

# **An Analysis of the Marketing Strategy of the Company HOME INTERIER s.r.o.**

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## **ABSTRAKT**

Bakalářská práce se zabývá analýzou marketingové strategie společnosti HOME INTERIER s.r.o. Tato společnost se zaměřuje především na design, realizaci a následnou instalaci interiérů, avšak nedílnou součástí nabídky je prodej kusového nábytku, interiérových doplňků a kuchyňských spotřebičů. Teoretická část práce začíná vysvětlením pojmu marketing a marketingového procesu a pokračuje popisem základních prvků tvorby marketingové strategie. Praktická část je věnována hlavnímu cíli této práce, tedy analýze marketingové strategie firmy, následnému vyhodnocení a vytvoření doporučení pro zlepšení.

Klíčová slova: marketing, strategie, propagace, reklama, interiér, marketingový mix

## **ABSTRACT**

The main objective of the bachelor's thesis is to analyse the marketing strategy of the company HOME INTERIER s.r.o. The company's focus is on designing and installing interiors, but an integral part of the company's offer is furniture, interior accessories, and appliances. The theoretical part of the thesis starts with an explanation of the term marketing, the process of marketing and continues with a description of main features of a marketing strategy creation. The practical part contains an analysis of the company's marketing strategy, evaluates the strategy, and provides suggestions for improvements.

Keywords: marketing, strategy, promotion, advertisement, interior, marketing mix

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I hereby declare that the print version of my bachelor's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

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## INTRODUCTION

The main objective of this bachelor's thesis is to analyse the marketing strategy of the company HOME INTERIER s.r.o. on the Moravian-Silesian market. The company primarily focuses on designing and installing interiors, such as kitchens, living rooms, or dining rooms, and selling other types of high-quality interior equipment from luxurious brands.

The theoretical part of the thesis deals with the theory of marketing and marketing strategies. In the first chapter is described what marketing is and the process of marketing. The second chapter is divided into five subchapters which discuss the marketing strategy development and contain a description of different types of marketing strategies, marketing objectives, internal and external analyses. After that is explained the theory of STP, marketing mixes and the last subchapter is about brand and branding.

The practical part starts with the introduction of the company and a description of the brand's philosophy. This is followed by an analysis of the market, competition, situation, target customers, positioning and differentiation and it continues with a definition of competitive advantages, the company's objectives, and its marketing mix. The last chapter is devoted to suggestions for improvements based on the evaluation of the marketing strategy. The practical part is based on knowledge and information gained from the theoretical part.

The theme of the thesis was inspired by author's experience of working for the company during the summer 2017.

## **I. THEORY**

## 1 MARKETING

The first chapter deals with a question about what marketing is, marketing strategy and marketing mix. Firstly, it is important to discuss the use and the application of marketing as well as the specifics of marketing strategy.

### 1.1 Defining marketing

Marketing has been evolving into its current form since the 19th century. Later after the second world war, a customer focus was emphasised and businesses' relationship and engagement with their customers became a foundation stone for successful marketing. (Baines, Fill, and Page 2013, 9)

The American Marketing Association gives the following definition of marketing: "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." (Baines, Fill, and Page 2013, 6) This definition expresses the businesses' point of view. However, there is another strategy which is strongly related to the society's perspective. In this perspective marketing is a societal process of offering, exchanging, and creating products and services thanks to which people wants and needs are satisfied. (Kotler and Keller 2016, 17)

Marketing is an activity which consists of pricing, distribution, advertising, public relations, selling, and especially the endeavour to satisfy consumers' needs and wants. Businesses mainly do that to achieve a profitable and valuable relationship with their customers along with providing superior customer value which facilitates it. (Armstrong, Kotler, and Opresnik 2016, 33)

### 1.2 Process of marketing

A company performs this process to obtain a value from customers while satisfying them and delivering what they request. The process has several phases. (Armstrong, Kotler, and Opresnik 2016, 33)

1. In the first phase, the company explores the marketplace and customer wants and needs. Furthermore, it collects and processes information and data. (Armstrong, Kotler, and Opresnik 2016, 34)
2. Following the first phase, the company creates a strategy driven by customer value. It is done through market segmentation and targeting as well as choosing

right value proposition and concept by differentiation and positioning. (Armstrong, Kotler, and Opresnik 2016, 37)

3. The third phase covers a creation of an integrated marketing plan and program which leads to managing a relationship between the company and its customers. Afterwards, the company tries to tailor its market offering to the target customers, set up real value and therefore price of its products. Moreover, promotion, distribution, and demand and supply chains are managed. The company takes these steps to deliver its value proposition to their target customers. (Armstrong, Kotler, and Opresnik 2016, 40–41)
4. The fourth phase deals with customers' engagement and customer relationship management, which includes creating customer value and satisfaction. A company wants to become the one which offers the highest customer-perceived value<sup>1</sup>. (Armstrong, Kotler, and Opresnik 2016, 41)
5. The last phase, unlike previous phases, is focused on the company. In this phase, the main objective is to capture value from the customers to gain profits, create market share, customer equity and share of customers. (Armstrong, Kotler, and Opresnik 2016, 48–50)

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<sup>1</sup> Customer-perceived value is “The customer’s evaluation of the difference between all benefits and all the costs of a market offering relative to those of competing offers.” Every customer perceives value differently. For some customers might be valuable to pay more and get a better-quality product and for other customers might be valuable to pay more and get more products but of worse quality. (Armstrong, Kotler, and Opresnik 2016, 41)

## 2 MARKETING STRATEGY

This chapter is focused on the theory of marketing strategy and therefore describes types of marketing strategies, marketing objectives, situational analysis, PESTLE and SWOT analysis.

### 2.1 Marketing strategy in general

Setting up objectives and having a vision are two primary steps of a strategic marketing process. This process represents how a company is orientated to a market and how it is going to meet its wants and needs. It is formed according to the target market, the company's vision, mission, values, and objectives. The vision represents what should the company achieve in the future and how the company wants to develop. The mission describes what is the core objective of the company. Organizational values are a set of behaviour standards which should be specified and understandable for the company's employees. These employees should act according to these standards because it helps to create the organizational culture. (Baines, Fill, and Page 2013, 129–133)

The main aim of marketing strategy is to achieve the company's marketing objectives as well as to bring value to the market. Thus, marketing strategy is a complex of steps which must be undertaken to achieve a company's goals. Moreover, it introduces the establishment of flagships, choice of convenient and interesting markets, monitoring of consumers' behaviour, and determination of which resources and activities should be focused on which products. (Horáková 2014, 6–7) A successful business must create strong, and unique marketing strategy because its purpose is to meaningfully differentiate the business. This is done through segmentation, targeting, positioning and tools such as marketing mix. (Hill 2013, 8-9)

To understand which strategy is the most suitable, one must be aware of the past, present, and future situation of the company and the market segment. Factors which influence its establishment and functioning are industry, the company's size, and its current external and internal situation on the market. It is important to consider for what period the marketing strategy is created, since it can be created for example for one or two years. The company must know how much money it wants to spend on marketing to shape the strategy accordingly and to achieve its objectives. The fact that market evolves, new competitors are coming, and the existing ones are creating their marketing strategies also influences the choice of marketing strategy. (Horáková 2014, 6–8)

### 2.1.1 Types of Marketing strategies

There is a range of marketing strategies, but they are generic and must be tailored to a company's needs. (Horáková 2014, 25)

Businesses very often base their marketing strategy on the 4Ps of marketing mix. A company aims to inform customers that it offers specific products which they demand. The price-based strategy focuses either on setting a price so that it intimidates competitors, a different price for a different product family, or setting a price which influences people's thinking and behaviour. For example, a low price of a product can be perceived as an advantage and an opportunity to buy more pieces, or as a worse quality product. Strategies which consider the place and distribution prioritize very intensive distribution. Companies which use these strategies sell products only at places where a demand is, and they strictly control availability of their products. (Horáková 2014, 25–27, 34)

Another strategy is the Porter's strategy of a distinctive product differentiation which means that businesses offer products and services with unique benefits and features. (Horáková 2014, 46)

The Kotler's strategic partial approach sets out four different strategies. (Horáková 2014, 46)

- The first strategy of the market leader is related to businesses who dominate the market and have the largest share. The intention is to ensure the share, find new customers, and enlarge the market. (Horáková 2014, 47)
- Market-challenger strategies are intended for smaller businesses or businesses with a smaller market share. The most common objective of these businesses is to win the largest market share. (Horáková 2014, 47) It is achieved by attacking the market leader who does not satisfy demand, or firms of the same size with outdated products and a lack of financial resources, or small and regional businesses to take over their position. (Kotler and Keller 2016, 140– 141)
- The third strategy is for market-follower. These businesses do not confront a market leader, but they are more likely to imitate him to a certain extent. Businesses are also specialized, offer some benefits and quality service. (Horáková 2014, 49– 50)
- Market-niche strategies are for businesses which find a gap in the market and try to fulfil it. This is more advantageous for smaller businesses with limited resources, because they target small markets where they can stand out. They get to know their

target customers much better than other businesses which usually operate there and thus satisfy the customers' wants and needs. (Horáková 2014, 50)

### **2.1.2 Marketing objectives**

Marketing objectives represent a company's goals and everything that is set up to be achieved through marketing activities. They are based on an analysis of strengths, weaknesses, opportunities, and threats which a company must face. Examples of marketing objectives are sales volumes, advertising outcomes or profitability. (Pride and Ferrell 2016, 40)

Objectives should be simple, understandable, and compliant with a company's philosophy and strategies. They must be achievable by using accessible, time-limited, and measurable resources, which means that if the objective is to increase sales volume by 5 % the business measure changes of sales volume to make sure that it is aiming towards a success. (Pride and Ferrell 2016, 40) Companies should look at their outcomes, positive and negative consequences and take them into consideration. (Horáková 2014, 67)

An evaluation of marketing objectives is connected to the calculation of marketing return on investment. Armstrong, Kotler and Opresnik explain it as "Measuring and evaluating the results of marketing strategies and plans and taking corrective action to ensure that the objectives are achieved." (Armstrong, Kotler, and Opresnik 2016, 88)

### **2.1.3 Situational analysis**

Before any business establishes marketing objectives and strategies it must analyse its internal and external environment because they influence the creation of an environment suitable for marketing activities. External factors are market's size, structure, trends, potential for successful development, and moreover competition, ability to face pressure, and business's position in this environment. Internal factors are structure and level of marketing, resources, and costs of marketing activities. These factors support customer relationships, influence marketing objectives and strategy, and should be compared with each other with respect to accessible resources. (Horáková 2014, 69–71, 73–75)

The purpose of this analysis is the identification of positive and problematic areas in which a business operates and furthermore techniques and procedures to achieve effective marketing. The first analysis which can be used is the PESTLE analysis of the external environment. The second analysis is the SWOT analysis which compares the internal and external situation. (Horáková 2014, 69–71, 73–75)



#### 2.1.4 PESTLE

PESTLE method examines and studies the political, economic, social, technological, legal, and ecological external factors which have a crucial influence on a business. A company can hardly influence these factors but can prevent any unwanted consequences or impacts. Therefore, it is important to do this analysis to keep an overview of the external factors. (Baines, Fill, and Page 2013, 37)

Among the economic elements which affect businesses are gross domestic product and purchasing power parity, exchange rates, price and wage inflation, taxes, and export tariffs. For example, the price inflation can influence prices of a company's products. If the milk supply is reduced, the price of milk increases. The legal environment affects everything from product safety, product packaging, labelling, to advertising standards. Not only people's lifestyle, attitudes, values, expectations, and cultural habits, but also the system of social classification change through the time and businesses must adapt to it. Different types of governments and politics influence markets and businesses. They influence e.g. the tax policy. Development of new technologies intervene and influence businesses. The technological environment covers usage of the Internet, smart devices, such as mobile phones and laptops, as well as technologically advanced machines in factories. Its usage and continuous development force businesses to readjust their strategies and activities to keep up to date with innovations. Sustainability, green marketing, and business are now three inseparable things. That is because organizations such as the Greenpeace calls attention to ecological impacts of some companies' activities, e.g. problems with pesticides. (Baines, Fill, and Page 2013, 37–47), (Greenpeace.org)

Performance and outcomes of this analysis can differ according to the industry in which a company operates. For example, a company focused on making and selling furniture will thus monitor changes mainly in an economic, technological, and social environment. (Baines, Fill, and Page 2013, 49)

#### 2.1.5 SWOT analysis

The SWOT analyses external and internal environment of a company and its overall position on the market. Letters S and W in the abbreviation stand for strengths and weaknesses, which rank among internal environment. Letters O and T mean opportunities and threats and they are external factors. The outcome of the analysis is finding a way to turn weaknesses into strengths, threats into opportunities and to take advantage of them.

