

# **A Competitiveness Analysis of a Selected Company**

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## **ABSTRAKT**

Bakalářská práce je zaměřena na zkoumání a analýzu vybrané společnosti kavárny Style Café působící v potravinářském průmyslu a její konkurenceschopnosti ve srovnání s dalšími firmami ve stejném odvětví. Teoretická část bakalářské práce byla zpracována na základě odborných studií zaměřených na problematiku konkurenceschopnosti a daných marketingových strategií. Cílem praktické části práce bylo identifikovat postavení analyzované společnosti pomocí různých marketingových nástrojů a strategií. Jako součást výstupu práce byla navržena případná doporučení na zlepšení výkonnosti firmy a jeho tržní postavení.

Klíčová slova: Marketingový MIX, Porterova analýza, konkurenceschopnost, Kotlerova analýza, Benchmarking, SWOT analýza

## **ABSTRACT**

The bachelor's thesis focuses on the research and analysis of a selected company, Style Café, that operates in the food industry and is competitive compared to other companies in the same industry. The theoretical part of the bachelor's thesis was prepared based on professional studies focused on the issue of competitiveness and the given marketing strategies. The practical part of the thesis aimed to identify the position of the analyzed company using various marketing tools and techniques. As part of the output of this thesis, possible recommendations for improving the company's performance and market position are proposed.

Keywords: Marketing MIX, Porter Analysis, Competitiveness, Kotler Analysis, Benchmarking, SWOT Analysis

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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.

*Motto:*

*„Your only limit is your mind “*

*Napoleon Hill*

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## INTRODUCTION

Starting a business is easier today than it used to be, but the more companies grow, the more challenging it is to compete in the market. Businesses must continuously improve their strategies and consider internal and external factors. To succeed, they must use analytical tools and methods. Building a competitive advantage is key to ensuring a product or service remains unique and stands out in the market. In the current economic environment, competition is inevitable and exists in every market, including a constant struggle between companies (supply and demand) and developing their competitive advantage.

This bachelor's thesis analyses a Café called Style café, which is situated in Slavkov u Brna (Austerlitz). It offers a variety of desserts, cakes, coffees, and various breakfasts. In this area, there are many cafés that it may compete with; therefore, the company must differentiate itself in numerous ways.

The theoretical section explores the basic concepts of competitiveness, including various market structures such as monopoly, oligopoly, perfect competition, and monopolistic competition. In addition, it addresses competitive strategies, such as those by Kotler and Porter's Five Forces, and tools for meso and micro-environmental analysis, such as Benchmarking and the 7P marketing mix. The SWOT analysis and PESTE analysis (macroenvironment Analysis) are also introduced.

The practical part deals with the company's functioning, providing a detailed analysis of its market position and main competitors. Moreover, benchmarking is provided as part of the thorough examination of the company and its biggest rivals to find out its relative strengths, weaknesses, and areas for improvement. along with SWOT analysis to better understand the company's strengths and weaknesses, as well as threats and opportunities.

In conclusion, this bachelor's thesis aims to analyse competitiveness and competitive strategies to define how a selected company should maintain and strengthen its competitive advantage to outperform its competitors. Furthermore, it aims to rank the company's position in the industry, providing insight into its operations, and help them enhance overall performance.

**I****THEORETICAL PART**

## 1 COMPETITION

Several sources define competition. According to Kotler and Keller (2016, 31), it is explained as follows: “Competition includes all the actual and potential rival offerings and substitutes a buyer might consider.” According to Čichovský (2002, 13), competition is a positive characteristic of a competitor manifested by interaction with competitors in a given environment. Let us now mention some concepts associated with competition below.

### 1.1 Competitive Intelligence

According to West, Ford and Ibrahim (2015, 81), the concept of competitive intelligence lies in gathering relevant information about other companies and continuously analysing it to determine how the company is performing in terms of competitiveness. The main aim is to build a sustainable competitive advantage using the collected data to identify key components of the organization's environment. The process begins with collecting types of information and their sources, followed by gathering data from relevant fields, which must be accurately verified before making any decision.

### 1.2 Competitor analysis

According to West, Ford and Ibrahim (2015, 78), competitive analysis is “a set of activities which examine the comparative position of competing organizations in a given market.” The author also explains some examples of activities that firms may perform concerning their competitive position:

1. **Identifying the company's competitors:** Besides its current competitors, the company must also consider potential competitors appearing in the market.
2. **Understanding competitors' objectives:** After identifying companies' competitors, it is essential to understand their objectives (*cash flow, market share growth, technological leadership, and market leadership*). Understanding these objectives allows firms to predict a competitor's response to a competitive move.
3. **Identifying competitor's strategies** (To understand and identify competitors' strategies, it is important to recognize each competitor's assumptions, which usually include assumptions about the industry rival firms, or their own business performance). Firms must know and evaluate an individual competitor's current marketing strategy to understand their underlying assumptions.

4. **Assessing competitors' strengths and weaknesses:** The most essential marketing strategy is identifying competitors' strengths and weaknesses. This analysis reveals the firm's capacity to react to strategies, industry events, and environmental changes. Their strengths and weaknesses stem from the presence or lack of assets or skills. Moreover, benchmarking is used to analyze these two factors.
5. **Estimating competitor's reactions:** Examining a competitor's responses to any changes in the external environment and how the competitor is expected to react to competitive actions by other organizations (West, Ford, and Ibrahim, 2015, 80).

