment to follow and respect all applicable local laws in each of its markets. If an interpretation of anything contained in this document is construed as contrary to local laws, such interpretation should not be followed in that country.*

(Nestlé Global 2011 Web site)

APPENDIX P IV: APPENDIX TITLE

- 1. Nestlé consumer communications should reflect moderation in food consumption, and not encourage over-eating. This is especially important regarding children.*
- 2. Wherever possible, we should show children in healthy energetic pursuits and avoid the portrayal of an inactive lifestyle combined with unhealthy dietary patterns.*
- 3. Nestlé consumer communications must be congruent with healthy, balanced diets. Our advertising must not imply the replacement of meals with indulgence or snack foods, nor encourage heavy snacking.*
- 4. Nestlé is committed to advertising to children in a way that does not undermine the authority, responsibility, or judgment of parents or care providers. It must not encourage “pester power”.*
- 5. Nestlé advertising to children must not portray children in unsafe situations nor encourage them to accept invitations from people they do not know.*
- 6. Nestlé consumer communication about the health benefits of products must have a sound nutritional basis.*
- 7. Nestlé consumer communication should not exploit violence, bad manners, or profanity. Its content must reflect good taste in any given country and culture. It should not depict attitudes that are discriminatory or offensive to religious, ethnic, political, cultural, or social groups.*
- 8. Nestlé communications must not show or encourage the consumption of our products in a way that could be considered dangerous.*
- 9. Regarding advertising placement, it is against our principles to sponsor television and radio programmes or magazines whose strategy for attracting viewers or readers relies on exploiting violence, sex, or encouraging offensive behavior toward others.*
- 10. Nestlé consumer communication should not portray competitors’ products inaccurately, nor denigrate them.*

APPENDIX P V: SFINX PRODUCTION PORTFOLIO

Hard boiled candies (deposited, pressed)

A) Fruity

- hard: Bon Pari Original, Bon Pari Fruit with vitamin C, Bon Pari Super Sour, Bon Pari Ice
- with soft centres: Bon Pari Forest Mix, Bon Pari Fizzy, Bon Pari Bar Grapefruit, Bon Pari Bar Watermelon

B) Mints

- hard: Hašlerky, Hašlerky Extra Strong, Hašlerky Camomile, Hašlerky Ribwort, Hašlerky Sage, Beskydky, Větrovky
- with soft centres: Anticol Black Currant, Anticol Orange, Anticol Honey and Lemon, Anticol Extra Strong, Slavia, Slavia Coffee, Klokanky, Mentolky

C) Others

- Toffo Original, Toffo Bari Mandle

Chocolate dragees

- Lentilky

Soft candies – chewy

A) Caramels

- JOJO Sisinky, Toffo Karamelky

B) Licorice

- JOJO Léorky

C) Fruity

- JOJO Forest Strawberries, Lentilky Fruity

Marshmallows

- JOJO Marshmallow, JOJO Ducks

Jellies

A) Sanded

- JOJO Sour Fish, JOJO Sour Worms, Bon Pari Pectin Jelly Mix, Bon Pari Super Sour Jellies, Bon Pari Super Sour Pectin Jellies

B) Oiled

- without filling: JOJO Bears, JOJO Dolphins, JOJO Parrots
- with filling: JOJO Hippo, JOJO Cola

C) Playful

- JOJO Play! Alphabet, JOJO Play! Dinosaurs, JOJO Play! Teeth, JOJO Play! Ice-crea,

APPENDIX P VI: BON PARI ASSORTMENT










Type	Product			
<p>Hard-boiled candies</p>	 <p>1. Bon Pari Original (100g)</p>	 <p>2. Bon Pari Fruit with Vitamin C (100/180g)</p>	 <p>3. Bon Pari Super Sour (100/180g)</p>	 <p>4. Bon Pari Ice (90g)</p>
<p>Hard-boiled candies with soft centres</p>	 <p>1. Bon Pari Forest Mix (90g)</p>	 <p>2. Bon Pari Fizzy (80g)</p>	 <p>3. Bon Pari Grapefruit/Blueberry Bar (50g)</p>	 <p>4. Bon Pari Melon/Cherry Bar (50g)</p>
<p>Jellies</p>	 <p>1. Bon Pari with 25% of Fruit Juice (80g)</p>	 <p>2. Bon Pari Jellies with C, Ca, Mg (80g)</p>	 <p>3. Bon Pari Jelly Super Sour (90g)</p>	 <p>4. Bon Pari Jelly Mix (90g)</p>

	 <p>5. Bon Pari Garden with 50% of Fruit Juice (80g)</p>	 <p>6. Bon Pari Yoghurt (75g)</p>	 <p>7. Bon Pari Sour Pectin (90g)</p>	 <p>8. Bon Pari with Fruit Filling (75g)</p>
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(Own elaboration according to Sfinx Holešov Internal Sources and Documents)

APPENDIX P VII: JOJO ASSPRTMENT

Type	Product		
<p>Soft candies (caramels, licorice, fruity)</p>	 <p>1. JOJO Sisinky (90g)</p>	 <p>2. JOJO Lékorky (80g)</p>	 <p>3. JOJO Forrest strawberries (90g)</p>
<p>Marshmallows</p>	 <p>1. JOJO Marshmallow (90/200g)</p>	 <p>2. JOJO Ducks (80g)</p>	
<p>Jellies (sanded, oiled with and without filling, playful)</p>	 <p>1. JOJO Bears (90/400g)</p>	 <p>2. JOJO Dolphins (90g)</p>	 <p>3. JOJO Parrots (90g)</p>
			

	4. JOJO Sour worms (90g)	5. JOJO Sour fish (90g)	6. JOJO Cola (80g)
			
	7. JOJO Hippo (80g)	8. JOJO Farm (90g)	9. JOJO Vexta (90/400g)
			
	10. JOJO Play! Ice-cream (80g)	11. JOJO Play! Teeth (80g)	12. JOJO Play! Alphabet (80g)
			
	13. JOJO Play! Dinosaurs (90g)	14. JOJO Happy mix (225g)	15. JOJO Snake (15g)

(Own elaboration according to Sfinx Holešov Internal Sources and Documents)

**APPENDIX P VIII: VOLUMES OF BON PARI AND JOJO
PRODUCTION DURING 2008 – 2010 (MONTHLY)**

	Bon Pari hard-boiled candies	Bon Pari hard- boiled candies with filling	JOJO Marshmallow	JOJO jellies
2008				
January	200	262	11	576
February	167	223	136	568
March	161	106	58	572
April	236	257	142	584
May	160	160	99	722
June	249	211	94	865
July	113	211	132	870
August	85	117	58	736
September	149	177	86	841
October	147	229	107	810
November	138	215	99	791
December	75	134	66	515
Total 2008	1880	2302	1088	8450
2009				
January	129	205	110	790
February	183	195	115	1067
March	119	172	92	873
April	213	140	75	1037
May	198	158	81	1024
June	248	215	83	1028
July	140	148	62	666
August	147	207	88	1046
September	148	189	88	1022
October	130	144	84	862
November	129	150	86	768
December	137	236	113	655
Total 2009	1921	2159	1077	10838
2010				
January	76	119	62	697
February	187	151	95	1129
March	148	144	109	1025
April	187	186	109	1206
May	216	214	148	1137
June	67	86	60	701
July	180	177	75	1211
August	125	168	82	1180

September	265	187	82	1256
October	169	220	87	956
November	161	171	71	836
December	109	117	58	824
Total 2010	1890	1940	1038	12158

(Sfinx Holešov Internal Sources and Documents)