(Kotler and Keller 2016, 47– 48) Therefore, the SWOT analysis is useful when creating a marketing strategy and marketing objectives. (Horáková 2014, 79-80)

Strengths are all the fundamental features and advantages which a company has and use to compete. Weaknesses put a company at a disadvantage while fighting against competition or realizing a marketing strategy. Opportunities represent all convenient possibilities which occur at the market and a company could benefit from them. Nevertheless, opportunities are available for other businesses, and therefore a company should exploit them if it has the necessary resources and capabilities. Threats, in contrast, refer to complications and danger. A company must avoid and overcome them because they may decrease the performance of organization. (Pride and Ferrell 2016, 37–38)

## **2.2 Segmentation, Targeting, Positioning and Differentiation**

These four activities represent steps which are crucial for designing the most effective marketing strategy. (Armstrong, Kotler, and Opresnik 2016, 196–198)

### **2.2.1 Segmentation**

Segmentation means dividing markets which are diverse and large. The goal is to create segments which are suitable for selling products and services which match the unique needs and wants of a segment. Segmentation serves for selecting company's future customers. The market segments must be accessible, measurable, differentiable, actionable, and sustainable. (Armstrong, Kotler, and Opresnik 2016, 198–206)

Markets can be homogenous or heterogenous. For homogeneous markets, it is characteristic that customers have almost the same needs and wants for a product or service, while for heterogeneous markets, it is characteristic that customers and companies have different product requirements. (Pride and Ferrell 2016, 164) Markets are divided into two types. The first type is a consumer market and the second is business market. (Pride and Ferrell 2016, 162)

A consumer market is created by people and households who purchase products and services because they want to benefit or consume them. They do not buy them to make a profit. (Pride and Ferrell 2016, 162) Consumer market can be segmented according to geography, demography, psychography and consumers' behaviour. The geographic segmentation considers nationality, regions, states, countries, climate, or population density. People living in different geographical areas have different needs, for example, people who live in Southern Italy do not need winter clothes as much as people who live in

Northern Italy. The demographic segmentation deals with gender, education, income, religion, ethnicity, age, generation and moreover income or occupation. E.g. a business which sells luxurious cosmetics will focus rather on wealthy people than on low-income groups. These factors are also easily measurable. A business may use data from an office for national statistic or gather information about their customers through interviews, surveys, or loyalty programs. Psychographic segmentation is done according to people's lifestyle, personalities, and social classes. The behaviour segmentation is a detailed division according to opportunities, benefits people seek, usage rate and customer loyalty status. (Armstrong, Kotler, and Opresnik 2016, 199–204)

Business markets are created by organisations and people who purchase products and services to resell them and make a profit, use them on the everyday basis, or to produce other products. (Baines, Fill, and Page 2013, 162) They are also segmented, and the process is very similar to segmentation of customer markets. The one thing which differentiates them is taking into consideration the purchasing approaches, situation, characteristic of operation and personal characteristic. (Armstrong, Kotler, and Opresnik 2016, 204–205)

For a segmentation of international markets are applied the same processes as for the two previous domestic markets. (Armstrong, Kotler, and Opresnik 2016, 205–206)

### **2.2.2 Targeting**

Targeting is evaluation of already chosen segments. The goal is to target segments where a company can successfully and profitably operate. Therefore, each segment must be first evaluated according to its size and growth and after that can be selected target segments. (Armstrong, Kotler, and Opresnik 2016, 207)

While creating targeting strategy one must consider and examine different factors which differentiate individual products and services. They do differ just as consumers' wants and needs. Therefore, a company must decide which kind of targeting is suitable for them to use. (Armstrong, Kotler, and Opresnik 2016, 207)

There are four basic types of targeting. (Armstrong, Kotler, and Opresnik 2016, 207)

- First is the concentrated marketing. It is based on targeting niches<sup>2</sup> or smaller segments. This type is quite risky but can be very profitable if a business is the only one on the market. A business which focuses only on a few segments will face problems, e.g. financial, when the segment's demand declines and these segments might become outsourced very quickly. (Armstrong, Kotler, and Opresnik 2016, 208–209)
- Differentiated marketing means targeting different segments and designing products or services specifically for each. This is a costly type of marketing because a marketing plan must be developed for every single segment. (Armstrong, Kotler, and Opresnik 2016, 208)
- Micromarketing consists of local marketing and individual marketing. Local marketing means that products and services are tailored to the needs and wants of locals. Businesses often use social media, mobiles, and technologies for detection of customers location to succeed. Individual marketing means massively customizing products and services. Business which use this type of marketing emphasize customer relationship. The aim is to fulfil individual wants and needs and beat the competition by offering more customized products and services. For example, the brand PUMA let their customers create their own shoes by choosing fabrics and other features such as colours on their website. (Armstrong, Kotler, and Opresnik 2016, 200–211)
- The last type is undifferentiated marketing, also titled as mass marketing. Here is targeted the whole market with one offer regardless of the segment differences. A company's products and services are focused on the same needs and wants of all customers. The aim is to target as many potential consumers as possible. This is used for example by businesses which sell basic foods such as sugar or salt. (Armstrong, Kotler, and Opresnik 2016, 207–208)

### 2.2.3 Positioning and Differentiation

The outcome of successful positioning is that a marketer places a product on exact position in customers' subconscious. Therefore, they must plan the most advantageous position and

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<sup>2</sup> "A niche is a more narrowly defined customer group seeking a distinctive mix of benefits within a segment." (Kotler and Keller 2016, 288)

design a suitable marketing mix. Positioning is about how customers define a product, what value they assign to it and how they perceive or feel about a product relative to a competitive one. (Armstrong, Kotler, and Opresnik 2016, 215)

Therefore, it is interwoven with differentiating their products and services from others. Since there is a risk that another marketer will focus on the same position, one must differentiate its offer and thus present unique selling propositions (USP) of its product and/or service. Unique selling proposition is an attribute which unequivocally differentiates a product from substituents. (Armstrong, Kotler, and Opresnik 2016, 215–216)

Differentiation itself means tailoring several characteristics. All features influence how a customer perceive a product or service. First is a form, thus the size, shape and colour, or a structure of a product. Then it is the level and quality of a product performance along with conformance quality, that is the degree to which a product reflects its features specification. Durability and reliability are other two factors followed by reparability, i.e. how difficult is to repair a product. Last three characteristics are style, customization, and features. Features are supplements added to basics functions of a product and influence value and price of a product. (Kotler and Keller 2016, 164–165)

To differentiate services, businesses must tailor different features such as delivery, ordering ease and duration, installation, customer training and consulting, maintenance, and repair. Customers also focus on installation, whether a business installs it or provides instruction and manual. What is more, businesses can teach their customers how to use their products and how to maintain or repair them. (Kotler and Keller 2016, 165)

#### ***Four stages of positioning and differentiation***

The first stage which serves as a base is an identification of competitive advantages which differentiate products and services. Having competitive advantage means to deliver greater customer value than competition and fulfil its promises. A company can differentiate itself through products, services but also channels, people, and image. Channel differentiation depends on a company's activity, coverage and how channels are designed. Customer service creates also a very important part, for example, a behaviour of a shop assistants influences the perception of a product which a customer might buy. (Armstrong, Kotler, and Opresnik 2016, 217–218)

The second stage deals with choosing the most advantageous competitive advantage. Therefore, a company must decide in what way it will differentiate themselves. Important

is to pick the right differences which will be promoted and help a company succeed. A product must bring benefits to customers, it must have high value, be clearly distinguished, and not overpriced. If a company wants to make a profit competition cannot easily copy the difference the product should bring to customers more comfortable and improved way of its use and benefit that a product offered by competitors does not have. (Armstrong, Kotler, and Opresnik 2016, 218–219)

Now the company's value proposition must be chosen. Value proposition represents all benefits of the product on which the positioning and differentiation strategy is built. Several value propositions exist. The first type of value proposition is offering prestige, high quality, luxurious products for an appropriately higher price in order to cover high costs and profit. Secondly, it is about challenging and trying to defeat competition by offering superior benefits for the same price. In contrast to the second type of value proposition, there are also businesses which offer the same product but for a discount price. Another value proposition involves providing very cheap services and products to satisfy customers who demand lower quality of products. The last type of value proposition is used by businesses which offer more benefits for a lower price. (Armstrong, Kotler, and Opresnik 2016, 219–221)

The last stage of positioning is typically the development of a positioning statement. Armstrong, Kotler and Opresnik suggest a developed form of the statement. Firstly, the statement should contain what is targeted and by whom and secondly, what is company's idea and vision and what differentiates a company from their competitors. This statement should clearly express what a company offers and what its message is. (Armstrong, Kotler, and Opresnik 2016, 221–223)

### **2.3 Marketing mix**

Marketing mix is an indispensable part of a marketing strategy and is instrumental in putting a product on a market. (Tručka 2013, 33)

In general, 4P's are recognized as marketing mix. The abbreviation stands for product, price, place, and promotion, (Tručka 2013, 33) Marketing mix is a tactical tool which helps a company to influence demand for their products and services. Features of each category have its importance and weight. This means that if a business omitted e.g. the category of a place, did not plan which distribution channels will be used and did not include it in a marketing plan and a strategy, the probability of success would decrease rapidly. That is because the businesses would not be able to distribute their products. Through these tools a

company persuades and communicates with customers and creates the market value. Therefore, the tools serve also to customers, because the tools should help them to decide whether the product or service is likely to fulfil their needs and wishes. (Pride and Ferrell 2016, 6)

### **2.3.1 Product**

The fulfilment of customers' needs, wants, and wishes is bound to the first P of marketing mix. Everything that occurs at a market for a purpose of purchasing is claimed to be a product. (Tručka 2013, 34) According to Pride and Ferrell, a product has three forms. The first form is a good, which is something one can touch. The second are services, thus an activity which is done to satisfy and benefit customers. The third is an idea, i.e. providing consultations, giving advice, and trade concepts, images, and philosophies. (Pride and Ferrell 2016, 7)

To create a successful product, it is important to understand the market, potential customers' needs and wants, and be able to predict how the market and customers will react to the offered product. A company which tries to sell the product must consider what is its future potential, thus how large will be the sales volume and the sales value of the product. There are several ways to determine it. Mainly, a company must study the market environment, its conventions, and rules. It must also consider what are priorities of targeted audience and their purchasing power. (Tručka 2013, 34–35), (Pride and Ferrell 2016, 7)