West, Ford and Ibrahim (2015, 80) note that selecting which competitors to attack and which to avoid involves analysing their competitive strengths and market position. Finally, companies should recognise that not all competitors are harmful; some may in fact be advantageous, contributing to mutual growth and strengthening the market position of both companies.

### 1.3 Competitive advantage

According to Kotler and Armstrong (2018, 230) these advantages provide businesses with opportunities to build a sustainable rapport with their customers, therefore, it is important to create more benefits and greater value than the competitive rivals. While Johnson, Scholes and Whittington (2008, 232) describe that maintaining a competitive advantage can be achieved through strategies such as *setting low prices*, *differentiation*, and *Lock-in*. There are multiple perspectives and classifications of competitive advantages.

#### Price-based Advantage

1. Low margins can sometimes be a good way for firms to achieve high sales volume or by financially supporting one business unit through profits from another part of its business. Furthermore, firms can achieve this advantage by obtaining *low-cost raw materials* or distribution costs, or some firms may be in regions with reduced labour costs. Competitors are usually unable to copy that, making it challenging to overcome their strategy.
2. Companies can succeed by targeting customers who value low prices over extra features of the product and keep costs down by avoiding the high costs of important brands - but only if they focus on that particular segment.

Furthermore, some threats may occur in the context of competitive advantages. For example, if competitors can also reduce their costs, therefore a low-price strategy does not represent a real advantage. Moreover, reducing costs can hinder a company from implementing a differentiation strategy. For instance, outsourcing IT to save costs may lead to a lack of strategic oversight of how IT could be used to create competitive advantage (Johnson, Scholes, and Whittington 2008, 232-233).

### **Differentiation**

Other ways to gain a competitive advantage include strategies that are different from those of competitors and that are difficult to imitate. Some advantages, such as the ability to maintain differentiation, *cannot be traded*, as explained by the concept of "imperfect mobility" (Johnson, Scholes and Whittington 2008, 233). For example, a pharmaceutical company with top researchers gains a significant advantage. However, some assets, such as a company's reputation or brand, are *intangible* and not easily imitated. Similarly, *switching costs* - either because of the customer's dependence on the supplier or the potential risks involved - may deter customers from switching suppliers because the benefits may not outweigh the costs or risks.

*Co-specialisation*: co-specialisation occurs when a company's key capabilities are strongly integrated with the buyer's processes, for example, by handling parts of their distribution or production. Having a cost advantage over competitors can help an organization maintain higher margins, which can then be reinvested to strengthen and preserve its differentiation (Johnson, Scholes, and Whittington 2008, 234-235).

As Brondoni (2018, 14) notes, in market-oriented organizations, all business functions (production, sales, planning, marketing, and finance) are expected to outperform competitors and focus on future market needs. The management prioritizes customer demands (outside-in approach) and aims to deliver greater value products while gaining market knowledge over time.

## **1.4 Competitive structures**

This subchapter discusses four competitive structures: *monopoly*, *oligopoly*, *monopolistic competition*, and *perfect competition*. Each of them somehow influences activities where many competitors occur and is defined as one or a few companies controlling supply (Dibb, Simkin M. Pride, et. al. 2019, 94). These aspects are examined in detail.

### 1.4.1 Monopoly

If this concept is broken down into two parts, we get mono, which means “one”, and poly is interpreted as “sell” (Ahmed, and Ali 2020, 15). Thus a monopoly represents a market structure where a single company produces a unique product with no other close substitutes. In this scenario, the product or service stands alone in the market. It therefore has no companies to compete with, thus operating as a single seller with many barriers to entry. Examples of monopolies are *non-privatized railways and government departments* (Dibb, Simkin, M. Pride et. al, 2019, 94).

Furthermore, some other characteristics are, for example, *Pricing Decisions*, meaning that monopolists have the ability to set the price of their product because they control the market, allowing them to act as *price makers*. Another characteristic to consider is *elasticity*, that occurs when a producer controls the entire supply (Ahmed, and Ali 2020, 18). There are multiple types of monopolies, and each of them operates slightly differently:

1. **Pure monopoly** – this type of monopoly is seldom encountered in the real world and is referred to as a market where a single seller dominates the entire supply of a specific product.
2. **Natural monopoly** – this type of monopoly arises from advantages like a *unique location*.
3. **State monopoly** – It is characterized by state control over a particular industry, making it the single producer of a specific product (Ahmed, and Ali 2020, 16).

### 1.4.2 Oligopoly

Dibb, Simkin, M. Pride, et al. (2019, 95) explain that an oligopoly arises when a market is dominated by a few sellers who control the supply of a product. One of the characteristics is the occurrence of homogeneous products, such as aluminium, or differentiated, such as cars or cigarettes. Certain barriers to entry prevent new companies from entering the market, such as significant financial investment, specialized skills, and limit competition in sectors such as *oil refining* or *steel production*. Another example is special experience and skills (marketing, technical) that prevent new entrants from entering the market. Examples of oligopolies are Airlines, utility providers and petroleum providers.

