

A Competitiveness Analysis of a Selected Company

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ABSTRAKT

Tato bakalářská práce se zaměřuje na oblast konkurenceschopnosti vybrané společnosti na trhu. Cílem práce byl popis a analýza současného stavu konkurenčního postavení vybrané společnosti na trhu. V teoretické části byla zpracována literární rešerše z oblasti konkurenceschopnosti a vybraných marketingových analýz. Praktická část byla zaměřena zejména na analýzu současného stavu konkurenčního postavení vybrané společnosti na trhu. Na základě výsledků analýzy byla navržena doporučení, která by dopomohla vybrané společnosti zlepšit její současné konkurenční postavení na trhu, na kterém působí.

Klíčová slova: konkurence, konkurenceschopnost, McKinsey 7S, STP analýza, Porterova analýza pěti konkurenčních sil, benchmarking, PESTE analýza, SWOT analýza

ABSTRACT

This bachelor's thesis focuses on the competitiveness of the selected company on the market. The aim of the thesis was to describe and analyse the current state of the competitive position of the selected company on the market. In the theoretical part was conducted a literature review in the field of competitiveness and selected marketing analyses. The practical part was mainly focused on the analysis of the current state of the competitive position of the selected company on the market. Based on the results of the analysis, recommendations were then proposed to help the selected company improve its current competitive position in the market on which it operates.

Keywords: Competition, Competitiveness, McKinsey 7S, STP Analysis, Porter's Five Forces Analysis, Benchmarking, PESTE Analysis, SWOT Analysis

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Motto:

“If you just work on stuff that you like and you are passionate about, you do not have to have a master plan with how things will play out.”

Mark Zuckerberg

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

How to be better than competitors? This is a question that all companies that are on the market ask themselves. These days' the competitive environment is subject to constant and rapid change. Entrepreneurs and companies that want to succeed in the market are therefore exposed to great challenges in terms of competition. In fact, they often fight with many other companies for the interest of the end customer. The essential tool here is an analysis of competitiveness. Conducting this analysis allows companies to thoroughly examine and understand their competitive environment in the market in which they operate and to explore their strengths, weaknesses, and opportunities or threats in the market. As a result, this information helps to gain a competitive advantage over competitors, that all companies desire.

This bachelor's thesis covers a competitiveness analysis of a selected company – a Czech manufacturer and seller of equestrian sports equipment. The initial half of the theoretical part of this thesis is devoted to the definition of concepts related to competitiveness. Also, there are outlined important competitive strategies. The other half focuses on defining the theoretical basis of several most influential macroenvironment, meso-environment, and microenvironment marketing analyses using relevant literature and secondary sources. At the very end of this part of the thesis, the theoretical background and research questions are formulated, which will be addressed in the practical part of this thesis.

The practical part of the thesis is devoted to the analysis of the competitiveness of the selected company. The selected company is introduced using the McKinsey 7S model, which evaluates the critical elements of its competitive strategy. Subsequently, the tools operating within the marketing mix, and also segmentation, targeting, and positioning are evaluated. Competitive strategies are then analysed according to Kotler, Porter, and Ansoff. Furthermore, the thesis focuses on PESTE analysis, which evaluates the factors relevant within the macroenvironment, and Porter's Five Forces analysis, which evaluates the factors relevant within the meso-environment. The practical analytical part is closed with benchmarking, a strategic management tool, and a SWOT analysis of the selected company.

In addition to answering the research questions defined in the conclusion of the theoretical part of the thesis, several recommendations are also mentioned in the conclusion of this thesis, the implementation of which could improve the position of the selected company and its competitiveness in the markets where it operates.

This bachelor's thesis provides a comprehensive analysis of the competitiveness of a selected company, which can serve as a case study for other businesses looking to improve their competitiveness. The findings and recommendations of this thesis can be used by the management of the selected company to make informed decisions and enhance its performance and profitability.

I. THEORY

1 COMPETITIVENESS

There are many definitions and conceptualizations of competitiveness, many approaches define it as “multiple factors that in one way or another affect the competitive position of companies” (López et al., 2012, 93). The World Competitiveness Report refers to the ability to design, produce, and market goods and services that are more attractive than these of competitors (ibid.). Competitiveness is a vital element of business in any industry. It provides the ability to offer goods that fulfil the needs of the customers. The effort of the companies to achieve better results compared to other firms in the same industry leads to numerous positive effects, e.g., the ability of the company to generate new ideas and products that will attract and satisfy more clients (Baines, Fill, and Page 2013).

1.1 Competition in Business

Competition in business is often defined as the attempt of different companies in one industry to perform better and demonstrate greater results in terms of customer satisfaction, revenues, and sales. As a result, since the organizations have the same audience, healthy competition helps them attract attention and receive support from a bigger number of customers compared to the other companies (Cornett, Erhejmjamts, and Tehranian 2019, 44-59).

In the present time, companies encounter intense competitive environments, which means that relying only on their own resources, knowledge, and competencies is no longer possible as it was in the past (Brondoni 2018, 7).

It is also important to note that proper business competition results in a profitable marketplace that often increases the quality of products and services offered in the market, as the companies are more encouraged to develop their relationships with the customers and fulfil their needs. In turn, clients become more loyal to such brands and support the company by purchasing its products. Therefore, competition is an important factor in business, as it leads to positive effects for those companies that maintain healthy competition in the market (Cornett, Erhejmjamts, and Tehranian 2019, 44-59).

According to Cornett, Erhemjamts, and Tehranian (2019), we recognize three different types of business competition:

- **Direct competition** involves two or more organizations that offer the same products/services to the same target audience, operate in the same industry, and use similar channels of distribution.

- **Indirect competition** involves companies that sell different products but aims to satisfy the same or similar consumers' needs and demands.
- **Replacement competition** involves new organizations that can replace existing ones with new and more convenient products or services (innovative solutions and technologies).

1.2 Competitive Structures

Two main types of competitive structures characterize how the phenomenon works and influences businesses: perfect competition and imperfect competition.

In **perfect competition**, there is a very large number of sellers and buyers in the market, and “they cannot independently influence the purchases in the market and cannot use their monopoly position to follow the participants in the market “(Sirojiddin 2022, 1414). In this case, all participants produce the same type of products and goods, and market purchases are formed based on supply and demand. The product is the same variety standard, and there are no differences in quality. There will be no legal, organizational, financial, or technological restrictions to entering the network. This model does not exist in practice However, it serves as a basic understanding of the functioning of the market, and other market models are derived from it (ibid.).

The opposite of perfect competition is **imperfect competition**, it is a situation when companies with a large market share compete here. Forms of imperfect competition are monopolistic competition, oligopoly, pure monopoly, and monopsony (ibid.).

- In forms of **monopolistic competition**, a small but large number of producers offer identical but similar (but differentiated) goods and compete with each other. The difference between this competition and pure monopoly is that the number of producers is not so large, and as a result, they cannot collide with each other (ibid.).
- **Oligopoly** usually occurs on a narrow scale, in which a few but large manufacturing firms participate and control the majority of production and produce differentiated and standardized goods. In this situation, it is difficult for new firms to enter the network, because a large investment is required to compete with a large firm (ibid.).
- In **pure monopoly**, one firm absolutely dominates the market and influences the market price and volumes of goods or services.
- **Monopsony** as the counterpart of monopoly refers to a single buyer of goods or services. This term is connected with the name of Joan Robinson and her classical piece *The Economics of Imperfect Competition* in 1932 (Thornton 2004).

1.3 Competitive Strategies

As Tanwar pointed out, briefly it can be said that “strategy is about two things: deciding where you want your business to go and deciding how to get there” (Tanwar 2013, 11). Competitive strategy is a long-term plan the firm develops to ensure its market position and gain a competitive advantage. Competitive strategy is also an important element of the company’s activities, as it helps to make better and more informed decisions as well as to improve the services and products provided by the organization (Banker, Mashruwala, and Tripathy 2014).

According to Porter, a more complete definition of the competitive strategy is based on competitive advantage. “Competitive advantage grows out of value a firm is able to create for its buyers that exceed the firm's cost of creating it. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price” (Porter in Tanwar 2013, 11). Various competitive strategies will be described in the following chapters.

1.3.1 Competitive Strategies by Kotler

The approach by Kotler is based on 4 strategies. In these strategies, a company's market position is a fundamental aspect. In other words, we could say that it is a market share of that company in the current situation (Horáková 2014, 46). In Figure 1 could be seen the hypothetical market share based on competitive strategies by Kotler.

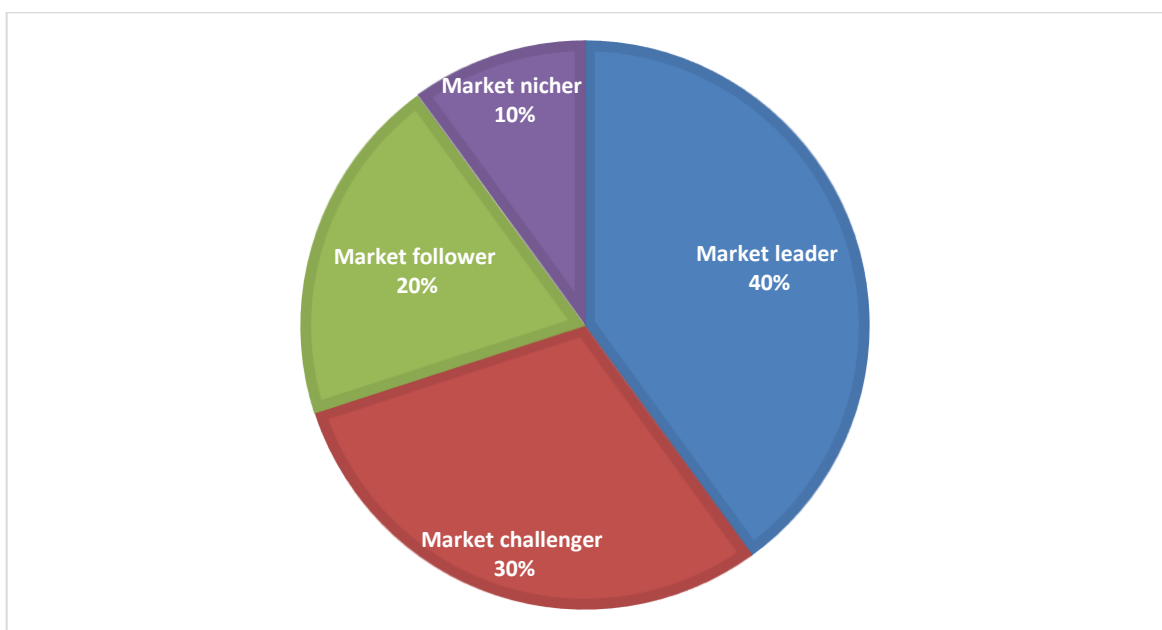


Figure 1: Competitive strategies by Kotler (Kotler and Armstrong, 2018, 554)

The first of the strategies, that we can identify in most industries, is the **market leader**. It is a company with the biggest market share. This company also leads other companies in for instance price changes or launching new products. The most well-known market leaders include Boeing, Nestle, Microsoft, and McDonald's. The market leader needs to be constantly aware and monitor their surroundings. Other companies will try to use the market leader's weaknesses for their benefit in order to decrease the market share of a market leader (Kotler 2007, 581).