Since the aim of product is to satisfy customers, achieve company's goals and earn money to perform some business development, such as new project or educational programs for employees, the company must carefully tailor its product. To achieve such developments product needs distinguish itself from already known and used products on the market. Products typically differ in design, shape, taste, or quality but these features are not very powerful when the market is full of competition which sells substitutes. Therefore, products need their unique selling proposition. The USP must differentiate them clearly. It can be a warranty prolonged to 5 years instead of 3 years, an approach and philosophy of a company. (Tručka 2013, 38–39)

Product should not be placed on the market too quickly if businesses do not know how customers will react to their product or service. Therefore, the company should test a product's concept by itself or by hiring an agency which specialises on the concept testing. Testing the concept helps to modify and improve products to increase their possible success on the market. (Tručka 2013, 37)

Customer service often represents an added value of a product and is important because it influences customers' perception of a product or even a company. It is a service and support which is provided by a company before, during or after a customer buys a product. For example, the service can be provided through a phone calls, on a company's websites, e-mail, social media such as Twitter, interactive voice, and data technologies. It is important to monitor how customers evaluate the provided customer service to understand what should be improved and what customers want and expect. (Kotler and Armstrong 2016, 266)

### 2.3.2 Price

The second tool of marketing mix is price. Price is a sum of money which are customers willing and required to pay for a product. (Kotler and Armstrong 2016, 78) Market players use it mainly as an advantage to defeat competition. For example, high prices can arouse a feeling that a customer came across a high quality and luxurious product. (Pride and Ferrell 2016, 9)

Price should correspond with a quality of a product, actual value of a product, a value of a product as perceived by a customer, and demand and supply on a market. Prices also depends on product costs. (Tručka 2013, 46, 54)

Therefore, there are several pricing strategies which help businesses to set a price of a product or service which corresponds with a business's pricing objectives. A business's pricing objectives can be financial, such as to maximise profit, and marketing-based, e.g. to position a product as a high-quality one. Moreover, a business's objective can be to remain on a market. (Baines, Fill, and Page 2013, 244)

- The first pricing strategy is cost-based. The minimum price of a product or service is based on a business's costs and therefore prices are set according to costs of production, distribution and selling. Some businesses lower their costs to set lower prices and therefore increase profit and sales and other businesses have higher costs to increase value of a product and its price and therefore increase margins. (Kotler and Armstrong 2016, 329)
- The second strategy is the customer-value based. Businesses which uses this strategy consider how a customer perceives the value of an offered product and how valuable the product's benefit is. There are two types. The first type is the good-value pricing which means that businesses set prices of products based on a combination of how good a product or service is and what its quality is. The value-



added pricing is the second type and it means that businesses do not try to match competitors' prices but keep their higher prices and add a valuable feature or a benefit to their product or service to differentiate their offer and thus justify the higher price. (Kotler and Armstrong 2016, 325–327)

- Another pricing strategy is called price-skimming. This is based on setting the highest possible price of a newly introduced product with a substantial competitive advantage which are customers willing to pay. This strategy is advantageous only if competitors cannot easily enter the market and offer lower prices and only if a product's quality justifies a higher price. (Kotler and Armstrong 2016, 349), (Pride and Ferrell 2016, 624)

### 2.3.3 Place

The place in marketing mix does not stand for a specific area or position in the world but it expresses a complex process of delivering a product/service to the consumer. Place involves distribution channels, inventory, logistic, and availability of products and services. (Kotler and Armstrong 2016, 78).

Businesses can distribute their products and services either in physical form or as a service. The physical distribution means that a business delivers for example music on CDs and sells them in the business's store. The distribution in a form of service is for example teaching customers who to use a business's software for designers. (Baines, Fill, and Page 2013, 327)

Customer value of distribution, i.e. how customers perceive level of distribution's quality is influenced by availability of products and service. Customers perception is affected by availability of products and service in time and place, how consistent are services, how long is the distribution process, and what types of delivery a business offers. Therefore, a business must know their customers' wants and needs to control these factors. For example, a business should find out if their customers want their order delivered fast or if they prefer slower but reliable delivery. (Baines, Fill, and Page 2013, 327)

Distribution is a process of delivering products and services from producers to consumers and ensuring their availability. It is performed by distribution channels. These channels represent a path through which products and services pass. They are created by intermediaries which connect producers with end consumers. (Armstrong, Kotler, and Opresnik 2016, 329) Distribution channels are used because intermediaries can deliver and keep businesses' products available more effectively than businesses would do by

themselves. For example, businesses' costs would increase and therefore, they would have to raise prices of their products and services. Intermediaries specialise in distributing products and services and have tasks which help them gather information about consumers and others who can influence the planning of a distribution process. These tasks help to communicate offers more effectively, gain customers, and meet customers' needs and wants. (Armstrong, Kotler, and Opresnik 2016, 330)

Distribution channels are divided into three types. The first are direct channels which directly connect producers or manufacturers with the end customer. Advantage of this type is that manufacturers or producers can control the distribution process, build customer relationship, and customize their product. For example, the company Mary Key Cosmetics sells their products through e-shop and home sales parties where their beauty consultants promote and sell its products. (Armstrong, Kotler, and Opresnik 2016, 331), (Baines, Fill, and Page 2013, 334) The second type are indirect distribution channels. Businesses which use these channels rely on one or more intermediaries who perform distribution. The advantage is that a business can reach more consumers by creating networks of intermediaries. An example of indirect distribution is the company Mondelez which sells its brands, e.g. Milka through retailers, e.g. Tesco. (Mondelez International.cz), (Tesco.com), (Baines, Fill, and Page 2013, 335) The last type of distribution channels is hybrid which means that businesses provide a part of the distribution by themselves and another part of distribution is provided by intermediaries. This is used for examples by the company Ryanair which sells its flight tickets on their website as well as on the Letenky.com. (Ryanair.com), (Letenky.com), (Baines, Fill, and Page 2013, 335–336)

The intermediaries are essential part of distribution channels and there are several types. The first type of intermediaries is retailer. Retailers are businesses which sell products and services directly to the end customers, for example it is Marks and Spencer. Second type is wholesalers, i.e. businesses which buy huge amounts of goods and sell them to other intermediaries rather than to end consumers on the business to customer markets. However, on business to business markets wholesalers, e.g. Makro, sell goods directly to end customers. Agents and brokers are the third type of intermediaries and link buyers and sellers of a product and do not own the product which they offer. Another type is merchant which provides the same service as agents and brokers but owns the offered product. The fifth type is franchise. Franchise is a contract between two parties which allows the franchisee to sell a product or run a business with franchiser's proprietary knowledge and trademarks. (Baines, Fill, and Page 2013, 336–337)

### 2.3.4 Promotion

Promotion relates to activities such as advertising or public relations which serve to communicate with customers, gaining peoples' attention, and increasing brand awareness. Moreover, promotion serves to persuade people to buy products and has an educational purpose. For example, advertisements can teach people how to use a product or inform about its features. (Pride and Ferrell 2016, 8)

Promotion must reflect targeted segment's needs and wants to attract customers. A business which would promote its products to customers which have different needs and wants than is its product able to satisfy would face problems, e.g. with insufficient sales and demand. (Tručka 2013, 57)

There is a promotion mix composed of five major instruments: (Armstrong, Kotler, and Opresnik 2016, 394)

#### *Advertising*

First instrument is advertising. Advertising represents nonpersonal forms of presentation of products, services, or ideas. (Armstrong, Kotler, and Opresnik 2016, 394) Advertising is done through mass media, for example the Internet, radio, television, outdoor display, direct mailing, newspapers, magazines, sign on buildings or trucks and so on. It influences how customers perceive products and services. For example, when apples are advertised as organic from a local farm, a customer might think that they are healthier than these which are advertised as apples from Austria even that the customer does not have a proof. Advertising is focused on small segments of people as well as on big segments of people. (Pride and Ferrell 2016, 516)

There are several types of advertising which differs according to what a business wants to promote. The first type is the institutional advertising which promotes the philosophy, ideas, and image of a business. The second type is the advocacy advertising which promotes a business's opinions and attitudes about some public political issue, such as tax increase. Another type is the product advertising which serves to promote product's characteristics and benefits. This type is divided into pioneering and competitive advertising. Pioneering advertising means promoting a product category and explaining its benefits and concept. The competitive advertising means promoting a brand and its characteristics and advantages to boost demand. The fourth type of advertising is comparative which is based on comparing two or more competitive brands with very similar features. The reminder advertising is the fifth type and established businesses, or

brands use it to remind people and their customers about themselves by pointing out advantages. The last type is reinforcement advertising which serves to reassure purchasers that they decided correctly and provide them manuals about how to benefit from it. (Pride and Ferrell 2016, 516–518)

For advertising are also used advertising campaigns. It is a chain of advertisements which promote the same idea, they are in several different areas and promoted through different advertising media to reach a targeted group of people. (Pride and Ferrell 2016, 518)

### ***Personal selling***

Personal selling means speaking and getting in touch with customers directly or on the phone. It is the most effective way how to build customer relationships. The advantage of personal selling is that a salesperson can communicate a desired message without facing the thread of a misunderstanding. For example, the HP uses their salespersons to communicate their advantages of their services and products. (Armstrong, Kotler, and Opresnik 2016, 394), (Pride and Ferrell 2016, 546)

### ***Direct marketing***

Direct marketing is characterized by not involving any intermediaries to communication between business and its customers. The channels of direct marketing are sending emails, telemarketing, and social media marketing, such as Twitter. (Pride and Ferrell 2016, 460)

### ***Sales promotion***

Sales promotion is an activity which encourages and supports sales. There are several instruments for sales promotion. The first are coupons, i.e. tickets or documents which serves as a price reduction. The second instrument is cents-off offers which represent specific price reduction from the regular price. Than it is money refunds and rebates which offer a specified amount of money to a customer if he/she will meet conditions such as to purchase a single product. Moreover, these instruments are in store degustation and demonstration, free samples, “buy three and get one for free” discounts, or consumer contest or games where they can get a reward, e.g. for collecting a certain number of points. (Kotler and Armstrong 2016, 78), (Pride and Ferrell 2016, 564–569)

### ***Public relations***

Public relations (PR) represents a tool for keeping relationships with stakeholders through organizing events such as new stores openings, publishing blogs and magazines, or sending newsletters. Moreover, PR is based on publicity, news release, photographs, and press conferences. The different between PR and other tools is that PR does not promote through airtime in television, the Internet, or magazines. (Pride and Ferrell 2016, 497), (Baines, Fill, and Page 2013, 294)

## **2.4 Marketing mix 4C**

The marketing mix 4C represent a customer's perspective, shows what customers think about the 4P and emphasise the importance of a customer's opinion. The main idea of marketing mix from a customer's perspective is to start with creating 4C and after that 4P while creating marketing strategy. (Urbánek 2010, 41)

The first C stands for customer value which represents how valuable is a product for a customer and what benefits it bring to him or her. A customer chooses products which he/she wants to buy according to the customer value. Therefore, it corresponds with the product of marketing mix 4P. (Urbánek 2010, 41)

The second C serves for costs to the customer, i.e. all costs and expenses which a customer spends while gaining a product. It is important to consider these costs because they are an important factor which influence whether a customer buy a product or not. On the contrary, the price from the 4P model considers a company's costs. (Urbánek 2010, 41)

The third C equals to convenience. This category involves all processes which lead to buying a product. It serves to ensure that a customer feels comfortable while purchasing and buying product. (Urbánek 2010, 41)