### 1.4.3 Monopolistic competition

Dibb, Simkin, M. Pride, et al. 2019, 95) explain that this type of structure occurs when a particular company competes with other companies using a differentiated marketing strategy to secure its market share. Levi's, for example, is advantageous with its blue jeans due to its recognizable trademark, unique design, advertising, and promotion, a reputation for quality. Despite the availability of many competing brands, Levi's has solidified its market share by emphasizing differentiation. Other examples are fast food and audio-visual.

One of the characteristics is the existence of several small sellers, so no one oversees selling to other vendors, and no one takes any account of total production. Furthermore, no retailer can influence the sales of others by changing its pricing and output policy, so each retailer follows independent strategies. Additional features include, for example, *low barriers to entry or exit* and *product differentiation* (The products are close but not perfect substitutes, differing in characteristics such as brand, design and colour) (Ahmed, and Ali 2020, 12).

### 1.4.4 Perfect competition

Perfect competition is described as „A market structure that entails a large number of sellers, not one of which could significantly influence price or supply “(Dibb, Simkin, M. Pride et. al, 2019, 95). Furthermore, these authors also note that this structure is non-existent. It is extremely rare; with unregulated agricultural markets being the closest example. Most firms usually move between perfect competition and monopoly.

Ahmed and Ali (2020, 6-7) explain several key characteristics of perfect competition, including having multiple *sellers and buyers*. When there are only a few buyers and sellers in the market, they can affect prices and production. Therefore, having a large number of buyers and sellers is crucial, ensuring that each seller's offer is small enough not to affect the overall price. Additional features include *no barriers to entry or exit* and *identical products*.

Table 1 Competitive structures

| Type of structure        | Number of competitors | Ease of entry into market | Product                                                       | Knowledge of market                               | Examples                                              |
|--------------------------|-----------------------|---------------------------|---------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------|
| Monopoly                 | One                   | Many barriers             | Almost no substitutes                                         | Perfect                                           | Non-privatized railways, many government departments  |
| Oligopoly                | Few                   | Some barriers             | Homogeneous or differentiated (real or perceived differences) | Imperfect                                         | Airlines, petroleum retailers, some utility providers |
| Monopolistic competition | Many                  | Few barriers              | Product differentiation with many substitutes                 | More knowledge than oligopoly; less than monopoly | Jeans, fast food, audio-visual                        |
| Perfect competition      | Unlimited             | No barriers               | Homogeneous products                                          | Perfect                                           | The London commodity markets, vegetable farms         |

(source: Ahmed, Ali 2020, 6)

## 1.5 Competitive Strategies by Kotler

Kotler and Armstrong (2018, 554) distinguish competitive positions according to roles within the target market, which are *Market leaders*, *market challengers*, *market followers*, and *market niches*. Each occupies a specific position and plays a specific role. Each factor is analyzed individually.

### 1.5.1 Market leader

Market leaders Kotler and Armstrong (2018, p. 554) explain that the firm hold the largest share of the market and often influence other firms by leading in *pricing*, *coverage* and *promotion*. Some well-known leaders include, for example, Walmart, McDonalds, Amazon, Facebook. and Nike. They must be constantly cautious and watch other companies that may challenge their strengths. Market leaders can become so old over time that newer and trendier competitors can replace them. One example of this shift is Abercrombie & Fitch, which has fallen behind more affordable brands such as ZARA, H&M, and Forever 21.

In addition, Kotler and Armstrong (2018, 554) point out that market leaders can expand the market by attracting new users and increasing product utilization (LEGO). To protect their market leadership, they must eliminate or reduce weaknesses that competitors may exploit. Additionally, they must continually build and maintain strong customer relationships and ensure their prices align with their value. Another way to maintain leadership is to constantly innovate and push product quality forward. This can include enhanced customer service, promotion, cost reduction, and distribution. By doing so, they sustain their value to customers.

### 1.5.2 Market challengers

According to Kotler and Armstrong (2018, 557), from the name of this role, it can be inferred that firms adopt this position either when they try to challenge other firms to capture a larger market share, or when they cooperate with rivals and avoid causing disruption. These firms usually occupy the second or third position but can still be large enough to become major competitors. Market challengers are an example of companies such as PepsiCo, Target, or Hertz. “The challenger can attack the market leader, a high-risk but potentially high-gain strategy “ (Kotler, and Armstrong 2018, 557).

Challengers are also observers, which means they pay attention to the strategies and successes of market leaders and try to improve accordingly. Challengers often gain market leadership by adopting and improving on the innovations of developing competitors. For instance, McDonald's was inspired by the previously established fast food chain White Castle. Additional example is Walmart, which adopted many methods from the discount pioneer Sol Price's FedMart and Price Club chains.

A market challenger can achieve its strategic objectives by launching a “*frontal attack*” on a selected competitor, meaning its full adaption to *its product, advertising, price, and distribution*, and focusing on its strengths. The result depends on greater strength and persistence, for example, PepsiCo competes with Coca-Cola and Ford with Toyota. A frontal attack is unlikely to be effective if the challenger has fewer resources than rivals, as the leaders could counter with pricing, advertising, and other tactics. A better opportunity lies in targeting a competitor's weaknesses or gaps in market coverage (Kotler, and Armstrong 2018, 557).