Market challengers can be identified as companies with weaker positions and smaller market share than a market leader. Typically, it is a firm, which is right behind the market leader in market share, which means in 2nd or 3rd position. Market challenger wants to increase their market share at the expense of equally sized companies that are in the same markets, or market leader. Attacking the market leader could be highly profitable in case of success, but also very risky. The market challenger needs to decide based on the current market situation whether to attack a small company, a group of small companies, or a market leader (Horáková 2014, 47).

Market followers are companies that choose rather follow the market leader instead of challenging them. This could bring several benefits to the follower. Unlike the market leader, followers do not pay costs connected with the development of new products and also, they can learn from the leader's experience. The market follower can also copy or innovate the leader's existing products, typically with much lower costs. In the end, the final profit could be the same as the market leader (Kotler 2007, 595).

Companies that specialize in serving market niches can be found in nearly every industry. We call them **market nichers**. These companies have chosen to aim at small subsegments rather than focusing on bigger segments or entire markets, usually because these companies have narrow resources. Market nichers could be highly profitable businesses since they know their group of customers so well and could satisfy their needs in a much better way than for instance a big company, which sells products for the nichers segment only marginally. Consequently, a nicher could increase the price of the product because of the additional value, which means his margins are higher than big company's (Kotler 2018, 558).

1.3.2 Competitive Strategies by Ansoff

Ansoff's competitive strategies or also the matrix introduced in 1965 by H. I. Ansoff are based on market-product relation. Ansoff's matrix tries to illustrate marketing goals which are expressed by two main axes: new or existing markets and new and existing products. Ansoff's matrix has four quadrants: product development, market development, diversification, and market penetration (Doyle 2011, 21). This matrix is shown in Figure 2.

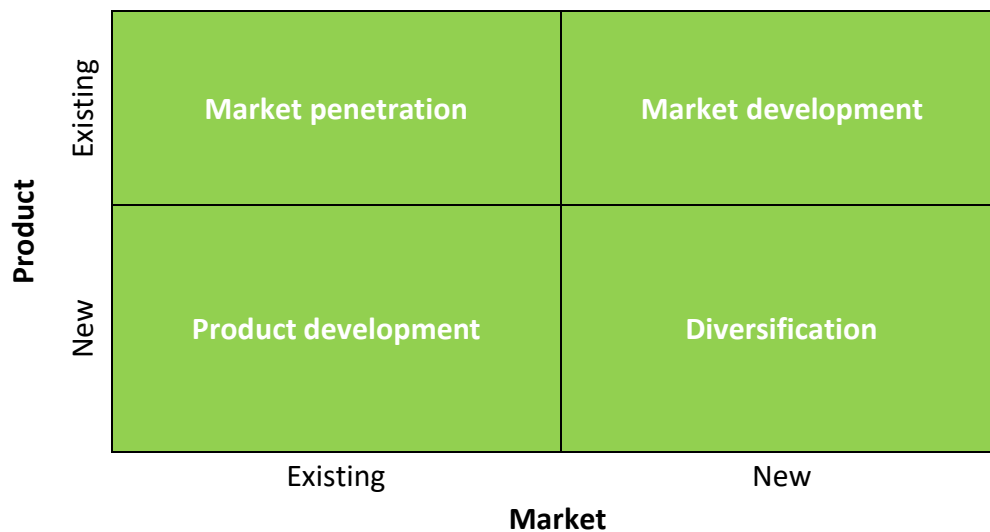


Figure 2: Competitive strategies by Ansoff (Blažková 2007, 133)

The first of the strategies is **market penetration**. This strategy operates with existing products in existing markets. The aim is to achieve increasing consumption of products by existing customers. Furthermore, it is about retrieving new customers, for instance from competitors with a more effective promotion or enticing potential customers, which currently do not buy our products (Blažková 2007, 132-133).

Market development strategy focuses on accessing a new market, but with existing products. Mainly because there is no longer interest in the existing market. Increasing market revenue could be also pursued by finding new ways of usage of existing products or selling existing products in other geographic areas. This strategy should be chosen if the company has the capacity to produce products in a bigger volume (Horáková 2014, 45).

Product development works with the existing market but with new products. By increasing the specifications of an existing product or launching a new one, which is more likely to react to the new needs of customers in the existing market, the company tries to come up with something new. It is recommended that the company should use this strategy only if its market share is strong in a specific market (Blažková 2007, 132).

Diversification is the riskiest out of all these strategies. It is mainly because it includes coming up with new products in new markets. The firm will be taken into markets and product development cycles in which it is inexperienced. Diversification could also lead to decisions in which the company decides to merge with other corporations or to make acquisitions (Doyle 2011, 22).

1.3.3 Competitive Strategies by Porter

Porter's competitive strategies are strategies leading to achieving competitive advantage, which can be leading position in cost or using the strategy of differentiation, or focusing on appropriate market segments (Blažková 2007, 136).

In the **cost leadership strategy**, the firm tries to reach the lowest costs not only in production but also in distribution. The company does this to set lower prices than competitors and consequently increase its market share (Kotler 2007, 579).

The main goal of **differentiation** is to offer a better product to set the company apart from its competitors. In this strategy, the costs are not the most important. Differentiation could only be used in situations in which the products are not easy to copy, they are distinguishable, and not only customers will appreciate this differentiation, but they are also willing to pay for it (Blažková 2007, 137).

The firm focuses on selected geographic markets or specific groups of clients. **Focus strategy** is based on the premise that the company is able to fulfil its strategic aim better than its competitors, whose activities are much wider. As a result, the firm achieves lower costs, differentiation, or both at the same time. Despite the fact that this focus strategy originally does not lead to any of these strategies mentioned above, it reaches one or two of both these situations (Porter 1994, 38-39).

1.4 Competitive Environment

The mentioned strategies and structures are not effective without the presence of a proper competitive environment. The latter is the dynamic system in which a company can function and compete. Such an environment forms when a company provides services or goods similar to the ones the other companies offer. As a result, these organizations are driven by competition with other firms and try to continuously improve their products or services to gain the support of the clients. The presence of a wide range of products in the market creates a competitive environment that drives the development of the companies and their goods. This environment also helps to regulate the prices, as the companies that operate

in such a market cannot significantly differ from the competitors in terms of price. That is why a competitive environment is a significant element of business that helps organizations develop and offer new options and benefits to their clients (Baines, Fill, and Page 2013).

1.5 Competitor

Competitors could be described as other firms in the identical business. These companies produce similar products or offer similar services at similar prices to the same customer. According to Pride and Ferrell, there are 4 different types of competitors, which are: product competitors, generic competitors, brand competitors, and total budget competitors. Product competitors are characterized by selling products in the same industry which have dissimilar features, values, and advantages. The second type is generic competitors. These competitors focus on the same customers, but they offer different products. The third type is brand competitors that sell products with similar features at similar prices to the same customers. Lastly, total budget competitors. These competitors strive for the same customer's limited budget fund (Pride, Ferrell 2016, 64-65).

1.6 Competitive Advantage

Competitive advantage is something extra that company provides additionally to make a firm different from the other competitors in the same sector. Thanks to competitive advantage a corporation could be recognized by potential customers. Companies could build the advantage in various areas and could be quite beneficial when this advantage is powerful enough. One of the most frequent advantages is the lower price of the product or service. Among other ones are, for instance: benefits for loyal customers, quick change of the product, if the customer is not happy with it, and very popular since online shopping boomed, free shipping (Altaxo 2017).

2 ANALYSIS OF THE MARKETING ENVIRONMENT

Every corporation does business in a certain environment. Dealing with activities caused by this environment is highly important for companies. In order to predict changes in this environment, which surrounds the firm or to know its position there, or also to react in time to changes in the environment, the company needs to make an analysis of its marketing environment. The marketing environment consists of three environments: microenvironment, meso-environment, and macroenvironment (Jakubíková 2013, 97).

2.1 Macroenvironment Analysis

Sometimes called the global macroenvironment, the marketing macroenvironment includes 5 groups of factors, which have an effect on the company from the outside. These effects influence the firm's all activities both directly and indirectly. Typically, these factors are called uncontrollable. The reason is, that corporation cannot control them and does not have any influence on them (Foret et. al. 2005, 46).

2.1.1 PESTE Analysis

To make an analysis of a marketing macroenvironment, PESTE analysis is used. PESTE stands for **P**olitical-legal, **E**conomic, **S**ocial, **T**echnological, and **E**cological factors, which are taken into account within the framework of this analysis (Lamb, Hair, and McDaniel 2018, 52).