The fourth C stands for communication which represents the fact that customers want to communicate with businesses and therefore a communication with customers influences customers perception and opinion of a product or service. (Urbánek 2010, 41–42)

## **2.5 Brand**

A brand is defined as every aspect of a company which distinguishes its products and creates knowledge about it in people's minds. It can be either logo, symbol, name, slogan, or experience connected with a product as well as functional features, shape, performance of a product, or marketing communications, delivery, packaging, and websites. Brand brings a message to customers and creates an image of a product or a company. (Pride and

Ferrell 2016, 329–330), (Baines, Fill, and Page 2013, 220) Therefore, branding is a way how to differentiate products or services from competition and a process of giving products and services specific characteristics, such as name or symbol to help customers recognise them. (Kotler and Keller 2016, 146)

Brand is valuable for both owners and customers. For owners, it is an asset whose value is measured according to its market power. Brand's specific characteristics help with product's identification and influence customers' buying behaviour. People tend to purchase products of the same brand because they know what to expect. Brands relate to specific features, quality, price, and benefit which is brought to a customer. Moreover, brands can represent a lifestyle or self-image. (Pride and Ferrell 2016, 330)

People create opinions based on their perception and experience with a brand. Their opinions can differ from the desired ones. This means that owners must keep brand recognition on a high degree and keep loyal customers who have positive opinion, and interest in their brand. Some of them are customers who use only one brand and do not accept substitutes. (Pride and Ferrell 2016, 331) A brand should be also positioned in customers' minds depending on owners' needs and wants. Customer's emotions should be engaged to achieve greater control over the perception. For example, Apple achieved to get loyal customers who use only Apple products because they created an emotional bond with the brand. (Kotler and Armstrong 2016, 276–277)

One of the distinguishing features of a brand is a brand name. It is a part of brand which is usually expressed by letters and/or numbers. A brand name should reflect the quality, content, price, quantity, service life, and performance of brand's products. Because of that customers do not need to search this information and compare competitive products and services. (Baines, Fill, and Page 2013, 219) A brand name can become a verb or a standard term of a product. For example, the name Google is nowadays used as a verb "to google," meaning to search on Google or on the Internet. (Pride and Ferrell 2016, 330)

Logos and labels are graphical tags which identify, promote, and describe a product or a brand. It identifies the name of a brand, describes where, when and by whom it was made. Logos are significant for promotion because they help customers to recognize a brand and therefore create bonds between them. They help to establish brands' image and position it in customers' minds. People connect different feelings, emotions or even tastes with brands, e.g. the logo of Coca-Cola can evoke the taste of this soft drink or a refreshing feeling. (Armstrong, Kotler, and Opresnik 2016, 239)

Slogans and taglines are features which represents a brand and help customers to differentiate it from competitive brands. Slogans carry a message which a brand wants to communicate to people and they serve to highlight qualities and services of a brand. Armstrong, Kotler and Opresnik suggest that brands should live their slogans to achieve the desired effect. They give an example of Zappos' slogan "powered by service" and emphasise that Zappos should provide unique customer service to achieve the desired effect. (Armstrong, Kotler, and Opresnik 2016, 217)

Two more terms which relate to branding are brand mark and trademark. Brand mark is a visual element, e.g. symbol or design, which helps to build and maintain a brand's image, whereas a trademark represents a legal protection of a brand name and a brand mark. (Pride and Ferrell 2016, 330)

Brands divide according to their type. These types are: manufacturer brands, private brands, and generic brands. Manufacturer brands are these which must distinguish and promote themselves to be recognized by its customers because retailers sell them and therefore influence the brand's positioning. For example, Coca-Cola promotes itself to build its wanted position in customers minds and not to be influenced by retailers. Private brands also called distributor brands are mostly retailers, dealers, or wholesalers who created their own brand which distinguishes their identity. For example, the private brand Tesco Value from Tesco. Generic brands are brands which do not promote themselves and provides only unnecessary information which are required by laws. Pharmaceutical companies use these brands. (Pride and Ferrell 2016, 333–334), (Baines, Fill, and Page 2013, 225-226)

There are two basic types of branding strategies. Firstly, it is the individual branding which means that each product carries different name. For example, the company Unilever owns and sells many brands such as Dove, Magnum, or Rexona. (Pride and Ferrell 2016, 335–336), (Unilever.com) Secondly, family branding means that all company's products have the same name or a part of the name. For example, the company Heinz uses family branding and offers Heinz Tomato Frito, or Heinz Mustard. (Heinz.co.uk), (Pride and Ferrell 2016, 335–336)

## **II. ANALYSIS**



### 3 THE COMPANY INTRODUCTION

The HOME INTERIER s.r.o. is a limited liability company. It is owned by Petr Šomodi and Jan Peterek who are at the same time representatives of the company. The seat of the company is in the centre of Ostrava, where its showroom and design studio are created. Therefore, the company operates mainly on the market of the Moravian-Silesian region. (Or.justice.cz. 2018)

#### 3.1 History and the recent situation

The company was established in 2005 with the idea of creating a business which will provide high-quality service in an exclusive showroom inspired by a foreign concept. The showroom and a design studio were opened later in 2007. (Šomodi 2018)

From the beginning, the company's main business partner is the well-established brand Hanák. Hanák's products are basic and fundamental components for designing interiors. Hence, the company HOME INTERIER is an authorized dealer of the brand Hanák. In 2012 the company started to cooperate with POGGENPOHL, a German exclusive brand of kitchens and became the first seller of the POGGENPOHL's kitchens in Moravia. (Šomodi 2018)

The company's initial range of products and services consisted of designing and install kitchens, however, through the years the range was upgraded. Not only accessories, but also furniture, such as sofas, carpets and rugs, beds, tables, or wardrobes, was added. This allowed the HOME INTERIER to design and install whole interiors, address more people, and gain new customers. (Šomodi 2018)

A showroom where are exhibited primarily sofas is opened since 2016. The showroom space is completed by conference and meeting tables, commodes, armchairs, and wardrobes. It is located in Ostrava next to the design studio. (Šomodi 2018)

The company Hanák a.s. created new unified design for their authorised dealers' business premises and HOME INTERIER will implement the design. This is supposed to help customers to recognize shops or interior studios where Hanák's product are sold. This means that HOME INTERIER will be even more connected with the brand. That is advantageous because Hanák a.s. is one of the most prestigious and respected Czech manufacturers of the interior equipment on the Czech market as well as on foreign markets, such as in Belgium, USA, England, Sweden, or Russia. (Hanak-nabytek.cz) Therefore, the fact that Hanák has this position can help raise awareness of the brand HOME INTERIER, because Hanák presents HOME INTERIER on its websites as the only

authorised dealer of Hanák's products. For example, if there is a person who moves from Slovakia to the Moravian-Silesian region and is Hanák's loyal customer will then seek where he/she can buy its products and furnish his/her house. (Hanak-nabytek.cz)

## 4 THE BRAND

The brand HOME INTERIER is defined by what the company does, what are the provided services. The brand itself does not produce its own products. According to company's representative the aim of the company is to become a synonym for a guarantee of quality and a bond and mutual understanding between the company and its customer. The company wants to achieve it through providing unique services to its customers, which are specified later in the analysis. (Šomodi 2018)

### 4.1 Philosophy

The core values of this company are personal and professional approach to customers, fulfilment of customers' wants and needs and design of their home according to their vision. The core of personal communication with customers is to personalize and tailor their interior. The brand's philosophy is based on 6 different pillars. (Šomodi 2018)

#### 4.1.1 Name

The owners of the company explain that the purpose of the name is to express what the company does. The interconnection of words "home" and "interier" is symbolical. The word "home" symbolize the company's ability to create a client's dream home and the second word express that the company focuses on indoor spaces. The shortcut "s.r.o." is added to the official name to make clear the company's legal form. (Šomodi 2018)

#### 4.1.2 Logo

The company logo is used in three versions. The logo was designed and create by the owner. The first version (Figure 1) is a symbol composed of black dots and a silver roof. According to the owner together they represent a black house with silver roof and black chimney. The second (Figure 2) is composed of the symbol and a text, both in black and silver colours. The text is the name of the company with the sign of the registered trade mark. The third version differs in colours. The symbol and the text are white, because this logo is used with a black background. According to the owner and author's perception the colours really symbolize simplicity and professionalism.



Figure 1- Symbol (homeinterier.cz)



Figure 2- Black and silver logo (homeinterier.cz)



Figure 3- Logo in negative colours (homeinterier.cz)

#### 4.1.3 Slogan

The company does not have a typical slogan however on company's website is a sign: "To musíte vidět na vlastní oči." This sign functions as encouragement for customers to come and see exposed kitchens, sofas, furniture, and accessories such as kitchen equipment. Although the website is overloaded with photos and pictures of products, they cannot give customers a 100% idea of how they look like in reality. The sign is placed in the bottom of the website right above contact information. See in appendices.

#### 4.1.4 Web and domains

Although the website [www.homeinterier.cz](http://www.homeinterier.cz) is focused on presenting the company's offer, it is not an online shop because customers cannot purchase products through the websites, they can only see the offer. (Homeinterier.cz) According to the owner and creator the website attempts to be simple and clear. (Šomodi 2018)

Visitors can go through scrolling menus which are divided into categories of different products. Not only customers but anyone who is interested in the company's service can arrange an appointment with one of the designers directly on the website in the section called "Domluvit schůzku" (English: Arrange a meeting). Moreover, company's e-mail, phone number and address are provided in the section "Kontakty" (English: Contact) (Homeinterier.cz) This simplifies the communication between the business and its potential customers. Regular customers can be in a direct contact with designers or a shop assistant. (Šomodi 2018)

Moreover, the company recently bought new domains to support an easier way a customer can find out the company on the Internet. The company owns four more domains which serves as company's additional websites. The first domain <http://www.hanak-ostrava.cz/> is focused only on presenting company's offer of the brand Hanák and introducing the company HOME INTERIER (H.I.) as the official seller of the brand in

Moravian-Silesian region. The remaining domains <http://www.hanakinteriery.cz/>, <http://www.hanakopava.cz/>, and <http://www.hanaknabytek.cz/> display the company's official website. Therefore, when a person searches keywords such as "hanák ostrava," "bora ostrava," "hanak opava," or "hanak nabytek" the first results will be the mentioned domains. (Šomodi 2018) The advantage is that a person who visits these domains will learn about the design studio HOME INTERIER s.r.o. in the centre of Ostrava.

#### **4.1.5 Delivery**

One of the company's characteristic features is personal communication. Therefore, the whole process of selling its products is very personal. The process involves the first meeting of customer and a designer or a shop assistant, who promotes, offers, and arranges accessories, to the final personal delivery of a finished product prepared to use. The owner emphasizes the personal handover of an installed kitchen or living room etc. and the final personal control of sold products and services. Accessories which are bought right in the design studio are packed in silver paper bags with the brand logo on it and therefore provide a customer service and promote its brand. (Šomodi 2018)

#### **4.1.6 Key alliances**

However, the company cooperates with many brands the company's main business partner is Hanák a.s. As is explained in more detail above, H.I. is the authorized seller of this brand. (Šomodi 2018)

BSH, i.e. Bosh Siemens Hausgeräte group, is the second ally and includes the brand GAGGENAU with which H.I. cooperates. The company has the exclusive right to sell GAGGENAU's products. (Gaggenau.com), (Šomodi 2018)

The company is the exclusive seller and importer of the brand BORA which produces cooktops and extractors. (This cooperation is advantageous because H.I. has a function of retailer but also wholesaler. (Šomodi 2018)

## 5 ANALYSIS OF THE MARKETING STRATEGY

### 5.1 Analysis of market and competition

This chapter analyses the market in Ostrava and direct and indirect competition. The market for interior equipment and the interior design market are abundantly covered in Ostrava, Moravian-Silesian region. There are direct competitors as well as indirect competitors. The direct competitors are design studios which provide the same service and offer similar products. The indirect competitors are discount seller of the same brands, shops with interior equipment, and firms which sells furniture.