### 1.5.3 Market follower

Kotler and Armstrong (2018, 558) state that not every company seeks to directly challenge the market leader. Instead, some adopt a follower strategy and prefer staying in the background. This approach has many advantages because competing directly with the market leader is not always beneficial since the leader typically has greater power and may retaliate. The authors also point out that market followers must seek balance by staying close enough to attract customers from the leader, while keeping a sufficient distance to prevent any retaliation. Additionally, the leader can easily catch up with the changes made by followers, such as service improvements or new product features.

A market follower benefits from gaining insight from the leader's experience and often enhancing its products at a lower cost. Although it usually does not take a leading position, it can still achieve comparable profits. Key strategies for followers are, for instance, retaining customers and attracting new ones. The follower focuses on advantages such as availability and service and must either maintain costs low or ensure high quality products and services, while being ready to expand into new markets (Kotler, and Armstrong 2018, 558).

#### 1.5.4 Market niche

Niche markets, which typically operate with *limited resources* and have a relatively small market share, differ in that they focus on specific *sub-segments* rather than the broader market. Unlike *mass-market* retailers, which rely on high sales volumes, niche marketers achieve profitability through high margins. Their success lies in understanding their customers' needs and preferences, allowing them to add value that competitors often cannot (Kotler, and Armstrong 2018, 558-559).

Additionally, this added value allows low-priced retailers to justify a significant markup on their costs. These companies offer specific types of products to their customers; for example, some dating apps connect only one specific group of people (SeaCaptainDate.com, TallFriends.com). One type of end user is also one of the characteristics of market niches. Some niches may sell their products according to geographical location, selling only in a specific region of the world. Furthermore, niches provide specialized services that other firms are unable to offer. This strategy also implies a lot of risks, such as attracting greater rivals (they can prevent it by creating additional niches to survive in the market) (Kotler, and Armstrong 2018, 558-559).



Figure 1 Competitive structures

(source: Kotler, and Armstrong, 2018, 554)

## ANALYSIS OF THE MARKETING ENVIRONMENT

In this chapter, the analysis of the marketing environment is addressed. According to Boučková a kol, (2003, 81), the marketing environment is defined as “the totality of the circumstances in which someone lives or something happens.” The environment is key to the survival of any enterprise. Specific effects are influencing the company – some that the company may influence, and others that it may not. It is divided into the *microenvironment*, *mesoenvironment*, and *macroenvironment* (Boučková a kol., 2003) which is explained in this section.

### 1.6 Mesoenvironment Analysis

The following section discusses factors that the company cannot directly or indirectly influence or control. Whether entering the market is easy or difficult cannot be directly influenced by the company itself. Furthermore, *opportunities and threats* emerge from the mesoenvironment (Intermarketing, n.d.). This chapter explains Porter’s Framework and Benchmarking.

#### 1.6.1 Porter’s Five Forces Framework

As reported by Johnson (2008, 60-61) the five forces framework is valuable for most organizations, even those not focused on profit. In the public sector, equivalents to each force exist. This framework evaluates an industry’s attractiveness. Porter argues that the strong five forces make the industry unattractive due to high competition and pressure, which leads to reduced profits. The following sections detail each force.

**The five forces are divided into:**

- bargaining threat of new entrants
- bargaining threat of substitutes
- bargaining buyer power
- bargaining supplier power
- competitive rivalry

#### **Threat of New Entrants**

Johnson (2008, 61) explain that the threat of new entry depends on the level of entry barriers, which are described as the obstacles that new competitors must overcome to succeed. High barriers benefit existing players because they protect them from new entrants. Common

barriers include, e.g. *Economies of scale*, making it costly for new entrants to compete with established companies due to higher unit costs (caused by high product volume) and significant entry investments are part of this scale, such as equipment in the automotive industry. Companies with experience have a greater cost advantage than inexperienced new entrants, which is referred to as the *experience curve effect*.

Furthermore, Best (2014, 2018-2019) points out that *Technology or low-cost manufacturing* also hinders market entry, and companies that have developed this advantage represent barriers they have created themselves. The author also argues that a market that requires high start-up and operating costs for new businesses helps protect established businesses' positions. Lastly, markets positioned on an international level represent specific political barriers to entry.

*Government rules and laws* can also hinder new competitors through patents (e.g., pharmaceuticals), market regulations (e.g., pension sales), or tariffs. However, when these protections are removed, as in the airline industry deregulation, existing businesses face more competition (Johnson 2008, 61).

### **Threat of Substitutes**

Managers of the companies often overlook the threat of substitutes (firms producing products/services similar to yours) while focusing on direct competitors. Aluminium has become a substitute for steel in the automotive industry or trains for cars. They can reduce demand for certain products as customers choose cheaper alternatives, leading to the obsolescence of these products and services. Even without significant switching, the presence of substitutes can limit pricing in a given sector (Johnson 2008, 62).

As Best (2014, 220) explains that the more substitutes available on the market, the easier it is for customers to switch to another supplier, which intensifies competition and reduces the company's profitability, as well as market attractiveness.