Political and legal factors include the current national political situation or stability abroad. What these factors also involves is for instance if the country is in European Union. All these factors represent opportunities for companies, but also threats. All regulations and laws, not only define the business space but even could make a drastic change in decisions about the future of the specific company (Sedláčková, Buchta 2006, 16-17).

Economic factors influence consumer purchasing habits and purchasing power. Among economic factors are interest rates, GDP trend, inflation, unemployment rate, phase of the economic cycle or average amount of pensions, etc. (Jakubíková 2013, 463).

Social factors are principally affected by how the population lives, how the population is structured, or the attitude of the population. Many of these could make new opportunities for businesses. For instance, growing sympathies for the environment, suggest that this factor should companies include in their decision-making. Or the average age of the population. As the population is getting older, bigger development occurs in healthcare or elderly care areas (Sedláčková, Buchta 2006, 18).

Technological factors, also called innovation factors consist of manufacturing, social, communication, storage, or transport technologies and dynamics of technological change. These factors represent trends in development and research (Jakubíková 2013, 470).

Nowadays, a huge emphasis is put on **ecological factors**. Given the escalating pressures of global warming, sustainability concerns, and negative environmental impact, incorporating ecological and natural considerations in business has become crucial. Factors that fall under this category include industry average carbon footprint, methods of waste disposal, emissions, and freeway exits, environmental pollution concerns, energy efficiency in business processes, the eco-friendliness of business practices, and the impact of business activities on the environment (Perera 2017, 15).

2.2 Meso-environment Analysis

This analysis begins with an analysis of the industry in which the company is most active or, if applicable, the industry into which it would like to expand. The sector analysis looks at the basic characteristics possessed by firms operating in a given industry or territory.

Competitiveness is assessed using the benchmarking characteristics of the industry in which the firm operates. What is also monitored is the evolution of the industry as such. The basis for these analyses can be drawn from statistics (Fotr et al. 2020, 40).

2.2.1 Porter's Five Forces Analysis

The tool known as Porter's Five Forces model is utilized to analyse the competition and industries of a business. According to Porter, the intensity of competition and profitability of a market can be determined by five primary forces. In the event that these competitive forces are robust within a market, then the profitability will be diminished, and conversely, if they are weak, profitability will increase (Hill 2013, 54).

Five Forces Analysis was developed by Harvard Business School Professor Michael Porter in the late 1970s. Porter distinguished five forces within the microenvironment that drive competition and jeopardize an organization's ability to make a profit (Bruijl 2018, 1). "The five forces framework is an influential and straightforward tool for the identification of certain powers in line with a particular business situation by using the outside-in perspective" (Johnson, Scholes, & Whittington in Bruijl 2018, 1).

According to Dibb, Simkin, and Pride (2016, 58), competition in a particular industry or market is determined by a combination of five competitive forces: the bargaining power

of buyers, the bargaining power of suppliers, the competitive rivalry, the threat of new entrants, and the threat of substitute products.

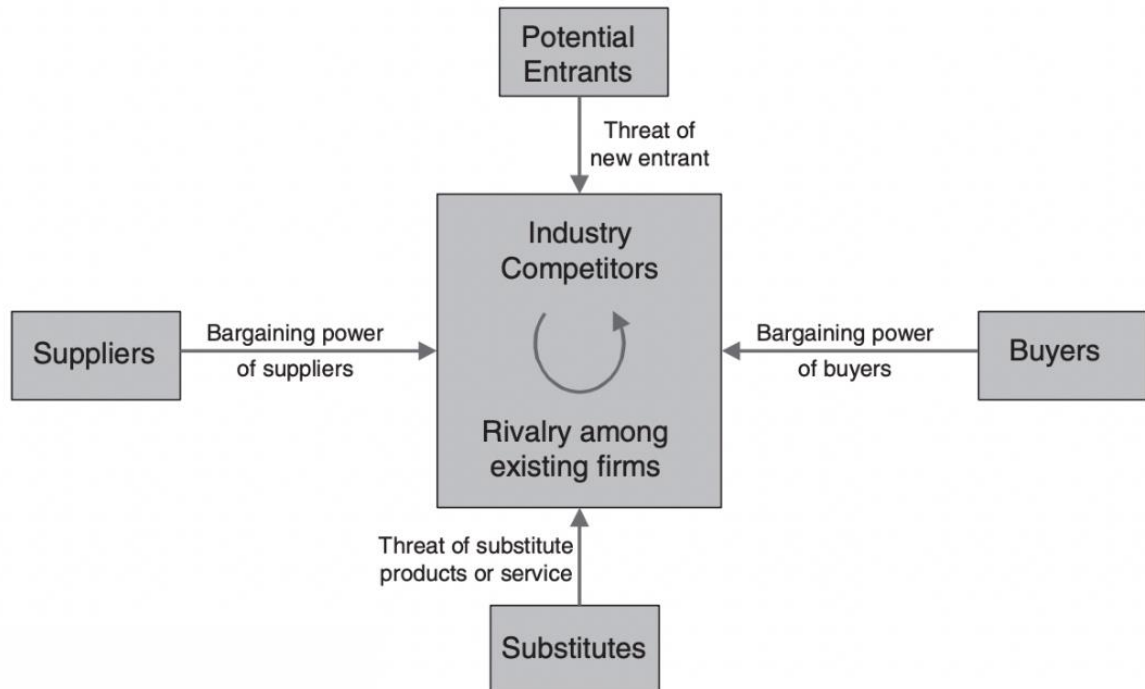


Figure 3: Porter's Five Forces (Grundy 2006, 215)

Analysing each of these forces can provide a well-informed understanding of the external powers that can influence a company's performance and effectiveness. It is one of the most used instruments in business analysis (Bruijl, 2018).

2.2.2 Benchmarking

According to Nenadál (2004, 132), benchmarking refers to the ongoing and methodical practice of evaluating and measuring an organization's products, processes, and methods against established standards, with the aim of identifying areas for improvement within one's own operations. This involves comparing one's own practices with those that have been deemed appropriate for such measurements, in order to establish targets for enhancing the organization's performance.

The main objective of benchmarking is to identify the most effective business practices within a particular industry and then compare them to the performance of one's own company. This process allows a company to enhance its operations by adopting and learning from the successful strategies of other businesses. The ultimate goal is to boost performance, and competitiveness, and surpass the competition (Blažková 2007, 170-171).

2.3 Microenvironment Analysis

The microenvironment of the company is mainly made up of, personnel, financial, production, and technological factors (Vašítková 2014, 41). In this chapter we will take a closer look at the following methods of analysis: the 7S Mc Kinsey analysis and the 7P marketing mix.

2.3.1 The 7S Mc Kinsey Analysis

The 7S Mc Kinsey method originally originated in America, where it was first used in the 1980s by McKinsey's expert consultants Tom Peters and Robert H. Waterman. This analytical method is used to evaluate important parts of individual businesses (CIE group 2016). According to Hanzelková et al. (2013, 115) this method is defined as 7 key factors occurring in each internal environment of a given company. This model works with the assumption that all the different parts are linked together and if a change occurs in one of the parts, it will affect all the others. The key factors mentioned are strategy, skills, systems, structure, staff, shared values, and management style.

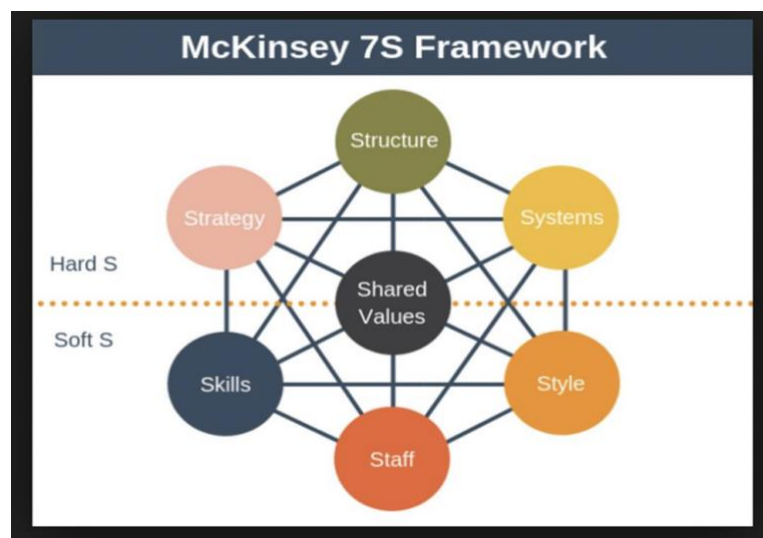


Figure 4: 7S Mc Kinsey Analysis (Demir and Kocaoglu 2019, 159)

According to Gála et. al. (2012, 56), the characteristics of the individual parts are:

- 1) **Strategy** describes the steps that must be taken to achieve the stated and desired goals and outcomes.
- 2) **Skills** represent the functioning of the enterprise as a whole, and the ability to communicate between the different teams.

- 3) **Systems** describe the methods, procedures, and processes used to assess the knowledge, skills, and experience of employees.
- 4) **Structure** - this area is concerned with the structure of the company and its organizational structure (matrix, functional, line-staff, process, line, functional)
- 5) **Staff** assesses how well employees are able to handle the tasks assigned to them, their expertise, their skills and experience as well as their loyalty and attitudes.
- 6) **Shared values** describe the mission of the company.
- 7) **Management style** describes formal and informal problem-solving practices.

The seven points covered in the method can be further divided into two main groups, namely soft S and hard S. In the hard S group (strategy, systems, and structure), the information needed for management is clearly stated and easily traceable in the business plans, strategic plans, or organisation charts of the enterprise. Soft S factors are not so easily traceable and include staff, shared values, skills, and management work. These factors are not clearly defined and therefore any changes are harder to enforce (CIE 2014).