In the table number 4 are listed direct and indirect competitors. The competition is analysed in a view of the fact that the company's focus is primarily on designing kitchens, is based in Ostrava and therefore focuses mainly on Ostrava and in its surroundings.

Direct competitors		Indirect competitors	
Interior design studios	Specification	Discount sellers, design studios, chain stores	Specification
Ab concept & design s.r.o.	Several brands	KIKA	One brand
Bodinger	Several brands	IDEA	One brand
Jkt interiery	Several brands	IKEA	One brand
Loknok	Several brands, design	ORFA	One brand
M&Š kuchyně s.r.o.	Authorised seller (Sykora)	Moebelix	One brand
Rena-kuchyně	One brand	Schmidt	One brand
Gorenje	One brand	ORESI	Several brands
HON-KUCHYNĚ	One brand	NEJČI nábytek	Several brands
Miele Center Ostrava	One brand (Miele)	SCONTO	Several brands
		Rezza	Only design

Table 1- Competitors (own creation)

Among the direct competitors are design studios which sell only one brand of kitchens or studios which sell several brands. The ones from the category of one brand sell either their own brand or they are authorized sellers.

The indirect competitors do not offer the same services as H.I. or they do not have the same concept of work and they are different type of business, such as discount sellers, chain stores, and shops with interior equipment who have several shops, or they are design studios which offer creation of interiors layouts. However, they sell furniture, sofas, accessories, and some of them design interiors.

Furthermore, it must be understood that all the competitors except the Rezza offer as well other interior equipment, not only kitchens and therefore sell e.g. appliances from different brands. For example, a designer designs a kitchen and uses furniture of the brand Hanák, but the appliances such as oven, dishwasher, and cooktop are from the brand GAGGENAU.

Based on observation of the company Ab concept & design s.r.o. and interview with the owner of the company HOME INTERNIER s.r.o. the Ab concept & design can be considered the biggest direct competitor in Ostrava. As is written on the Ab concept & design's website it offers designing interiors, painting and wall decoration, sale, import and assembly of furniture. According to the comparison of companies' websites, they both offer the following brands: Midj, Ruf Betten, W. Schillig, Ethnicraft, Miotto, and Bontempi. Based on information from the H.I.'s owner and observation of the company KIKA it can be considered the biggest indirect competitor in Ostrava. KIKA and H.I. sells these same brands: AEG, Blanco, Bosch, Electrolux, Franke, Siemens. KKA's offer involves 3D planning, assembly, custom-made sewing, delivery, sale of kitchens, accessories, bathrooms, indoor and outdoor furniture, moreover pet accessories, children accessories such as toys, offices, and school supplies. The company is a chain store with shops in Austria, Central and Eastern Europe. Therefore, these companies are used for comparing ways of promotion.

The analysis of market and competitors was done via the Internet by analysing companies' websites, the website Firmy.cz, and searching for different keywords such as "interiery ostarva," "nabytek ostrava," "design studia ostrava a okolí." Furthermore, the data was gained via interview with the owner and based on observation in the city.

## 5.2 SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• The only seller of the brand Hanák in the Moravian-Silesian region</li> <li>• Exclusivity for several brands in the Moravian-Silesian region</li> <li>• A various assortment of luxurious goods and offer of brands which are not offered by competitors</li> <li>• Products in showroom and exposition in the design studio</li> </ul>	<ul style="list-style-type: none"> <li>• The process of designing, instalment, and selling is time consuming.</li> <li>• Higher prices</li> <li>• The brand is heavily reliant on Hanák</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Boost of cooperation with the brand GAGGENAU and offering their newest and revolutionary cooking systems</li> <li>• Implementation of the Hanák's concept and therefore becoming more connected with the brand</li> </ul>	<ul style="list-style-type: none"> <li>• Competition may copy ideas, drag employees or co-operators, and pay them more.</li> <li>• Customers' late payments of orders</li> <li>• The company heavily relies on Hanák which means that if Hanák gets into problems (e.g. significant decline in demand) the HOME INTERIER will get into problems as well.</li> </ul>

Table 2- SWOT (own creation)

The company's biggest strength is being the only authorized seller of the brand Hanák and have the exclusive right to be one of the few sellers in the Czech Republic of the brands Bora, POGGENPOHL and GAGGENAU. (Šomodi 2018) The second strength is the offer of products which are made from high-quality materials and the offer of very innovative and modern technologies. Most of the materials and technologies are unique and differ from the ones sold by competitors. For example, the brand BORA has unique patented extractors and cooktop systems. (Bora.com) Providing the possibility to see examples of kitchens and other interiors and show samples of materials to customers is an advantage and promotion of the company's work.



The process of designing, making, and installing an interior is longer than the process of buying a ready-to-assemble kitchen e.g. in Ikea and therefore customers who do not want to wait decide to go to the competition. The service provided by H.I. takes at least three months. The time is depended on the size of the interior, the time of creation of the final design, and the time of manufacturing. (Šomodi 2018) Since the prices corresponds to products and services' high level of quality, the company loses customers who prefer cheaper products and services rather than high-quality. Because of the technologies and materials used by the brand Hanák, situations when the service time or the production time is even one month longer than the regular one appear. (Šomodi 2018)

Now the H.I. has opportunity to boost cooperation with the brand GAGGENAU. It is a well-known and established brand in Prague but not in Ostrava. Because H.I. considers the brand to be high-quality one which expands greatly the company want to use the opportunity and become the one who will raise the awareness of this brand in the Moravian-Silesian Region. The brand is in the same price category as the brand Miele which is sold and demanded in the region but according to the H.I. (Šomodi 2018)

As was mentioned before in the text, H.I. is preparing to implement the new Hanák concept, which should help the company to increase awareness about its brand.

Since recently some salaries have increased, people think that this is happening in all industries. However according to the owner of the company in their field is not the trend of increasing salaries and the threat is that competitors entice his employees and co-operators to work for them with a vision of a higher salary. The second problem which threatens the company is imitating and copying the designers' work by competitive designers, e.g. from Ab concept & design. Another threat is that competitors try to get or take over H.I.'s exclusivity of some brands such as Bora. In the past this already happened for example with the brand Ethnicraft. The company gets in troubles when customers are late with their payments. The fact is that the company must pay for the equipment before it is installed and before the customer pays for it. However according to the owner this do not happen very often once a year on average. (Šomodi 2018)

### **5.3 Targeted customers**

The targeted segment of potential customers can be divided into two groups. The first group are people who seeks personalized high-quality and luxurious interior. People who want personalized, but economical and not very expensive interior form the second group. According to the owner their customers are mostly over 40 years old and therefore the company focuses on the age group from 40 to 60. (Šomodi 2018)

### **5.4 Positioning and Differentiation**

The company defines itself as a company with professional and trained team which is ready to design and realize your interior from a wide offer of products of the highest quality and design. The team pride themselves on their ability to provide the best and at the same time a various range of kitchens and other interior equipment. They emphasize that the offered interiors are modern as well as rustic and everything is up to their customers' taste. The team's challenge is to satisfy clients who want high-quality and luxurious products. On the other hand, to create economical and modern interior is a pleasure. (Homeinterier.cz)

Nowadays the company offers to its customers high-quality and renowned brands. The company is the only authorized seller of the brand Hanák and the only seller and importer of the brand Bora in the Moravian-Silesian region. (Šomodi 2018)

### **5.5 Competitive advantages**

The company offers very personalized and individual approach and emphasizes constant communication and cooperation between designers and customers. The company's strong competitive advantage follows this. The business meetings and meetings of customers and designers do not have to take place at the design studio, but wherever it is suitable for both sides. (Šomodi 2018)

### **5.6 Marketing and financial objectives**

The main marketing objectives of the company for the past two years and the current year are to increase the sale of sofas, to sell out the old collection of POGGENPOHL kitchens. The effort to achieve these objectives were supported by a campaign described in the subchapter of promotion. The only financial objective which the company set for the current year is to increase sales. The company does not have a developed strategy how to

achieve these goals but wants to start advertisement of GAGGENAU's products. (Šomodi 2018)

Considering what a theory (Baines, Fill, and Page 2013, 314, 400) says about SMART goals, i.e. that a company should determine their objectives according to five criteria: Specific, Measurable, Achievable, Realistic, Time-framed the company does not stick to them. The company use only three of these criteria because it specifies its goals by knowing what the company wants to achieve, why it is important, which resource does it use and who is involved, then the company sets the time period and considers if the objective is beneficial and matches the company's needs and socio-economic environment.

However, the company does not measure how successful the company is in achieving the objective or measure the efficiency of the investment in achieving the objective. (Šomodi 2018)

## 5.7 Marketing mix

In this chapter are analysed marketing mix tools, i.e. product, price, place, and promotion.

### 5.7.1 Product

The offer of H.I. includes a creation of interiors with its installation, home appliances, floorings, rugs and carpets, furniture, and accessories. Customers can either buy the whole interior or only accessories, appliances, or equipment, which they want to renew or change. (Šomodi 2018) In the following subchapters are described and analysed products and provided services. In the table 1 are listed the most significant and frequently sold brands divided by product categories.

	Categories						
	Kitchens	Tables & Chairs & Sofas	Solitaires & Living room sets	Wardrobes & Closets	Beds & Armchairs	Floorings & Doors	Accessories & Appliances
<b>Brands</b>	Hanák	Hanák	Miotto	Hanák	Miotto	Inku	Bora
	Poggenphl	miotto	Hanák	Ethnicraft	Ethnicraf	Tilo	Gaggenau
		KFF	Ethnicraft		Hanák	Quick-Step	Gutman
		InElis	Mr.Marius		GW design	Miotto	Miele
		Ethnicraft			Ethnicraft	Hanák	Siemens
		Midj			Ruf Betten	Zlomek	Electrolux
		TON			Mezler		Zanussi
		Pedrali			Ahorn		Bosch
		LD Seating			Hilding		Miotto
		Bontempi			Anders		Potten Pannen
		Egoitaliano			InElis		Nieuwkoop
		Maxdivani			Egoitaliano		Lechuza
		W.Schilling			Maxdivani		Eva Solo
							Blanco
							Franke
						Schock	

Table 3- Brands (own creation), (Homeinterier.cz)

### *Products*

The range of products is quite wide, since the company sells products from more than 41 different brands. The brands are Czech as well as foreign. However, the brand itself does not produce any products and therefore what mainly makes up the brand are its services. (Šomodi 2018)

Primarily, the company focuses on designing and thus selling kitchens and other parts of interiors. Kitchens come under different price ranges to accommodate various spending habits of their customers. This is possible because every kitchen, but also other parts of an interior are customized and designed according to the customer's needs and vision. The main supplier of kitchens is the brand Hanák. This brand covers the segment of customers who want high-quality, functional and design kitchens. The next supplier is the brand POGGENPOHL which on the other hand sells luxurious kitchens which are in a higher price category than Hanák. Among other parts of interiors are living rooms, dining rooms, bedrooms, halls, closets, studies, workrooms, and other kinds of rooms. (Šomodi 2018), (Hanak-nabytek.cz)