### **Power of Buyers**

Moving onto the next force, which is the power of buyers. As stated by (Johnson 2008, 62-63), customers are crucial for any business's survival, but they can also wield significant power, making it difficult for suppliers to profit. If the buyer has sufficient resources to supply and produce the products themselves, in which case suppliers are weakened, usually due to high prices or poor quality. This has happened, for example, with glass manufacturers

who found themselves in a situation where buyers produced their glass. Additionally, if a product constitutes a large portion of a buyer's total purchases, their power increases, as they are more likely to look for the best price and pressure suppliers for better deals.

According to Best (2014, 219) a small number of large buyers can easily substitute suppliers, causing the market's attractiveness to decline due to their strong purchasing power. Large number of customers may demand lower prices and better terms, which increases competition and supplier costs, especially if the product is not essential to the customer.

### **Supplier power**

Suppliers are entities that supply a company with *raw materials*, components, or other resources essential for producing its products and services. Supplier power is generally high when suppliers have more power over buyers, which is manifested by the control of supply by a few producers. An example of this can be seen in the *iron ore* industry. Furthermore, switching from *one supplier to another* can be costly for buyers, making them dependent and weaker as a result. Given the high costs of moving from one operating system to another, such as in Microsoft company (Johnson 2008, 63).

According to Best (2014, 219), supplier power is low when businesses buy large quantities of commodity products that are not crucial to the consumers and involve low switching costs. This approach strengthens industry attractiveness and profitability prospects. It can be applied to the pharmaceutical industry, which makes large purchases involving low switching costs.

There is a threat that arose from suppliers called the "*supplier competition threat*." For instance, the development of *online booking* has enabled airlines to negotiate directly with customers by, for example, bypassing travel agencies and consequently establishing a more direct connection with the final consumers. This act is called *forward vertical integration*. Many companies work with several suppliers who provide the necessary materials for production. However, it is essential to analyze which suppliers are the most suitable regarding supplier strength, as this can affect the cost of input to buyers (Johnson 2008, 63).

### **Competitive rivalry**

Since this framework identifies five forces of competitiveness, it is important to address the concept of competitive rivalry. According to Johnson, Scholes and Whittington (2008, 64)

competitive rivals are companies that target the same group of customers and offer very similar products or services. The growth rate of the industry also influences its rivalry. As the markets continue to grow, so do the companies. On the other hand, with a decreasing growth rate, it will likely come at a rival's expense and face strong resistance.

Best (2014, 220) describes competitive rivalry as the ratio that the greater the number of competitors in the industry, the lower the level of differentiation, resulting in intensified competitive rivalry. Moreover, higher capacity in an industry may also increase competitive rivalry, often resulting in lower prices, reduced profit margins, and higher marketing costs.

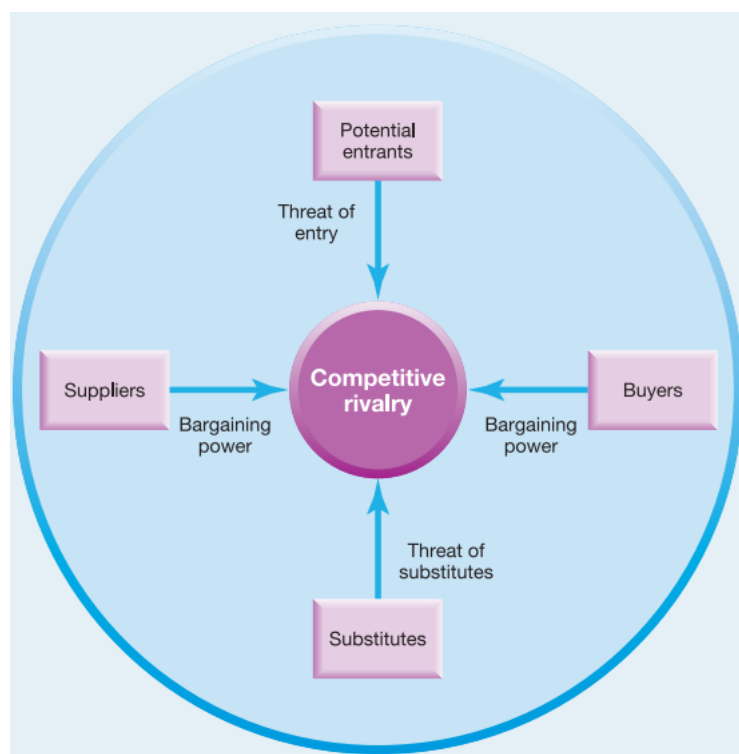


Figure 2 Porter's five forces

(source: Johnson 2008, 60)

### 1.6.2 Benchmarking

Benchmarking is, according to Johnson (2008, 116) „a way of understanding how an organisation's strategic capability, in terms of internal processes, compares with those of other organizations.“ Benchmarking can be categorized in different ways and is typically divided into *historical*, *Industry/sector*, and *best-in-class Benchmarking*.

As Johnson (2008, 116) explains the first branch mentioned *historical Benchmarking*, which assess the *company's performance* against its past results and spot some major changes. *Industry/sector Benchmarking* allows the company to compare the performance of organizations in the same sector or similar service providers against performance indicators. For example, public institutions such as local authorities or the police distinguish between urban and rural areas in their scheme. The main risk is that the whole sector may underperform and lose competitiveness against other industries that better meet customer needs.