This complex system is used, for example, when solving a problem that arises during the introduction or change of the production range of the enterprise. It is a very extensive system, which is its advantage, but at the same time can be a disadvantage. It tries to keep track of all aspects that can move the enterprise forward. All these aspects interact, and it can be difficult to find the ideal solution to a given company's problem (CIE group 2016).

2.3.2 The 7P Marketing Mix

The marketing mix is considered to be variables, which are adjusted by the firm in order to sell products successfully (Clemente 2004, 113). Vašítková claims that the goal of the marketing mix is to make a company profitable and satisfy the needs of the company's customers. Firstly, the marketing mix consisted of only 4Ps: **p**roduct, **p**rice, **p**romotion, and **p**lace (Vašítková 2008, 26). But because of services offering companies, three more Ps have been added to the marketing mix: **p**rocess, **p**eople, and **p**hysical environment (Jurášková, Horňák 2012, 257). In the following lines, we will take a closer look at all seven variables of the marketing mix.

The essential component of the marketing mix is the **product**. It is anything, which can fulfil a customer's needs or make their wishes come true. Products are not only tangible objects but also services, ideas, or cultural creations (Foret et. al. 2005, 93).

Price – one of the controlled variables, which is adjusted by a corporation to ensure the image of the brand among consumers and furthermore to increase turnover. Generally, it is a certain amount of money. This amount is requested in order to exchange this money for a product or service. As the only one from the marketing mix, the only price makes a profit, whilst others (promotion, place, and product) generate costs (Clemente 2004, 21).

The central component of effective marketing is **promotion**. This term refers to all actions that a company uses to inform, remind or convince customers about the advantages, availability, and features of their product (Clemente 2004, 206).

Place – all activities concerning how the product or service will get to the end customers. The meaning of the process of moving products from a place, where they are manufactured to a place where they are sold, so-called distribution, is to supply demanded services or products in the right amount and time and at suitable locations (Foret et. al. 2005, 109).

According to Vašítková (2014, 23), the **process** is an additional component of the marketing mix in the case of services. Processes refer to the way in which service provider interacts with customers while providing a service. This interaction is crucial in assessing the quality of the service provided and determining customer satisfaction levels. Therefore, it is important to examine the delivery of the services and the satisfaction of the customers.

Typically, when a company provides services, there is contact between employees, who provide these services, and customers. Thus, **people** are the prominent elements of the marketing mix of services. Therefore, the company needs to invest in the process of selection of employees itself, and in activities, which can improve their contact with customers, such as motivating employees in their further education (Vašítková 2008, 27).

The last of the 7P marketing mix is **physical evidence**. Since services are intangible, the evidence of the characteristics of the service can take many forms. From the building or office in which the service is provided, brochures explaining the nature of the service, and nowadays also, for example, an image of websites or social media profiles (Vašítková 2014, 27).

2.3.3 STP Analysis

STP analysis involves identifying and acknowledging distinct groups within a given market. This analysis comprises three components: segmentation, targeting, and market positioning.

- **Segmentation** refers to the process of dividing a market into homogeneous groups based on factors such as needs, characteristics, and purchasing behaviour.
- **Targeting** involves selecting one or more segments that an organization aims to enter, taking into account the overall attractiveness of these segments and the organization's own objectives and resources.
- **Market positioning** involves creating an image and benefits for the organization's market offering for each segment with the aim of maximizing benefits. The ultimate goal of positioning is to differentiate oneself from competitors in the minds of customers and occupy a specific place in the marketplace (Paulovčáková 2015, 121-136).

2.4 SWOT Analysis

According to many authors, SWOT (**S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats) Analysis is one of the most popular strategy tools worldwide (Puyt et. al 2020). It is a highly versatile instrument, that most organizations (both industry and commerce, as well as non-profit organizations) use at the stage of strategic planning. It allows them to evaluate the existing resources, as well as the important trends that can influence future business operations (Namugenyi, Shastri and Torsten, 2019 1145-1154).

Considering the popularity of the SWOT analysis as a universal business instrument used in a variety of situations, it is evident that this approach has many advantages and strengths. Firstly, this strategy tool is easy to understand and apply at many levels in an organization, from an individual, a team, a business unit, and the corporate strategy. Its simple diagram is highly visual and thus easy to communicate to other stakeholders and can be applied both in simple circumstances and complex issues. When using the SWOT analysis, we have to consider also its limitations mainly in terms of data and their collection, for example, using poor quality or biased data, over-relying on generalizations, or ignoring underlying principles. These disadvantages have to be considered by companies when developing an effective analytical approach (Sarsby 2016, 3-4).

3 SUMMARY OF THE THEORETICAL PART – THEORETICAL BACKGROUND FOR THE PRACTICAL PART

Competitiveness as a vital element of business in any industry provides the ability to fulfil the needs of the customers. Selecting and implementing the most appropriate competitive strategy is essential for companies to survive in a competitive environment and achieve success and prosperity. In the theoretical part of this bachelor's thesis, the concepts of competitive strategies according to Kotler, Porter, and Ansoff were described.

In order for a company to survive in a competitive market and gain a competitive advantage, it is also important to be familiar with the marketing environment in which it operates. This includes an analysis macroenvironment, meso-environment, and also microenvironment. In this thesis, the PESTE method has been described as an important tool to analyse the macroenvironment that is composed of external factors that are beyond the influence of a company. This method of analysis is focused on political-legal, economic, social, technological, and ecological factors. The meso-environment, on the other hand, can company partially influence by certain marketing tools. In this thesis, two important and widely used methods for the analysis of this environment are presented in more detail: Porter's five forces analysis (examines the company's current market position), and benchmarking (compares the company with its competitors). The microenvironment consists of internal factors that are completely under the control of the company. The 7S McKinsey Analysis, 7P Marketing Mix, and STP Analysis have been introduced in this thesis as methods to analyse this environment, each taking into account selected factors. At the end of the theoretical part, the SWOT analysis was described, which is known and widely used in many different fields, it is a tool used to analyse both the internal and external environment of a company, by identifying its strengths, weaknesses, opportunities, and threats.

In the theoretical part was conducted a literature review in the field of competitiveness and selected marketing analyses, and this made the theoretical foundations for the following practical part of this thesis, which is mainly focused on the analysis of the current state of the competitive position of the selected company on the market. Using the logical method of induction and mentioned theoretical frameworks, are formulated three research questions listed below:

- *Research question number 1: With which products is the selected company most successful in the market?*
- *Research question number 2: What are the strategies adopted by the selected company according to different competitive strategies in the market?*
- *Research question number 3: How is the company getting on in comparison with its competitors in terms of promotion?*

In the practical part of the thesis, to answer the research questions defined above, the method of deduction will be used as one of the logical research methods. For the purpose of analysing the current competitive position of the selected company on the market are used selected strategic marketing analyses. Based on the results of these analysis, recommendations are then proposed to help the selected company improve its current competitive position on the market in which it operates.

II. ANALYSIS

4 INTRODUCTION OF THE SELECTED COMPANY

The selected company is a Czech mainly B2B and B2C manufacturer and seller of equestrian sports equipment. Its portfolio of products includes mainly riding saddles, but also many other additional products for equestrian sports. Some of them are produced together with saddles in the company headquarters, while others are imported from abroad. The company also offers customer service (repairs and adjustments of products). For 2022, the selected company ended with a net profit of CZK 30 million (Internal documents of the selected company).

The company was established in 1991. Thus, it has been on the market for more than thirty years and has built a name and tradition. Initially, it was a small business with just a couple of employees which followed the founder of the selected company from his previous job. From the year of establishment to 2014 the business was just under the founder's name, but in that year, it was changed into Ltd. From the very beginning of manufacturing itself, the company was focused only on the Czech market, but every other year it expanded to foreign countries. Nowadays are their products sold all over the world in more than 40 countries including states from America, Asia, Indonesia, Africa, and Australia (Internal documents of the selected company, Interview with the CEO).

4.1 7S McKinsey analysis

This analysis focuses on the internal fundamental success factors of the selected company, which are staff, structure, strategy, systems, skills, style, and shared values. The analysis will be carried out on the basis of the study of the internal documents of the selected company, interviews with the CEO, and participant observation of the author of this thesis. Each of these factors is very important and will be discussed in detail below.

4.1.1 Staff

The selected company is employing more than 60 regular full-time employees. The most numerous group of staff are blue-collar workers, who work in producing warehouses. Each workshop has its own workshop master, who is responsible for all engaged employees. In the material warehouse, there is only one employee, on the other hand, in the warehouse for products and imported goods there are 4 workers and one warehouse manager. The retail shop has no allocated employee, when customers stop by, one of the staff from the warehouse for products serves them. In offices are employed white-collar workers including secretaries, accountants, and sales representatives. The company has 3 executive

directors, but only one manages the business and is the CEO. Employees work on weekdays and once a month on Saturdays (Saturday work only applies to workshop workers). The operation is single-shift, with eight-hour shifts (the morning shift for manual workers starts at 6 a.m., and warehouse and office workers start working at about 7:30 a.m.).