The second biggest category of products is tables, chairs, and sofas. The company can provide various kinds of tables, mostly coffee tables, dining room tables, and bedside tables. The offer of chairs and sofas is diverse as well. For example, there are chairs suitable for dining rooms, workrooms, or barstools. Sofas are components which complete the overall appearance of a room and since interiors are always personalized and different, there are many brands of sofas. Customers with different tastes then do not have a problem to choose thanks to the variety of styles of chairs, tables, and sofas. Hence, the company sells quality brands and tries to promote the connection of the brand with these brands. For example, the company displayed its cooperation with the brand POGGEPHOHL and Hanák through billboards which contained logos of all these three brands. See in appendices. (Homeinterier.cz)

Solitaires, living room sets, wardrobes and closets are an inseparable part of an interior. The advantage is that a customer can either choose an already existing model from catalogues or have designed his own locker, wardrobes, etc. which suits his/her interior the best. The second option is used more often since the company is focused on making whole personalized interiors. The company's designers design an interior according to the customer's wants and needs. When there is not for example a locker which would suit the customer's kitchen the designer can design or adjust the locker according to the customer's needs because after the designer designs the kitchens, i.e. determined the

parameters and visual aspect of the kitchen, he/she sends an order to Hanák factory, where is the kitchen manufactured. (Šomodi 2018)

The offer of beds and armchairs is not large, but the category includes many brands. Beds and armchairs are among the essential and indispensable interior fittings, just like the other elements such as tables, chairs, kitchen sets etc. Their brands are Czech as well as foreign. (Homeinterier.cz), (Šomodi 2018)

The production of interiors relates to floorings and doors. They are as well a part of company's offer. There are several types of floorings: wooden floors, laminate floors, vinyl floors, carpets, and rugs. Although suppliers to other categories are mostly foreign, the category of doors is the opposite. The offered doors are from two Czech suppliers, Hanák and Zlomek. (Homeinterier.cz)

Based on analysing the company's website household appliances is a large category, which is fundamental for creating interiors. It is mainly represented by foreign brands and forms a significant part of the company's profit. However, the sale of accessories is only ancillary and therefore creates a very small share of profit. Among the accessories customers find vases, flowerpots, photo frames, dishes, kinds of glass, cutlery, and pots. (Homeinterier.cz)

### *Service*

Services provided by this company are designing, installation and repairing. These three steps together create the process of selling. Based on analysing the company's activities and how does it operate, providing these services on a high level of quality is crucial for the brand because they define and represents the brand.

There are several steps which are made to successfully provide a service and sell a product or a service:

- The first step of the process is to meet with a customer and find out what he/she wants, wishes, or needs. (Šomodi 2018)
- The second step is to discuss and design a kitchen, a living room, or another part of an interior. The discussion is between a client and one of the designers in the design studio. The designer discusses details and the client's vision. He or she then creates final layouts. When the layouts are approved all components are ordered. (Šomodi 2018)
- The next step is the installation which is provided by the company's assemblers. They can clarify the use of some components if it is needed and they must prepare

the installed interior for use, e.g. switch on the water supply, or clean up sawdust, packaging, and wrappings. (Šomodi 2018)

- The final step is to check the installation and to handover the order by the designer who designed the interior. Because the company offers extended warranty from three to five years on kitchens any future repairs are provided during the warranty period. (Šomodi 2018)

However, when there are customers who want to buy accessories or appliances or sofa and are not interested in having a whole kitchen or another part of interior designed, then the sales assistant communicates with them. The first step of selling process performed by the shop assistant is same as for the designer, but then it differs, and she must show what the company offers. For that she mainly uses catalogues but, in some cases, also websites of brands and HOME INTERIER s.r.o. Her task is to help the customer to choose for example accessories, chairs, or sofas. (Šomodi 2018)

These company's services are very personalized and influence what customers think about the brand HOME INTERIER. The company's representative declare that the loyal customers have chosen this brand because of its services.

### *Customer services*

Customer service provided by the company is closely linked to the services which the company offers.

Firstly, the company provides snacks and drinks on meetings and appointments with customer. For example, coffee, tea, water, biscuits, or juice. Secondly the company packs and delivers products in silver paper bags with company's logo. (Šomodi 2018)

Designers who works in the company are supposed and have specific skills to provide quality customer service. According to the owner these skills are patience, communication skills, time management skills, attentiveness, persuasion skills, empathy, willingness to learn new things, and they should be specialists in the field. Based on observation in the company it seems that designers have these skills.

The company also provides a service of demonstrating and explaining usage of appliances and accessories. This happens either before or after purchase of the product. The person who provides this service can be an assembler or the shop assistant, or a designer it depends what the product is. (Šomodi 2018)

However, the company does not monitor how their customer service influences customer's perception of the brand, what they want or expect, and what should be

improved. The owner knows that customer's reactions are positive but there are no analysis and data which would prove the effectiveness of these services. (Šomodi 2018)

### 5.7.2 Place

The design studio and the showroom are in Ostrava centre near the historical centre and a shopping centre Forum Nová Karolina. The design studio and showroom are in two separate buildings, but they are very close to each other, around 40 meters. The design studio is the place where are held the appointments with customers. Because Ostrava is the biggest city in the region, the infrastructure, i.e. ways how to get to the design studio, is good and customers from surrounding areas can get there by several modes of transport and therefore it could be said that the studio and showroom are easily accessible. (Šomodi 2018)

### 5.7.3 Price

The prices of created interiors, e.g. of a kitchen, are derived from the prices of individual components. There are several factors which influence the final price. They are the size, materials, colours, type of appliances, type of components, e.g. cabinets with or without drawers, and so on. Therefore, there is no standard price of a kitchen. However, the average price calculated from already sold kitchens is 300 000 Czech Crowns. (Šomodi 2018)

The company has a pricelist of provided services. (Šomodi 2018)

SERVICE	PRICE
Design of a kitchen	5,000 CZK
Design of an interior	from 10,000 CZK
Assemblers' work	250 CZK/hour

Table 4- Pricelist (Šomodi 2018)

The price of a kitchen design and therefore designers' work starts at 5,000 CZK, if a customer wants to design more parts of interior or the whole interior the price starts at 10,000 CZK. The assemblers' work is generally charged 250 CZK per hour, but when the price of the instalment and repairs is calculated other factors influence the final price. These depend on how demanding an assembly is, transport costs, and work of hired field specialists, e.g. gas man or electrician.



#### 5.7.4 Promotion

In this chapter are analysed different forms of promotion which the company uses and the finances which are invested into promotion.

##### *Finances*

The company spends between 200,000 CZK and 300,000 CZK per year on marketing, especially websites and billboards campaigns. The cost of their websites maintenance per month is around 7,000 CZK. (Šomodi 2018)

##### *Cooperation*

The company itself does not directly cooperate with any influencer or a well-known person, but a few brands with which the company cooperates do. For example, the brand BORA cooperates with the Slovak road bicycle racer Peter Sagan. Firstly, he is a racer for their UCI WorldTeam Bora-Hansgrohe and secondly, he is Bora's cooking revolution ambassador. This is advantageous because people, potential customers, connect the ambassador's face with the brand and might decide to buy its products. When they decide they must find out where to buy the product and thus reach the HOME INTERIER company. (Šomodi 2018)

##### *Advertising*

In the past the company tried several ways to promote the brand HOME INTERIER and its services. Advertisements were in radios, magazines about living and design, as well as in regional periodicals, e.g. the Deník of Mladá Fronta Dnes. However, none of these caused an increase in sales or either in profit. (Šomodi 2018) Therefore, the owners decided to focus on their websites, internet advertisements, social media, and outdoor advertising-billboards, wall advertisements and advertisement on the company's cars.

##### *Advertising campaigns*

The company recently had a billboard campaign. This campaign promoted sofas of the brands W.Schilling and InElis. The billboards were on several places in Ostrava. One of these billboards was on road Rudná on arrival to Ostrava from Havířov and another billboard was near to the Auto-Heller in Ostrava on the Hornopolní street. (Šomodi 2018) See appendices.

The company also had several other billboards promoting the design studio itself. One of these billboards was near to the supermarket Globus in Ostrava-Poruba and was seen by

people coming from Opava. The second of these billboards was at Ostravice Golf Club. This was an advantageous place for the advertisement because the company gained significant number of new customers. The specific number is not known. (Šomodi 2018) See appendices.

### *Internet advertisements*

The company does not currently have any internet advertisement. In the past, the company used the PPC (Pay per click) advertising model called Sklik. According to the owner the aim of was to gain customers through this advertisement but it was not achieved. (Šomodi 2018)

### *Websites*

On the company's websites are now promoted sales of sofas exposed in the showroom and the design studio, then sofas of the brand Egoitaliano from Anteprima collezione 2017, and 25% discount on the brand InElis for the year 2018. There is no specific campaign for these discounts, only an advertisement on the main page of the website. (Homeinterier.cz)

### *Comparison of promotion of companies HOME INTERIER, Ab concept & design s.r.o., and Kika*

	Outdoor wall advertisement	Bill-boards	News letters	Blog Magazine	Leaflets	Social media
<b>HOME INTERIER s.r.o.</b>	YES	YES	NO	NO	NO	YES
<b>Ab concept &amp; design s.r.o.</b>	YES	YES	NO	YES	NO	YES
<b>KIKA Nábytek s.r.o.</b>	YES	YES	YES	YES	YES	YES

Table 5- Comparison of promotion (own creation)

Based on observation via the Internet, TV, and in Ostrava was gathered data and analysed different types of promotion used by these three companies. In the table number 5 are six types of companies which are used by a company (YES) or are not used by a company (NO). These types of promotion were the only ones that could be compared based on the data obtained. The data was collected within the month April and in Ostrava.

The analysis clearly shows that the promotion of the chain store KIKA significantly differs from the other two companies. KIKA used all six types of promotion in one month while HOME INTERIER used three types and Ab concept & design used four types. This shows that the HOME INTERIER's main indirect competitor has better and more extensive promotion and communication with their customers. The direct competitor has an accessible magazine on its website, but the last contribution is from February 2017 therefore the magazine was not directly used for promotion or communication with its customers.

All three companies use Facebook and Instagram form communication and promotion but the company HOME INTERIER did not used it in the analysed month. How companies use their social media account is analysed in following paragraphs.

### *Social Media*

Nowadays the company uses Facebook and Instagram for presenting photos of designed interiors reminding people of current sales and discounted products, and about what is new in their showrooms. The company does not use paid advertising through social media. (Šomodi 2018)

	Facebook		Instagram	
	Number of followers	Number of posts for the last half year	Number of followers	Number of posts for the last year
<b>HOME INTERIER s.r.o.</b>	304	0	87	18
<b>Ab concept &amp; design s.r.o.</b>	62	109	does not have	does not have
<b>KIKA Nábytek s.r.o.</b>	19 427	158	1 572	140

Table 6- Social Media (own creation), (facebook.com), (instagram.com)

The table number 5 shows that HOME INTERIER's activity on both Facebook and Instagram is lower than the activity of other two companies. Especially KIKA add posts almost every day and the company's followers comment on them while the last comment on HOME INTERIER's post is from July 2017. The Ab concept & design's post was last commented in April 2018. If it is considered that the Facebook account is intended to serve for presentation of company's work, delivery of information about discounts etc, and communication with customers it means that the company does not use it effectively.