The last type is *best-in-class Benchmarking*, which assesses an organization's performance against the best performers in different fields. This leads to the finding that increasing performance can only be caused by gradual changes in *resources or competencies*. It can thus inspire a more profound rethinking of approaches to improving organizational capabilities. This comparison method is more concerned with how these comparisons can affect behaviour (Johnson 2008, 117).

*Successful Benchmarking* requires clear planning, strategy, tactics, and goal setting. The author also points out that involving and training staff is essential; without their support, the process will not achieve its goals. Moreover, it is crucial “to compare comparables and in each aspect of value, otherwise the objective will not be achieved” Čichovský (2002, 204).

## 2 SWOT ANALYSIS

As noted by Jakubíková (2013, 129) SWOT analysis is a form of environmental analysis designed to identify *strengths* and *weaknesses*, *threats* and *opportunities*, and assess strategies for adapting to changes. This analysis is an acronym where each letter represents a specific concept: S—strengths, W—weaknesses, O—opportunities, T—threats. Each force is described and analyzed in detail.

Strengths and weaknesses analysis focuses on the company's internal environment, such as its resources, workplace relationships, goals, and management. In contrast, opportunities and threats analysis looks at the external environment, including both micro and macro levels. The macro-environment includes broader economic, political, and legal factors, while the micro-environment refers to direct interactions such as those with suppliers and especially customers (Jakubíková 2013, 129).

According to William M. Pride and O.C. Ferrell (2018, 42), this four-key Matrix depicts how an organization must find ways to turn its weaknesses into strengths as well as threats into opportunities. It offers companies a new perspective on evaluating the right time to launch a product category or enter a new geographic sector.

Kurtz and Boone (2006, 47) highlight that aligning *internal strengths* with *external opportunities* creates a unique concept called *leverage*. However, problems arise when threats challenge organizational weaknesses, and constraints appear when weaknesses block opportunities.

### 2.1 S – O (positive)

Strengths highlight specific advantages a company offers its customers (internal capabilities, resources), Opportunities represent factors that attract customers and support the company's growth (Jakubíková 2013, 129).

Strengths are according to Sarsby (2016, 9)

- Financial strengths: cash flow, credit rating
- Technological advantages: know-how
- Customer services: in marketing, service, etc.
- People (talented, skilled)

Opportunities according to Sarsby (2016, 9)

- Competitors withdrawing from or entering the market

- New social trends
- Technological innovations
- Tangible: are products, intangible: enhanced reputation

## 2.2 W – T (negative)

Threats, on the other hand, represent events that cause customer dissatisfaction and weaknesses point to areas where competitors may be outperforming (internal limitations and negative situational factors) (Jakubíková 2013, 130).

Weaknesses are according to the author Sarsby (2016, 9):

- high debt-liquidity ratio
- Old or inflexible technology
- Customer service weaknesses: long delivery times, poor customer communications

Threats according to Sarsby (2016, 9)

- Tangible: hostile takeover bid, new competitors, theft
- Intangible: potential loss of reputation, brand-damaging factors

A SWOT analysis can be determined using several evaluation criteria, which include the 4P marketing mix tools: *Product*, *Price*, *Place of sale (distribution)*, and *Promotion*.

Each of these criteria is assigned a weight from one to five. In addition, scaling is used, where zero indicates that the criterion is neither a strength nor a weakness. While studying SWOT analysis, it is important to mention the concept of *strategic blindness*, which means the inability of a company to overlook opportunities and threats in the market.

Companies often see strategic opportunities but are faced with a lack of resources or effective resource allocation (Jakubíková 2013, 129).

Table 2 SWOT Analysis

|                                                                                                   |                                                                                                                 |
|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| <b>Strengths</b><br>Internal capabilities that may help a company reach its objectives            | <b>Weaknesses</b><br>Internal limitations that may interfere with a company's ability to achieve its objectives |
| <b>Opportunities</b><br>External factors that the company may be able to exploit to its advantage | <b>Threats</b><br>Current and emerging external factors that may challenge the company's performance            |
| <b>Positive</b>                                                                                   | <b>Negative</b>                                                                                                 |

(source: Kotler, and Armstrong 2018, 80)

### 3 MACROENVIRONMENTAL ANALYSIS

According to Boučková a kol (2003, 83-84), the company's macro environment is explained as “social factors, which affect the micro-environment of all active market participants, form the macro-environment.” This chapter examines PESTE analysis, also known as STEP analysis, and its main factors are identified.

#### 3.1 PESTE Analysis

This chapter deals with the analysis of PESTE, which is a part of the macroeconomic environment and is divided into four parts. PESTE is an acronym standing for political-legal, economic, social/cultural, and technological factors that can significantly impact the company's operation. These factors can vary from company to company (Sedláčková, and Buchta 2006, 16). Let us first examine the political factors:

##### Political-Legal Factors

Sedláčková and Buchta (2006, 16-17) state that this section covers aspects that a particular sector cannot influence, and policy actions can positively or negatively affect society. Every company must face several political regulations and constraints, such as *tax laws*, *price policies*, *export and import regulations*, and *environmental protection*. These factors can strongly impact a company's decision-making, especially national companies heading across borders.

According to Czinkota R. Michael, Kotabe Masaaki, Vrontis Demetris et al. (2021, 108-109), Laws and Regulations may not directly influence company's marketing efforts; they may just influence opportunities that may have occurred. For example, minimum wage regulations can help firms find competitive advantages, such as relocating or automating labour-intensive production.