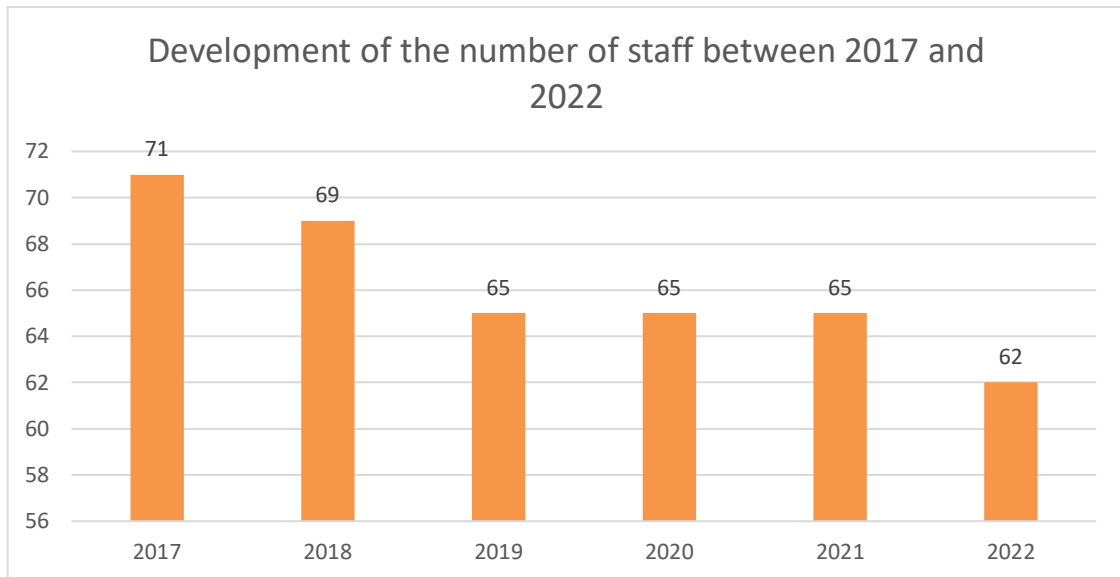


Figure 5: Development of the number of staff between 2017 and 2022 (Internal documents of the selected company)

As shown in Figure 5 above, the number of staff is on a downward trend during the years 2017-2022. From 2019 to 2021, the number of staff has stagnated at 65 employees. In 2022 the selected company, unfortunately, had to dismiss 3 of its employees.

4.1.2 Structure

The selected company is divided into 7 small departments:

- The crucial departments are 3 producing workshops. In every each of them, there are manufactured different products. In the biggest one saddles are being made, the second one is directly linked to the previous one and employees are producing saddle trees here, without them saddles cannot be fully completed. And yet, there is the third workshop, where all other smaller products besides saddles are being made.
- The company has 2 warehouses: one for material storage (mainly calf leather imported from Italy, France, and Germany) and another one, where are stored already finished products from production and additionally imported goods.

- Another department is a retail shop, which is directly linked to the second warehouse. New and also second-hand products and goods could be bought there by the end customers. However, the company focuses more on B2B sales, and this shop is therefore only complementary.
- The last department is the offices for white-collar workers and the CEO. The offices are located in the same building as the retail shop on the second floor. The Figure 6 is the organizational structure of the selected company depicted.

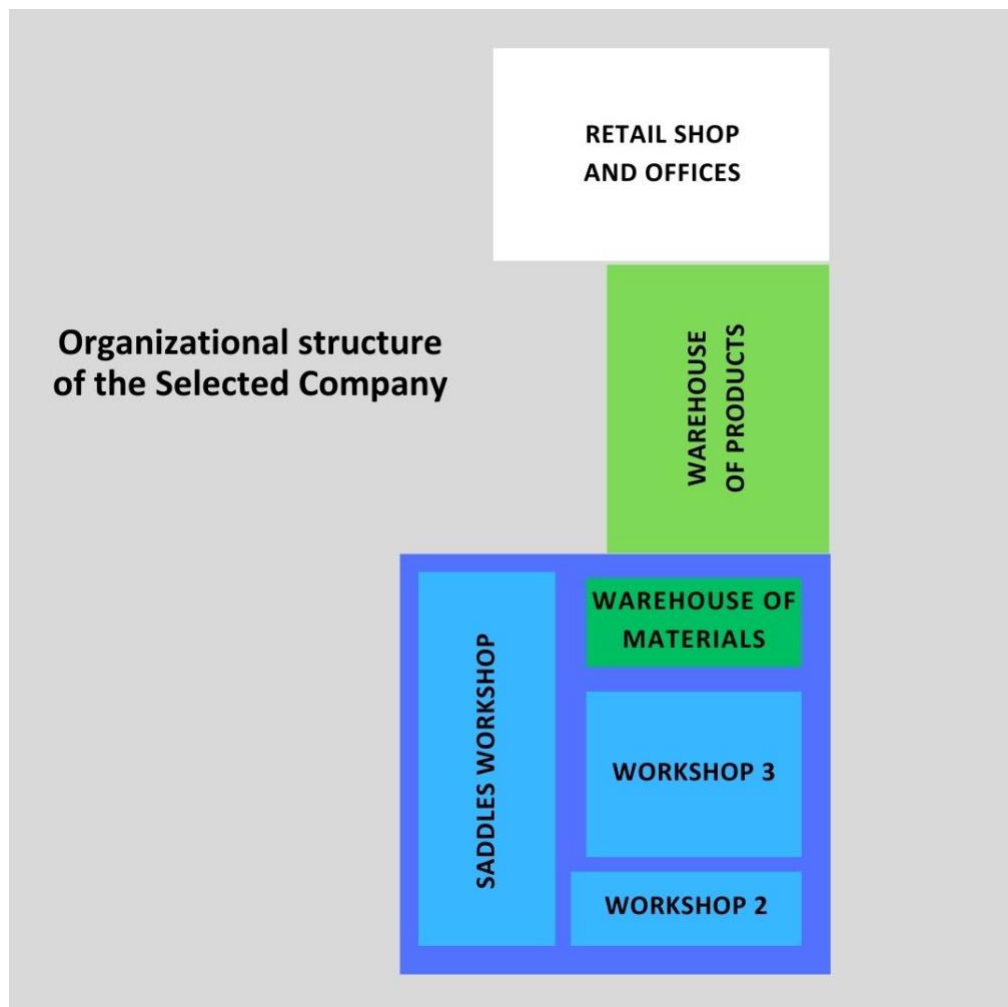


Figure 6: Organizational structure of the selected company (Internal documents of the selected company)

4.1.3 Strategy

The selected company focuses on producing quality products and every year gain more market share not only in the Czech market but also in markets abroad, especially in Germany. What sets the company apart from its competitors, is the price/quality ratio. Each year,

the firm tries to come up with new innovative products, which are developed and tested in the headquarters of the company before they are released on market.

4.1.4 Systems

The first meeting with a B2B customer is conducted by the CEO, who leads the initiation of the cooperation when the future cooperation between the company and the retail shop takes shape. Subsequently, the customer is taken over by one of the sales representatives with whom the customer handles individual orders. Orders are then placed by sales representatives for the production unless they are saddles, the company's main product. These are allocated to the production plan by the CEO. After the products are finished, the final check follows. They are then moved to the warehouse, where the warehouse staff pack them into parcels and hand them over to the shipping company, which delivers the ordered products to the customer.

4.1.5 Skills

Due to the dire situation in the labour market and decreasing popularity of manual work these days, the selected company cannot be overly selective about its employees. No special skills are required for potential employees, apart from some manual dexterity. Special training takes place after the employee is hired and it can take six months or up to a year, depending on the individual. Since the training and the work, itself is very demanding many newly hired staff leave even before they finish the training.

4.1.6 Style

The company that was selected is of medium size in terms of its permanent workforce, which is also reflected in the favourable working environment. The company is situated on a single property consisting of several interconnected buildings, promoting continuous daily interaction between employees and contributing to a relaxed working relationship. Furthermore, the constant communication required in the production process fosters relationships between departments and employees. The CEO, who founded the company, is the management representative, and although he applies an autocratic leadership style, maintains excellent relationships with the employees.

4.1.7 Shared Values

The values of the company are especially competence, inclination, and enthusiasm for the job. Despite occasional minor misunderstandings between blue-collar workers,

the atmosphere and work deployment in the company are generally positive. The fact that all employees, including the management, are familiar with each other on a first-name basis, and the majority of them have been employed since the company's establishment, plays a significant role here.

Summary

The selected company employs a total of 80 people, including blue-collar workers, warehouse workers, and office staff, all of them spread into 7 small structurally interconnected departments. The company is focused mainly on the price/quality ratio of products and is active in the domestic and also foreign markets. The company is led autocratically by the CEO and is based on long-term relationships and shared values and struggles with the problem of manual labour demands and long training periods for new workers.

4.2 STP analysis

The selected company will utilize the STP model to divide its customers into various segments based on their unique characteristics. The identified segments that provide the highest profitability will be specifically targeted. Then, positioning strategies will be implemented to differentiate the company from its competitors and establish its perception among customers. The analysis will be carried out on the basis of the study of the internal documents of the selected company, interviews with the CEO, the website of the selected company, and participant observation of the author of this thesis.

4.3 Segmentation

The selected company focuses on two different segments. The first segment is B2B customers, which represent the largest volume of total demand. B2B customers are in the case of selected company retail shops, which are located all over the world and their number is increasing every year. The second segment is B2C customers, which represent only a fraction of the volume of total demand. Typically, those are end customers who buy products in the company's small retail shop located in the company's headquarters.

4.4 Targeting

Presently, the selected company places its primary focus on the first segment, which involves producing products specifically for retail shops. The CEO believes that this segment is the most efficient and beneficial for the company, as retail shops frequently place bulk

orders, and the collaboration with them is usually long-lasting. Due to the vast number of retail shops, their orders generate the highest revenue, making the first segment the most profitable and accounting for the largest volume of sales. Based on this information, the selected company intends to continue the trend and prioritize the first segment. The second segment embodies customers who come by to selected company`s retail shop. The retail shop has been in operation since the company's inception, and the local community has grown accustomed to it. As a result, the company intends to maintain the shop's existence, despite not intending to focus more on the second segment (Interview with the CEO).

4.5 Positioning

To establish a positive brand image as a manufacturer of price/quality ratio products, the selected company carefully selects the retail shops that it partners with. It prioritizes those that enhance the company's reputation and further strengthens customers' favourable opinions of the brand. The company also endeavours to be perceived as offering products of excellent quality at an affordable price point, thereby fostering a positive perception of their goods among customers (Interview with the CEO).

Summary

According to the STP analysis, the selected company focuses mainly on B2B segment and partially also on B2C segment and prioritizes market segmentation by targeting predominantly retail shops that generate the highest profits for the company. There is also a strong focus on selecting the right business partners who will continue to maintain the company's reputation leading to further demand.