According to the owner of HOME INTERIER the company's Instagram account is focused on presenting designers' work and communicating with potential and regular customers but it does not fulfil its function. The company's designers designed a lot of interiors since August and did not present it the company as well as the company did not keep in touch with its followers by adding posts and therefore it lost some of their followers. (Instagram.com)

The company does not have any specific campaigns focused on social media. There is no person who would be directly in charge of marketing and promotion because the company does not want to higher marketing agency or a marketing specialist and therefore the focus is on the website and billboard campaign. (Šomodi 2018)

## 6 SUGGESTIONS FOR IMPROVEMENTS

This chapter summarizes suggestions for improvements which should be done to promote the brand, company's work, and increase the awareness of the company.

### 6.1 Development of marketing strategy

Because the company do not prepare a written plan and a strategy for marketing and promotion, the first suggestion is to create the strategy at least for one year ahead. Based on the theory it is suggested that the company should do the following steps.

#### 1. Analysing company's internal and external situation

The first step is to determine H.I.'s current position on the market, analyse its main competitors and understand who its customers are.

For analysing the company's internal and external situation should be used the S.W.O.T. analysis, i.e. analysis of strengths, weaknesses, opportunities, and threads. The company might use the one which is provided in this work.

To determine the current position company should clarify the unique selling propositions which it differentiates from the competition. The company should find its main competitors and analyse which different characteristic (positive or negative) they have.

The company knows that their customers are mostly around 40 years old and live in the Moravian-Silesian region. Therefore, the targeted group should be based on it.

#### 2. Financial and Marketing objective

The company should think about what it wants to earn and achieve. Firstly, should be determined the financial goal and marketing goal. The financial goal can be, for example, to increase sales of Hanák's kitchens by at least 40% in one year and therefore the marketing goal can be to gain at least 30% of new customers in one year. The remaining 10% should be covered by regular customers who make repeated purchases.

These objectives can be based on the theory of SMART goals, i.e. specific, measurable, achievable, realistic, and time-framed objective. Therefore, the company should specify its goal, i.e. what should be achieved, why it is important, which resource does it want to use and who will be involved. The company should determine the time-period, e.g. one year, and benefits which the objective brings. The goal must match the company's needs and be measurable. E.g. the company should measure how successful it is in achieving the objective or measure the efficiency of the investment.

### **3. Determination of way how to achieve company's objectives**

Now the company should ask three questions: *What should I do to catch attention of targeted customer?*, *Where, when and how can I reach them?* and *What do I need to achieve my goals?*

Firstly, the company must determine what message should customers get and secondly, what kind of promotion should be used. If the company wants to increase sales of Hanák's kitchen it can use e.g. web banners or billboard campaign emphasizing the unique features of Hanák's kitchens. After that, the company should consider the place of advertisements and because the company focuses on the Moravian-Silesian region it can be, e.g. in bigger cities in the region. Furthermore, the company should determine which resource are needed for achieving its objectives and who will manage the implementation of the strategy, who will create and produce the advertisement, e.g. who will design the billboards and which company will manufacture them, calculate costs, and set the final budget.

### **4. Key performance indicators**

The fourth and crucial step is to create key performance indicators. This marketing tools serve to analyse the effectiveness of marketing strategy. Firstly, the company should determine the number of customer which it gained and lost to find out whether the company satisfied its customers' needs and wants. The second tool measures the difference between actual and projected revenue to understand how the company is performing and the third tool analyses the customers satisfaction and retention. Therefore, the company finds out how many customers come back and how they are satisfied with the company's services. The last but step which is a calculation of return on investments (ROI) which indicates how effective and efficient were the company's investments.

### **5. Implementation and evaluation**

The implementation and evaluation of the marketing strategy means that the company must determine when the strategy starts, ends, or is renewed. The strategy must be controlled and measured through the tools mentioned above. It is important to do overall evaluation of the strategy to find out if it was successful and if the company achieved its objectives. Furthermore, the company must determine what should be improved or changed.

Because creation of a marketing strategy is a complex and long process it is suggested that the company hire a marketing specialist. This person would be in charge of creating,

implementing, and evaluating marketing activities. The person should have several characteristics:

- English (B2) – communication with foreign brands
- very good knowledge of Czech language
- ability to use Microsoft Word, Excel
- experiences in marketing and online marketing
- know different tools such as Mailchimp, or Sklik
- flexible and self-reliant

Based on observation of average wage of marketing specialists and assistants in the Moravian-Silesian region the wage 22 000 CZK per month is suggested.

## 6.2 Website

The company's website was renovated 3 years ago and got a new and modern design. Nowadays it is adjusted to all resolutions, which is advantageous. However, there are several problems.

### *Images*

The website contains many images. A considerable part of the images has a bad quality and a poor resolution. Because the brand presents itself as a seller of luxurious, high-quality products this harms its image. The suggestion is to change the poor pictures for high-quality ones. The pictures should be obtained from the brands' marketing agents. The brands can provide the materials to the company. It is also representation of their brand. (See appendices)

The pictures which should be substituted are in the following website categories:

1. Solid wooden floors: Tilo
2. Home accessories: Nieuwkoop, LSA
3. Bedrooms and beds: Miotto
4. Tables and chairs: Pedrali, InElis
5. Sofas and armchairs: InElis, miotto
6. Dining rooms and chairs: Pedrali, InElis

### *References and presentation of company's work*

It is suggested to improve and update the website's section of references where is presented company's work. (See appendices) To this section should be added up-to-date photos and overall presentation more often. There should be as well testimonials. This

might be in a form of short quotes of maximum 60 words completed by star rating. This should support customers' curiosity and trust. The suggestion how testimonials should be gain is following. The company should send an email containing short message of thanks that the person is its customer and a request of a feedback. Testimonials can be as well gained from Facebook and Instagram accounts.

Another part of this section could be 3D models of designed interiors, so customers can see them with their own eyes. This should help customers to imagine how their future kitchen and dining room might look like in their house.

### **6.3 Social media marketing and billboard advertisement**

Since the company does not employ and neither cooperate with a person in charge of marketing, the manager does this work. Therefore, there is a little time left to update the social media accounts, and the company is not as active as it should be to increase the awareness and promote the brand through the media.

The Instagram account is linked to the Facebook account which simplifies the maintenance. The company should add regular posts which will show what is happening in the company, new offerings and discounts, and work of designers. Thanks to catalogues, databases, and showrooms, it is possible to get photos when it is needed and prepare Instagram post. Moreover, the Facebook page should be used for communication with regular customers and people who are interested in design. Therefore, it should serve to inform customers and followers about new products, technologies, and trends. For example, when the brand Bora will create a new extractor the company can inform their customers about the technology. As a result, the company promotes itself and the brand.

The solution of staying active on social media although there is a lack of time for it is to hire the marketing expert who was suggested earlier and invest to social media advertisements. The company should focus on the brand GAGGENAU to increase the awareness and sales of their products. Other reasons were explained before in the SWOT analysis. Therefore, HOME INTERIER should use paid advertisement on Facebook and Instagram completed by two billboards in the centre of Ostrava for half year. The company should use the ad rotation system and use 3 pictures containing logos of HOME INTERIER and GAGGENAU.



Suggested price of advertisement	4 500 CZK/ 6 months
Marketing specialist wage	132 000 CZK/ 6 months
Suggested price of two billboards	48 000 CZK/ 6 months

Table 7- Suggested costs (own creation)

The prices of social media advertisement and billboards are based on Facebook's offer and own observation of average prices in Ostrava.

## CONCLUSION

The theoretical part of this thesis explained basic terms connected to marketing and marketing strategy. The part is divided into chapters and subchapters which describes the terms in detail.

The thesis has proposed an analysis of marketing strategy of the company HOME INTERIER s.r.o. and suggestions for its improvements.

The analysis showed that the company does not have a developed marketing strategy or either a marketing plan mainly because the company does not clearly determine objectives which should be achieved by e.g. its billboard campaigns or website. The company does not use the key performance indicators and does not evaluate results of its marketing activities. Therefore, the author suggested which steps should be done to develop successful marketing strategy. Furthermore, it is suggested to develop strategy for one year ahead to plan all steps in detail and follow them through the year without the need of creating new plans every quarter or a half a year which would be time-consuming.

The company tried several ways how to promote itself through different types of advertisements, such as in radio or on the Internet, but it considered them to be ineffective and the company sticks for the last three years only to billboard and outdoor wall advertisements which is evaluated as effective. For example, the billboard campaign supporting the cooperation of Hanák, Poggenpohl and HOME INTERIER s.r.o. achieved its purpose to increase the awareness of the brand and gain new customers. Based on the data the author suggested to create a joint billboard campaign of the company and GAGGENAU.

The effectiveness of company's websites and social media accounts were also analysed. The company's website does almost satisfy its purpose but there are two main problems with images and presentation of company's work. The author provided suggestions for their solution.

Since the company aims to use social media for communication with their customers but is unsuccessful the author created a proposal on its improvement complemented by paid advertisements and the billboard campaign.

The last and important result of the analysis is that the company does not manage its marketing activities in sufficient and desired way because there is no one who would be fully engaged in marketing. Therefore, the author suggested to hire a marketing specialist.

All of the suggestions are based on an evaluation of the analysis and created according to knowledge of theory presented in theoretical part of this work.

The author is pleased to propose the analysis and suggestions to the company and she would be pleased to see the company to accept and use them.

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**LIST OF ABBREVIATIONS**

CZK	Czech Crowns
H.I	HOME INTERIER s.r.o.
e.g.	For example
i.e.	That is
PR	Public Relations
STP	Segmentation, Marketing, Positioning and Differentiation
USP	Unique Selling Proposition
4C	Marketing mix from the costumers' perspective
4P	Marketing mix: Product, Price, Place, Promotion

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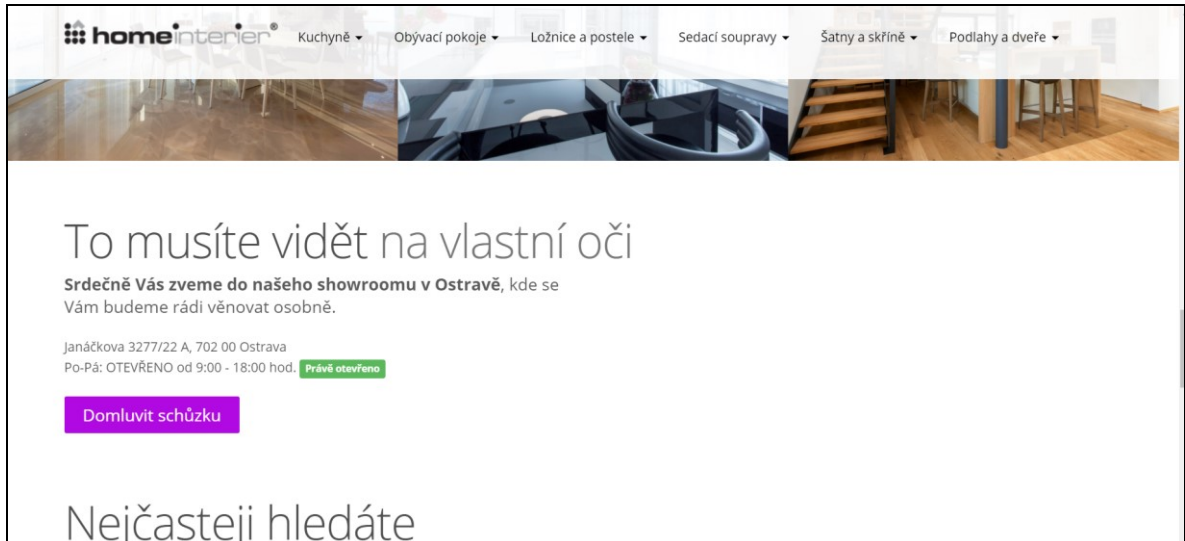
## APPENDICES

The appendices contain the following documents:

- P I        Screenshots of websites
- P II        Billboards
- P III       The design studio and the outdoor wall advertisement

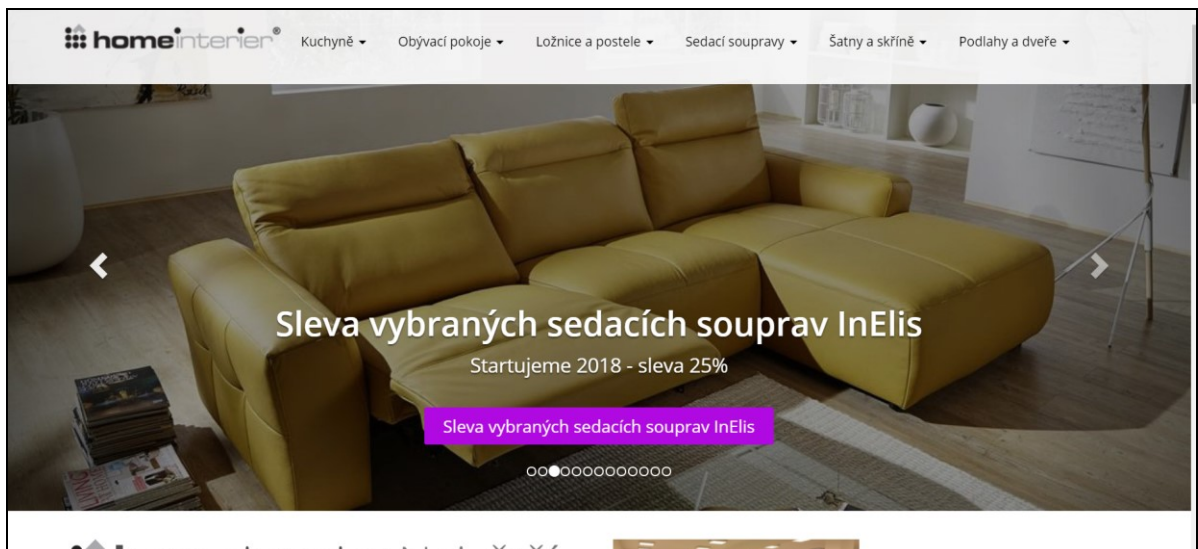
## APPENDIX P I – SCREENSHOTS OF WEBSITES

Placement of the sign “To musíte vidět na vlastní oči”



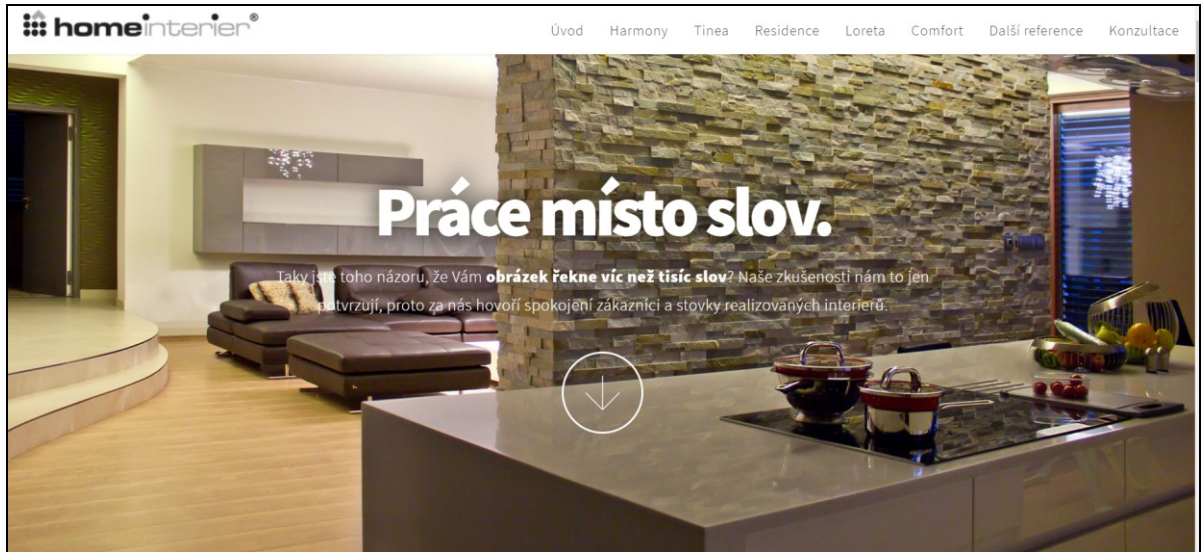
(homeinterier.cz)

25% discount InElis



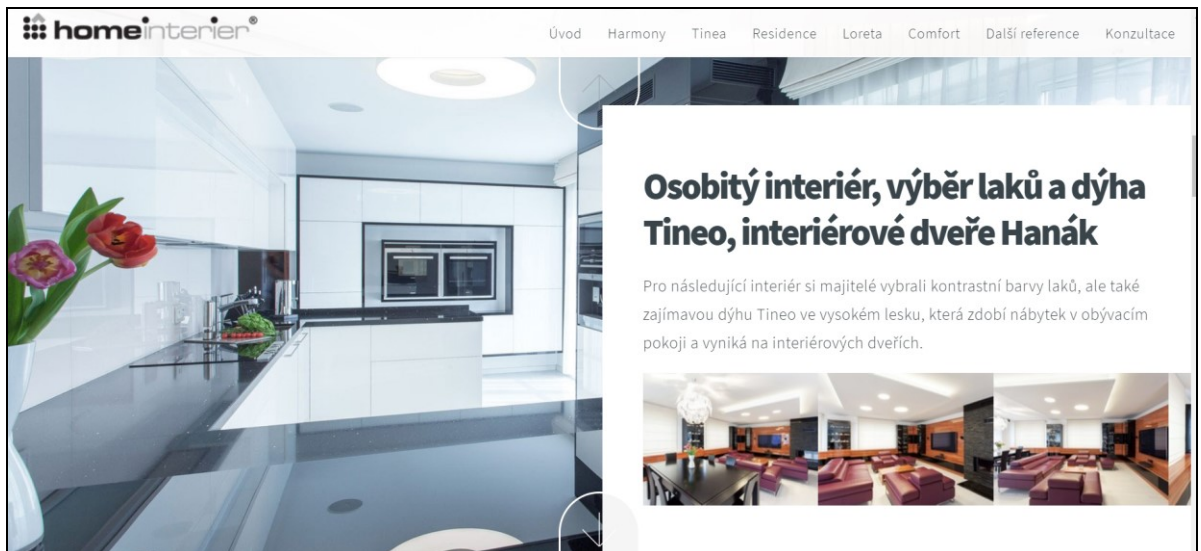
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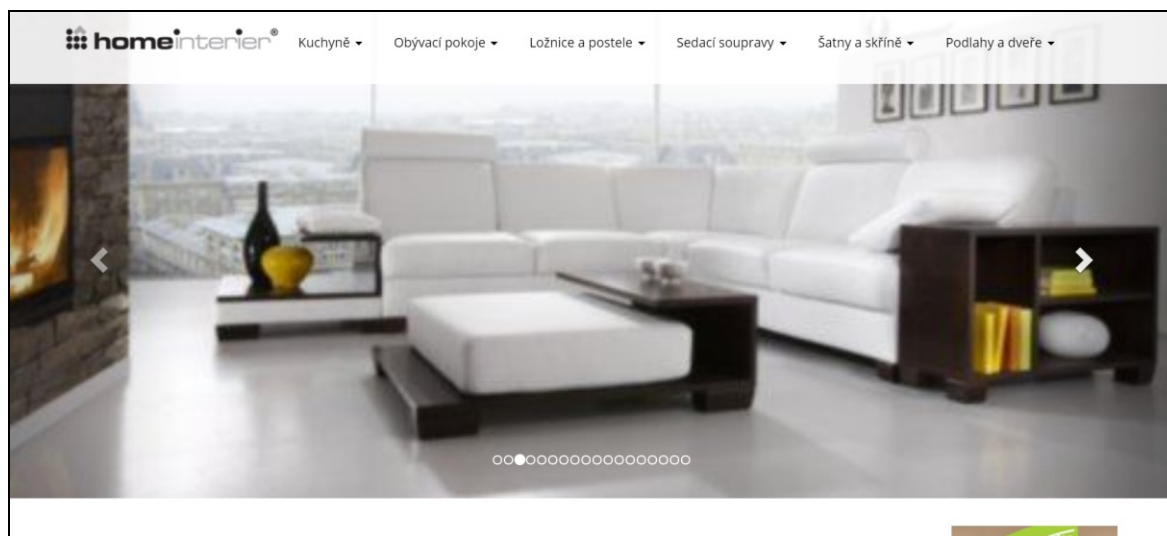
(homeinterier.cz)

## The section “Reference” 2



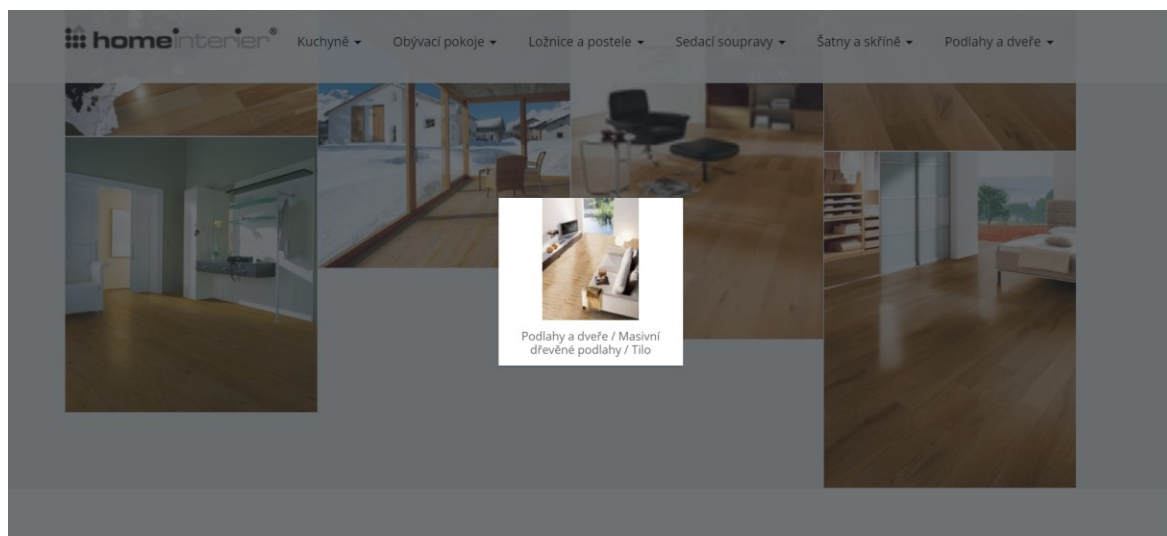
(homeinterier.cz)

Image from the website – InElis



(Homeinterier.cz)

Image from the website – Tilo



(Homeinterier.cz)

## APPENDIX P II – BILLBOARDS

Billboard with three logos of HOME INTERIER, POGGENPHO, and Hanák



Source: Provided by the company HOME INTERIER s.r.o..

Billboard at Ostravice Golf Club



Source: Provided by the company HOME INTERIER s.r.o.

Sofas InElis



Source: Provided by the company HOME INTERIER s.r.o.

## APPENDIX P III – THE DESIGN STUDIO IN OSTRAVA AND THE OUTDOOR WALL ADVERTISEMENT



Source: Provided by the company HOME INTERIER s.r.o.