##### Economic Factors

These factors influence the company in terms of the state's economic situation. Macroeconomic trends play a major role in a company's decision-making processes, and indicators like *economic growth*, *interest rates*, *inflation rates*, *tax policy*, etc., all have a direct impact on a company's performance. Firms need to be cautious because while economic growth increases opportunities for firms, it can also have the opposite effect under certain conditions (Sedláčková, and Buchta, 2006, 17).

Furthermore, Czinkota, Kotabe, Vrontis Demetris et al. (2021, 107) point out that every company is mainly shaped by changes in economic factors, like “*globalization, regional economic integration, and exchange rates.*” They also state that involvement in economic agreements, for instance, the EU, NAFTA (between Canada, the USA, and Mexico), and ASEAN, impacts the marketer’s environment. On the other hand, it has facilitated other issues like transportation or documentation disputes.

Interest rates play a significant role in business strategy. **Low interest rates** can represent a strategic advantage for the company because this index stimulates investment activity, thereby boosting overall earnings. The same applies to the **inflation rate**, which is used for reporting economic stability. Conversely, high inflation is not a good sign because it slows down and hinders the company's economic growth. The **foreign exchange rate** is considered another critical indicator that determines **competitiveness in international markets** (Sedláčková, and Buchta 2006, 17).

Every company conducts a financial analysis to measure all these metrics. Other examples of economic metrics include *GDP trends, purchasing power, unemployment rates, and average wages*. Lastly, it is also crucial to recognize that the state itself can emerge as a significant competitor (Sedláčková, and Buchta 2006, 17).

### **Social Factors**

Another factor is social factors, which depend on the population and its structure. For example, a *growing population* creates opportunities for companies specializing in cosmetics and healthcare. Given that people want a better quality of life, some companies give them shorter working hours, more holidays, and other benefits instead of increasing salaries. Protecting the environment also plays a significant role in companies' decision-making, as it involves changes in technological processes and the production of various products. Also, using freons was banned due to global warming (Sedláčková, and Buchta 2006, 17).

### **Technological factors**

As reported by Bihnes, Fill and Page (2013, 42), the introduction of new technologies substantially affects technology firms and mainstream businesses, especially in productivity and efficiency, for example, through changes in energy, transport, and ICT. Social media and mobile technologies are changing how businesses interact with customers, for example, by directly sharing prices and promotions on mobile devices.

In technology sectors, companies often must choose between adopting or enforcing new standards, as new technologies can quickly make existing ones obsolete - for example, the move to cloud services or digital music formats.

## 4 MICROENVIRONMENT ANALYSIS

Kotler and Armstrong (2018, 92) explain a microenvironment as an environment that „includes all the actors close to the company that affects, positively or negatively, its ability to create value for and relationships with customers.” The main goal of this analysis is to maintain and develop new relationships with the company’s customers. To achieve this, it is essential to focus on marketing success, which plays a key role in building strong connections with customers, competitors, suppliers, and others who together form the company’s value delivery network (Kotler, and Armstrong 2018). This chapter addresses the 7PS Marketing Mix as well as the BCG Matrix.

### 4.1 4Ps Marketing Mix

Armstrong, Kotler and Opresnik (2017, 81) define the Marketing Mix as “a set of tactical marketing tools that the firm blends to produce the response it wants in the target market”. The marketing mix plays a key role in modern marketing and includes all the activities used to build strong customer relationships and keep them engaged. 4Ps Marketing Mix is divided into four elements: *Product, Price, Place* and *Promotion*.

#### **Product**

According to Armstrong, Kotler and Opresnik (2017, 81), a product refers to a combination of tangible goods and/or intangible services a company offers its target customers. Baines, Fill, and Page (2013, 12) point out that the product is associated with packaging and labelling.

#### **Place (Distribution)**

Place “include company activities that make the product available to target consumers”. (Armstrong, Kotler and Opresnik, 2017, 81). Moreover, the place includes how the product is delivered to customers to meet their needs (Baines, Fill, and Page 2013, 12).

#### **Promotion**

According to Armstrong, Kotler and Opresnik (2017, 81), *promotion includes Advertising, Personal Selling, Sales Promotion, and Public Relations*. Furthermore, Baines, Fill and Page (2013, 12) note that promotion consists of introducing the product's features and benefits to potential customers.

## 4.2 The BCG MATRIX (Boston Consulting Group)

As Kurtz and Boon (2006, 55) state, one of the essential marketing strategies helps analyze a product's performance measure. This Matrix is also called the *Growth Share Matrix* or *Boston Matrix*. These authors also explain that SBU's position on the horizontal axis reflects its market share relative to its competitors. In contrast, its position on the vertical axis indicates its annual market growth rate.

### Star:

The first quadrant to be discussed is the *star*, which symbolizes a product that is superior to others on the market. As depicted in the figure, the star occupies the top-left quadrant, representing the *highest relative market share in high-growth markets*. Stars represent businesses that generate sustainable revenues and lead the market, typically considered market leaders, such as the enterprise Apple. Their strategy is to invest in long-term growth (Kurtz, and Boone, 2006, 55).