5 MARKETING MIX OF THE SELECTED COMPANY

When establishing a marketing mix, several components comprise the overall strategy. These components include product, price, place, and promotion. The analysis will be carried out on the basis of the study of the internal documents of the selected company, interviews with the CEO, the website of the selected company, and participant observation of the author of this thesis. Below is a more detailed breakdown of the marketing mix utilized by the company.

5.1 Product

The main product of the selected company is riding saddles, specialized for different disciplines of equestrian sport. Other products include supplies for equestrian sports and horse care, as well as accessories and clothing for riders. Some of the products are manufactured directly in the company's workshops, some are imported from abroad. The product categories will be explained in more detail below.



Figure 7: Saddle (Internal documents of the selected company)

5.1.1 Saddles

As mentioned above, the selected company focuses mainly on producing riding saddles, which are divided according to different equestrian disciplines. Types of saddles including jumping saddles, dressage saddles, all-purpose saddles, junior and children saddles, and special saddles. For every type, the company offers many models of saddles. The current total number of saddle models is 56, and they are developing and launching new models every year. There is a constant demand for this product.

5.1.2 Accessories

Besides saddles, a big variety of accessories essential for equestrian sport are produced by this company. For the most part, it is horse tack (equipment for horse riding and equestrian sports), such as girths, stirrup leathers, breastplates, boots, bell boots, and leather halters. The company is producing also accessories for riders, e.g., chaps, mini chaps, and leather belts.

5.1.3 Imported Goods

Products that are difficult and expensive to produce are imported from foreign countries. These are for instance: riding boots, breeches, jackets, saddle pads, rugs, brushes, combs, hoof picks, whips, bridles, and nylon halters.

5.2 Price

The price of products is typically calculated by adding direct costs such as the price of material, and packaging, and indirect costs which are manufacturing, administrative, and selling costs. All these above-mentioned costs are then added company`s margin, all together they create the selling price of the product. While the cost serves as the primary basis for determining price, the company also factors in the prices of its competitors.

5.3 Place

The company that has been selected is located in a rather small city in the Olomouc Region. The company`s premises are located on the outskirts of the city and include several interlinked buildings in the family housing development. This location may seem unsuitable for business, due to a small number of people and potential customers, however, this does not play any significant role, the main part of the company's business activity is the distribution of the products to retail shops all over the Czech Republic and also export abroad. The selected company has small suppliers located in various parts of the Czech

Republic, while its foreign suppliers are based in Italy and Germany. The distribution of manufactured products is indirect. The selected company distributes its products to retail shops worldwide, which then sell the products to end-users.

5.4 Promotion

This company has been manufacturing products under its own brand for over thirty years and has gained a considerable reputation among the equestrian community, and for many is a love brand. In terms of promotion, the selected company maintains a website that contains information on its products, contact details, and news. The website has been redesigned a few years ago to meet the requirements for display on mobile devices. Additionally, the company uses Facebook and Instagram to keep the public informed about its latest products. The company's Instagram account has 9.8 thousand followers, the Facebook account has 7.2 thousand followers. A large part of the communication consists of e-mail newsletters that regularly inform business partners about new products or discounts. Speaking of promotion, it is also important to mention the role of the engagement of the CEO, who has personal contacts in the community of professional and amateur riders in the Czech Republic and abroad. In the past, the company regularly placed paid advertising in the largest Czech and largest German print monthly magazine devoted to equestrianism, dropped due to the high financial cost and low effectiveness. The same applies to sponsoring national and international show jumping events, where the selected company had been greatly promoted. The CEO decided that undertaking these promotional actions, however beneficial they had been for the selected company, was too expensive.

Summary

Speaking of components of the marketing mix, the selected company focuses on the production of their main product, i.e., riding saddles, which is complemented by the production and also importing of other horse-riding equipment. The primary base for determining the price of the products for the selected company is the cost, but also competitors' prices are taken into account. The location of the company does not play any significant role; the main part of the company's business activity is distribution and export. The promotion of this company consists mainly in maintaining electronic and personal contact with long-term business partners and building brand awareness with end customers, i.e., horse riders.

6 ANALYSIS OF THE SELECTED COMPANY BY PORTER, KOTLER, AND ANSOFF

After conducting interviews with the CEO, the selected company underwent an analysis of competitive strategies by Kotler, Porter, and Ansoff. The theoretical foundations of these strategies were mentioned in the first part of this bachelor thesis, on which the following lines are based.

6.1 Competitive Strategies by Kotler

According to Kotler's strategy, the selected company is positioned as a market follower, acknowledging its position among larger firms in the market. In contrast to the market leader, the selected company is not burdened with the costs associated with developing new products. Furthermore, the company has the advantage of learning from the leader's experience, and what the selected company also does, is that it replicates or improves upon the leader's existing products, usually at significantly lower costs.

6.2 Competitive Strategies by Porter

As for Porter's strategy, the selected company employs cost leadership by focusing on achieving the best possible prices. The selected company does this in order to establish prices that are lower than those of their competitors. By focusing on cost leadership, the selected company is able to establish prices that are lower than those of its competitors, which can make its products more attractive to price-sensitive customers.

6.3 Competitive Strategies by Ansoff

Lastly, Ansoff's strategy indicates that the selected company uses a market penetration strategy to increase the consumption of products by existing customers and attract new customers from competitors or those who are not yet purchasing their products.

7 MAIN COMPETITORS

In the Czech Republic, the selected company has no competitors. Two main competitors can be found in Europe.

7.1 PRESTIGE ITALIA S.p.A. – Italy

The company was founded in 1974. Its headquarters are in Trissino, Italy. It employs 200 employees and exports to 56 countries. The company offers 74 types of saddles. Promotion is a strong point of this company. Their website has a contemporary and clear design, and they are also very active on social media. They have 27,8 thousand followers on their Instagram account, and 21 thousand followers on their Facebook account. In Figure 8 below the logo of this company is depicted.



Figure 8: Logo of PRESTIGE ITALIA S.p.A. (prestigeitaly.com, n.d.)

7.2 G. Passier & Sohn GmbH – Germany

This company was established in 1867 and thus has a great tradition in the industry. The headquarters of this company is located in Langenhagen, Germany. About 100 employees are employed there, and it exports to over 40 countries. The company offers 27 types of saddles. Their website has a clean but not very contemporary design. Unlike the previous mentioned company, this company does not post as well and intensively on social networks. Still, it has 17,7 thousand followers on its Instagram account, and 45 thousand followers on its Facebook account. In Figure 9 below the logo of this company is depicted.



Figure 9: Logo of G. Passier & Sohn GmbH (passier.com, n.d.)

8 MACROENVIRONMENT ANALYSIS – PESTE ANALYSIS

Through the utilization of PESTE analysis, the selected company's external factors will be examined and assessed. These external factors comprise political-legal, economic, social, technological, and ecological factors.

8.1 Political-legal factors

In 1993, Czechoslovakia was split into Czech Republic and Slovakia. The Czech Republic was founded as a democratic state that operates under a parliamentary system with a prime minister and a president. The country has been a member of the European Union (EU) since 2004 and joined the Schengen area in 2007 (European union n. d.). The selected company is a small limited liability company. Because of this, it is required to comply with the Labour Code and Business Corporations Act. The legal relationship between employees and employers is regulated by the Labour Code (Zákony pro lidi n. d.). The Business Corporations Act stipulates several obligations, for instance the selected company is obligated to pay corporation tax, which is currently at a rate of 19% or to keep accounts (Zákony pro lidi n. d.).

8.2 Economic factors

The company is significantly impacted by two main economic factors, namely the average inflation rate and unemployment. The average inflation rate for 2022 stood at 15.1% in Czechia, whereas in European Union it was 9,2%, leading to an increase in the cost of inputs, which in turn results in higher product prices for the company (czso.cz 2023; ec.europa.eu 2023).

Unemployment is another factor that affects all businesses. As per the Czech Statistical Office, the unemployment rate at the end of the previous year was 3.7%, in comparison with the annual unemployment rate in EU, which was 5,8%. However, it is expected to rise based on global events, especially the ongoing war in Ukraine. This situation is likely to have a negative impact on employees, which has been the case in the past years, resulting in layoffs (mpsv.cz 2023; ec.europa.eu.)

8.3 Social factors

Social factors are related to the area where the selected company operates and where its target customers are located. According to the EUquus project, which mapped the riding situation in Europe in 2014, horseback riding is a very popular leisure activity in developed

countries. We can find 2.4 million active horse riders in Britain and 760,000 in Germany. This document suggests that there could be around 20 million equestrian leisure riders in developed countries, many of which have their own horses, either in facilities owned or in riding schools, of which 6.4 million riders are in the EU (EUquus 2014). The selected company operates within the Czech Republic and also in other European developed countries, i.e., areas where equestrianism is widespread and thus where its target group of customers is located.

8.4 Technological factors

In order to remain competitive, it is crucial to keep up with the latest technological advancements and constantly learn new methods. Thanks to technological innovations, the selected company now has access to various tools such as cutting plotters that can be used for leather. Rather than relying solely on manual labour, these machines are capable of cutting large pieces of leather into smaller, specific ones that can be used further in production. The selected company currently operates two such machines, but it is not enough to meet the demands of the business (Interview with the CEO).

8.5 Ecological factors

The selected company does not put emphasis on ecology as it probably should be these days. All waste, that was created in the process of manufacturing the product, is subsequently packed into big paper bags, that are stored in the waste container. Every second week the waste is transported to the local waste incineration plant. The main waste is very small leather scraps, which cannot be recycled in any way (Interview with the CEO).

Summary

Within the macro environment among the factors that influence the selected company include the requirement to comply with the Business Corporations Act and the Labour Code. The relationship between the selected company as an employer and its employees is regulated by the Czech Labour Code. The company is impacted by two main economic factors: the average inflation rate and unemployment. Relevant social factors include the number of people involved in equestrian sports in the countries where the selected company operates. This number is influenced by the development of the country in question; equestrianism is widespread in developed European countries. Technological factors, especially the use of new modern technologies, influence the competitiveness of the selected company. The precision and efficiency of machines are greater than that of human power,

yet the bulk of the production of the selected company is based on manual labour, which is irreplaceable by technology. Ecological factors are not something that the selected company is overly concerned with, according to our findings, and the main waste is leather non-recyclable material.

9 MESO-ENVIRONMENT ANALYSIS – PORTER'S FIVE FORCES ANALYSIS OF THE SELECTED COMPANY

This analysis examines various forces that impact the selected company, such as the bargaining power of suppliers and buyers, competitive rivalry, the threat of new entrants, and the threat of substitute products. The analysis will be carried out on the basis of the study of the internal documents of the selected company, interviews with the CEO, the website of the selected company, and participant observation of the author of this thesis.

9.1 The Bargaining Power of Suppliers

The selected company requires cowhide leather as their primary raw material, but there is no appropriate tannery in the Czech market to provide the required beef hides. As a result, the company has to import all the leather required for production from big foreign corporations, which contributes to an annual rise in material costs. Since these corporations supply various other industries with more materials, the selected company's purchasing power is comparatively lesser, and the terms of trade are significantly influenced by these larger entities.

9.2 The Bargaining Power of Buyers

As previously mentioned, the selected company has been in operation for over 30 years, which has resulted in a considerable customer base. However, their competitors have been in the equestrian equipment market for even longer. Despite this, the market itself is not highly competitive, and the available products are not particularly unique or exceptional. This puts the power in the hands of buyers, who can easily switch to a different company if they so choose. Despite this, the selected company is taking steps to expand its customer base and solidify its position in the market. In conclusion, the buyers hold significant bargaining power in this market.

9.3 Competitive Rivalry

In the market where the selected company operates, there are only a few competitors who offer comparable products. We cannot find an equal or comparable rival in the Czech market. On the international market, there are two main competitors, that offer comparable products: PRESTIGE ITALIA S.p.A. and G. Passier & Sohn GmbH. The products of the mentioned companies and the selected company are more or less similar, so it might seem that the rivalry will be great. However, the rivalry here is not significant. Most of the brands

operate as love brands: the customer chooses one brand and, if it proves to be a good fit, then remains loyal to it in the long term. Unlike its two main foreign competitors, the selected company offers cheaper prices, for comparable quality, which can be decisive for customers.

9.4 The Threat of New Entrants

The arrival of fresh competitors poses a significant danger to the selected company. Despite operating in the market for over three decades and amassing a significant number of reliable and dedicated clients, the company is at risk of losing them if new entrants begin offering comparable products at lower prices and better promotions. This could lead to a mass exodus of customers, resulting in a significant reduction in profits for the company.

9.5 The Threat of Substitute Products

The threat of substitute products is really low. For the selected company's most sold products, which are saddles, the substitute could be riding pads. This is the only possible substitute, which is available on the market at the moment. However, the popularity of this product among customers is not high and is not likely expected to grow.

Summary

The selected company faces several factors that affect its competitiveness in the equestrian equipment market. The company has to import all the cowhide leather required for production from big foreign corporations, which results in an annual rise in material costs, as there is no appropriate tannery in the Czech market to provide the required beef hides. The bargaining power of suppliers is thus significant as the selected company's purchasing power is comparatively lesser. On the other hand, the market is not highly competitive, and the available products are not particularly unique or exceptional, which puts the power in the hands of buyers who can easily switch to a different company. Despite the low competitive rivalry in the market, the arrival of fresh competitors poses a significant danger to the company, risking the loss of reliable and dedicated clients if new entrants begin offering comparable products at lower prices and better promotions. The threat of substitute products is low, with only riding pads as a possible substitute for saddles, but the popularity of this product among customers is not high and is not likely to grow.

10 BENCHMARKING

The selected company will be subject to benchmarking analysis alongside competitors who have been selected based on their product offerings. These competitors include Prestige Italia and G. Passier. The competitors have been evaluated according to selected criteria. Each criterion was allocated with a weight. The evaluation was on a scale of 1 to 5, with 1 being the lowest and 5 being the highest. The benchmarking process is displayed in Table 1. The chosen criteria for comparison include the portfolio of saddles, the length of time on the market, the logo, the countries to which they export, the promotion and advertising efforts, and the web design.

Table 1: Benchmarking (own processing)

Criteria	Weight	Selected company	PRESTIGE ITALIA S.p.A	G. Passier & Sohn GmbH
Portfolio of saddles	0.2	3	4	2
		0.6	0.8	0.4
Time on market	0.2	2	4	5
		0.4	0.8	1.0
Logo	0.1	3	3	2
		0.3	0.3	0.2
Countries to which they export	0.2	2	5	4
		0.4	1.0	0.8
Promotion and advertising	0.2	2	4	2
		0.4	0.8	0.4
Web design	0.1	2	4	2
		0.2	0.4	0.2
Total	1.0	2.3	4.1	3.0
Placing		3	1	2

Criteria	Weight	Selected company	PRESTIGE ITALIA S.p.A.	G. Passier & Sohn GmbH
Portofolio of saddles	0,2	3	4	2
		0,6	0,8	0,4
Time on market	0,2	2	4	5
		0,4	0,8	1
Logo	0,1	3	3	2
		0,3	0,3	0,2
Countries to which they export	0,2	2	5	4
		0,4	1	0,8
Promotion and advertising	0,2	2	4	2

		0,4	0,8	0,4
		2	4	2
Web design	0,1	0,2	0,4	0,2
Total	1	2,3	4,1	3
Placing		3	1	2

Based on the benchmarking results, the selected company was ranked in the last position, G. Passier & Sohn GmbH was second, and first was PRESTIGE ITALIA S.p.A. Where the other competitors benefit, is time on the market, especially G. Passier & Sohn GmbH and this results in their bigger customer base. In order to increase its competitiveness, the selected company should focus on:

- reaching new retail shops in countries, where it does not yet export,
- making a new website,
- promoting their products better,
- come up with a new up-to-date logo.

In nearly all of these above-mentioned areas, the main competitors of the selected company are better.

11 SWOT ANALYSIS OF THE SELECTED COMPANY

SWOT analysis provides information about strong and weak sites, but also opportunities and threats of the selected company. The analysis will be carried out on the basis of the study of the internal documents of the selected company, shadowing of the CEO and employees, interviews with the CEO, the website of the selected company, and participant observation of the author of this thesis.

Table 2: SWOT Analysis (own processing)

Strengths	Weaknesses
Affordable price of products	Too demanding training of employees
Quality of products	Dependence on the main product
Tradition and good reputation	Dependence on selected suppliers
Constant demand for main products	Uncontemporary website
Monopole in Czechia	Small premises
Wide portfolio of products	Low production capacity
Low staff fluctuation	Old-fashioned logo
One-shift working hours	Inefficient promotion and social media management
Opportunities	Threats
Emergence of a new markets	Lack of potential employees in the labour market
Contemporary technology	New competitors
Possible increase of price of products	Material crisis

11.1 Strengths and Weaknesses

Based on the obtained data about the company, the essential strength is the **price of manufactured products**. The company has prided itself on reasonable prices since its very beginning. No other big European competitors can offer that, and that is why many people choose to buy these products. It is not only about the price but also about **quality**. Despite the low-end prices, the company still put emphasis on the quality of manufactured stuff, which is another reason why its products are so popular. More than 30 years have passed since the firm's establishment thanks to which they obtained great experience in their field and **tradition**. Based on affordable prices and good quality, the company has a **great reputation** and **constant demand for main products** (saddles) not only in the Czech market but also in foreign countries. Also, the lack of competitors in the Czech market is a plus for this corporation. Small self-employed competitors could be found in Czechia, but they are not considered a major threat and it can be said that the selected company has a **monopoly** in that area. The company tries to expand its offer every year. A **wide portfolio of products** is a big advantage over other competitors, and it is also easier for customers

to choose their wanted product. Since a large part of communication is conducted through the CEO, customers are delivered with an individual approach. Speaking of staff, a huge plus is the **low fluctuation of employees**. Many of them have worked in this company since its foundation. That means that they are not only experienced and skilled in their work field, but also are familiar with each other, depend on each other, and have good relationships with each other and with the management of the company. The **single-shift operation**, which allows employees to maintain a work-life balance, also contributes to this.

Considering weaknesses, the **demanding and long-lasting training of new employees** makes it harder for the company in finding new staff. Speaking of **dependencies**, the company's prosperity rests on the sale of its main and best-selling products, which sell at the highest price: saddles. As the company has limited storage possibilities, it cannot store a big amount of material and is **dependent on regular supplies** of material. One of the other weaknesses is definitely the **inconvenient premises**, which are already too small and offer no space for expansion and limit the production capacity.

11.2 Opportunities and Threats

Despite the fact, that the selected company exports its products to many countries, there are still opportunities to sell goods to new customers in **new markets**, especially those countries where the products of the company's competitors are more well-known and popular. Where selected company ought also to focus is the topic of **technology**, especially investing in new leather-processing machines, which can replace the expensive human labour force and increase the number of manufactured products and work productivity. As mentioned above, the selling price of products of the selected company is lower than competitors. A slight **increase in the price** of products would not discourage existing customers but will increase the profits, which can be further used for investing back in the company.

The biggest threat the company has are the ones with **staff**, especially finding potential employees. The current situation in the labour market does not offer many potential workers. Unlike in the past, there is today only a minimal range of specialisations in vocational schools that focus on saddlery or work with leather. These fields have lost their tradition and popularity in the Czech environment. Another threat to the selected company is the entry of **new competitors** in the market. Lastly, due to world crises such as Covid-19, and the war in Ukraine, the **availability and quality of materials are worse** than it was before and the suppliers of materials are willing to ask for higher prices for these materials, despite the inadequate quality of the material.

12 SUMMARY OF THE ANALYTICAL PART

To introduce the selected company the selected company was evaluated using McKinsey 7S. Therefore, an analysis of the marketing mix and STP analysis were conducted. On the basis of the analysis of the marketing mix, the selected company focuses primarily on their main product, which are saddles. Also, the company should put more attention to its promotion. The STP analysis indicates that the selected company places its primary focus on the B2B segment, while also allocating some attention to the B2C segment. In terms of market segmentation, the company prioritizes targeting retail shops that yield the highest profits. Additionally, the company places significant emphasis on carefully selecting business partners who can maintain the company's reputation and drive further demand.

The main competitors were identified as PRESTIGE ITALIA S.p.A. and G. Passier & Sohn GmbH and further elaborated upon. Next, strategic marketing analyses were conducted.

The PESTE analysis was utilized to examine external factors such as political-legal, economic, social, technological, and ecological factors that could impact the selected company in the macroenvironment. The number of individuals participating in equestrian sports within the countries where the selected company operates is a significant social factor. This quantity is impacted by the level of development of the country in question, with developed European nations having a high prevalence of equestrianism. In addition, the competitiveness of the selected company can be influenced by technological factors, particularly the adoption of new, cutting-edge technologies.

Porter's Five Forces analysis was carried out to study the forces that could affect the selected company. Due to the selected company's relatively lower purchasing power, the bargaining power of suppliers is a crucial factor. Meanwhile, the market is not strongly competitive, and the products available are not particularly distinctive or exceptional, which gives buyers the upper hand in being able to easily switch to a different company.

The company's position was then determined and compared to its main competitors using benchmarking, on the basis of which the selected company should focus on: reaching new retail shops in countries, where it does not yet export, making a new website, promoting its products better or to come up with a new up-to-date logo.

Finally, a SWOT analysis was performed to identify strengths, weaknesses, opportunities, and threats. Key strengths are the affordable price of products and their quality. Weaknesses of the selected company are small premises and dependence on few products. Opportunities

are the emergence of new markets and possible increase of the price of products. Lack of potential employees in the labour market and material crisis are reflected as threats.

The theoretical section defined three research questions, and the practical section provided answers to these questions:

- *Research question Number 1: With which products is the selected company most successful in the market?*

The selected company is most successful in the market with saddles. The total amount of saddles within the selected company's portfolio is 56 and the company tries to come up with new ones every year.

- *Research question Number 2: What is the strategy adopted by the selected company according to different competitive strategies in the market?*

Kotler's strategy positions the selected company as a market follower, recognizing its position among larger firms in the market. The company employs Porter's strategy of cost leadership, with a focus on achieving the best possible prices to establish lower prices than its competitors. Finally, Ansoff's strategy reveals that the selected company implements a market penetration approach to increase product consumption among current customers and attract new customers from competitors or those not yet purchasing their products.

- *Research question Number 3: How is the company getting on in comparison with its competitors in terms of promotion?*

Compared to its competitors, the selected company falls short in terms of its promotional efforts. Although it has a website that provides information on products, contacts, and news and utilizes Facebook and Instagram to announce its latest offerings, a significant part of its communication relies on email newsletters sent regularly to business partners containing news about new products or discounts. To enhance its promotional activities, the selected company should consider improving its social media presence and explore the possibility of sponsoring sports events.

13 RECOMMENDATIONS

Despite being in the market for over 30 years and satisfying many customers, the selected company still has some areas that require improvement. As a result, the following recommendations have been proposed to aid in the company's continued success and to increase its market share. These suggestions are based on the analysis presented in this bachelor's thesis and are intended to enhance the company's competitiveness.

13.1 Innovation of the Website

The selected company has already invested in a new website several years ago. Anyway, the main goal of this facelift of the selected company's website was to update the offered portfolio of products and to make the website compatible with smartphones and tablets. The website currently includes all important information, but the design of the website is poor and was contemporary probably years ago, but it is not enough for these days. The company should therefore invest in a more accessible, clean, and modern design of the website, which will make it more attractive to customers. The estimated cost of this recommendation is 150,000 CZK.

13.2 Improved Work with Social Networks

To increase its reach to potential customers, the selected company should prioritize the active management of its social media profiles. In today's world, where social networks are nearly ubiquitous, managing these profiles effectively is critical. The company should make an effort to post engaging content daily that appeals to a wide audience. By following this recommendation, the company can increase its visibility and potentially attract more customers. To execute this strategy, it is advisable to hire a new intern or extern social media and marketing specialist to manage the socials strategically and effectively. The estimated cost of this recommendation is 30,000 CZK.

13.3 Purchase of a New Machine

As was mentioned in Chapter 10.4., the company currently owns two cutting plotters, that cuts leather pieces instead of the human labour force. Unfortunately, it is not enough to meet the requirements of the production, in other words, situations occur when is necessary for an employee to do it by himself manually, which is time-consuming and physically demanding. To eliminate these situations, which slow down production and therefore lower the number of manufactured products, the selected company should consider buying one

more of these machines. For the selected company would be sufficient to buy the same machine but on a smaller scale. This will be enough for the production, but simultaneously save money and space than buying the equally sized machine. The estimated cost of this recommendation is based on the interview with the CEO approximately 1,000,000 CZK.

13.4 Sponsoring of Show Jumping Events

Thanks to an interview with the CEO was discovered, that the selected company had sponsored many national and international show jumping events, where the selected company had been greatly promoted. Anywhere, the CEO then decided that undertaking these promotional actions, however beneficial they had been for the selected company, was too expensive. After that sponsorship of national and international events was switched to sponsoring small regional show-jumping events. Unfortunately, the reach of these events and the number of all people who attended these events are in comparison with international and national events significantly lower. Therefore, the efficiency and effectiveness of this promotion decreased. The selected company should go back to sponsoring these big international and national show-jumping events, despite the price of this sponsorship. To reduce the costs of this promotion, the selected company should consider picking only a few of these events. Events, which could the selected company sponsor in 2023:

- CSI** Olomouc, 22nd – 25th June
- CSIO**** Prague Cup, 26th – 30th July
- Final of the Czech Jumping Cup – 28th September – 1st October

The estimated cost of this recommendation and how much is the CEO of the selected company willing to sponsor is 50,000 CZK per event.

13.5 Rent or Purchase of New Premises

As was already stated in Chapter 12 SWOT Analysis, one of the weaknesses of the selected company was the small premises, where the company realises the manufacturing itself. This means that the company`s employees do not have enough space to do their job comfortably, therefore productivity decreases. Also, the warehouses of the selected company are overcrowded, hence the staff of the warehouse puts the excessive material anywhere, where is enough space for it, this consequently rapidly reduces the effectiveness of the storage of the material, and it prolongs the time to find the required material later when it is needed in production. What the selected company`s CEO should think about, is how many financial resources could be used to rent or purchase new premises, where the company could

manufacture its products more effectively and in a more comfortable work environment. The estimated cost of this recommendation and how much is the CEO of the selected company willing to pay is 500,000 CZK per month in case of the rent, 20,000,000 CZK in case of the purchase of the new premises.

13.6 Other Recommendations – New Logo Design

On the basis of the analyses carried out in this bachelor's thesis I have come to the conclusion that the logo of the selected company does not meet the current market requirements and therefore I propose the design of a new logo, which is depicted in Figure 10 and Figure 11. Since I have designed the logo, this recommendation is for free. The graphic designs worked with “the selected company” instead of the actual name of the selected company.



Figure 10: Design of the new company logo (own processing)



Figure 11: Design of the new company logo (own processing)

CONCLUSION

Increasing competitiveness and the pursuit of competitive advantage are hallmarks of today's market environment. Analyses of competitiveness are an important tool that provides companies with the information they need to achieve their business goals. The aim of this bachelor's thesis was to conduct this analysis of a Czech manufacturer and seller of horse-riding saddles and other equestrian sports equipment based on the selected relevant theoretical sources and frameworks.

The theoretical part of this thesis defined concepts related to competitiveness, described important competitive strategies, and defined the most influential macroenvironment, meso-environment, and microenvironment marketing analyses. Also were three research questions formulated.

The theoretical part is followed by the practical part, which focuses on the selected company and the analysis of its competitiveness. Initially, the McKinsey 7S model is used to introduce the selected company, then are analysed its competitive strategies using Kotler's, Porter's, and Ansoff's scopes. The relevant factors within the marketing macroenvironment, meso-environment, and microenvironment were analysed by using selected methods.

Based on the analyses performed, this bachelor's thesis provides a comprehensive analysis of the competitiveness of a selected company, that can serve as a case study for other businesses and entrepreneurs. Recommendations were also drawn from the conclusions of the analyses that can improve the competitiveness of the selected company on the market and subsequently its overall profit.

These recommendations include website design improvements, social media management, investing in a new cutting plotter, sponsoring show jumping events, and renting or purchase of new premises. Another recommendation was a new logo design. The estimated costs of these recommendations were: 150,000 CZK for the new website, 30,000 CZK per month for managing social media, 1,000,000 CZK for the purchase of the new cutting plotter, 50,000 CZK per event for the show jumping events sponsorship and 500,000 CZK per month in case of rent or 20,000,000 CZK in case of purchase new premises for production. As the new logo was designed by the author of this thesis, there is no additional cost for this recommendation for the selected company.

As these recommendations can be practically implemented, the selected company can really benefit from them and move forward in its competitiveness and overall future profit.

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Internal Sources

Internal documents of the selected company.

Interview with the CEO.

Field notes based on participated observation.

LIST OF ABBREVIATIONS

CZK	Czech koruna
GDP	Gross domestic product
PESTE	Political-legal, Economic, Social, Technological, Ecological factors
STP	Segmentation, Targeting, Positioning
SWOT	Strengths, Weaknesses, Opportunities and Threats
7P	Product, price, place, promotion, people, processes and physical evidence
7S	Strategy, structure, systems, style, skills, staff and shared values

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