### Question marks

In the quadrant below, question marks are positioned in the top right, with axes representing higher market share in low-growth markets. If companies in question marks can't become stars, they should consider exiting the market and focus on more promising markets since these enterprises generate less cash than this quadrant requires (Kurtz, and Boone, 2006, 55).

### Cash Cow

Significant market share and low market growth are the definitions of *cash cows*, also called dairy cows. This quadrant symbolizes products making stable profits for the company. This category includes products that are new to the market, and companies do not yet know whether they will catch on. The authors suggest that the companies in this quadrant tend to invest in other SBUs with greater growth potential instead of investing in themselves. Their strategy is as follows: "Milk profits to finance the growth of stars and question marks" (Kurtz, and Boone, 2006, 55).

### Dogs

According to Czinkota, Kotabe, Vrontis et al. (2021, 371), the section *Dogs* represents a **low market share with high market growth**. Companies in this quadrant have no potential for growth, and a product in this category has limited prospects and can become loss-making if

it consumes excessive overhead. Its future should be regularly reviewed so that it can be discontinued before it becomes a liability. Some national airlines fall into this category. Authors Boone and Kurtz (2006, 56) explain *dogs* as a market where marketers should consider immediate withdrawal. In addition, products located in this quadrant could be sold to other, more prosperous companies.

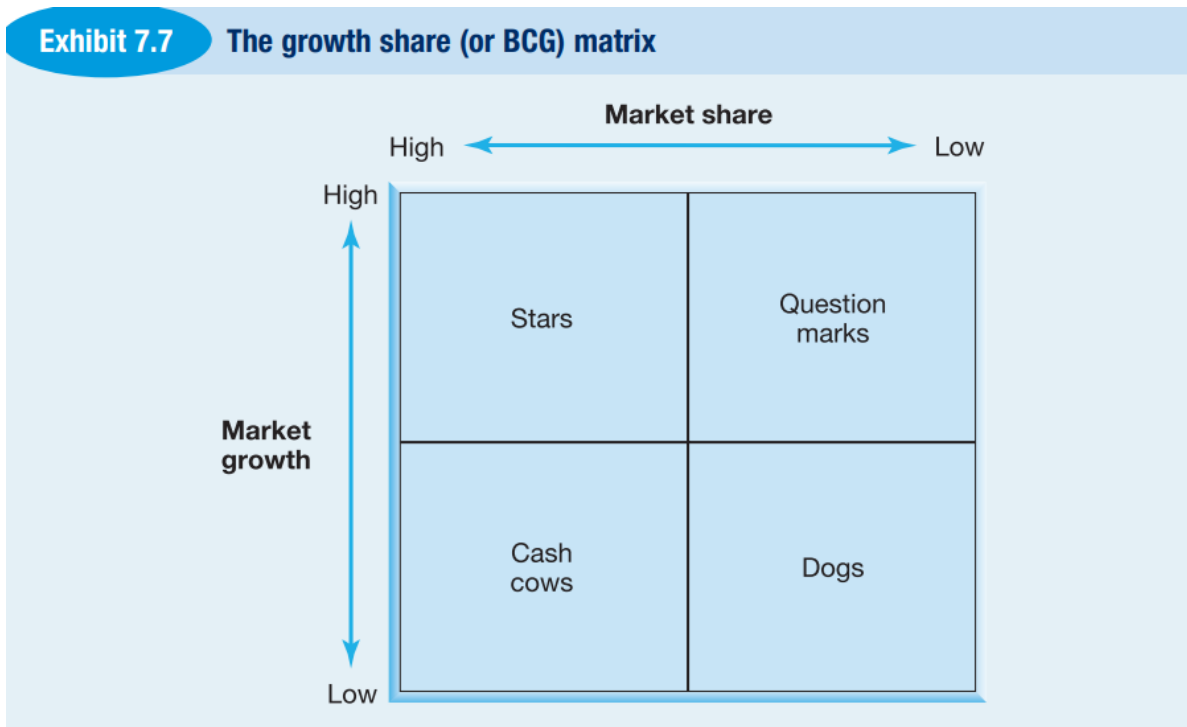


Figure 3 BCG Matrix

(source: Johnson, S Scholes, and Whittington 2008, 279)

## **5 SUMMARY OF THE THEORETICAL PART**

The theoretical part of this thesis includes key concepts related to the marketing environment and various strategies relevant to the analysis of the selected company in the practical part. Strategies like PESTE analysis are included in the company's macro environment. Tools like Porter's Five Forces analysis and Benchmarking have been discussed and are reflected in the practical part, along with SWOT analysis and microenvironment elements such as the 7P marketing mix and BCG Matrix.

Furthermore, basic concepts such as competition and competitive intelligence were addressed along with marketing structures and Kotler analysis. Lastly, the theoretical part was gathered from relevant sources by various authors and serves as the basis for the actual analysis of the selected company, Style Café.

## **II**

## **PRACTICAL PART**

## 6 INTRODUCTION OF THE SELECTED COMPANY

The selected company, Style Café, actively provides services in the food service industry. This enterprise belongs to the B2C category as it allows for the products to be delivered to the final customers. The company was established in 2008 by two founders, Mr. and Mrs. Doubek, as one of the first cafés in Slavkov u Brna.

This business serves as the benchmark for comparison with other cafés. Visiting each of them is a unique experience, and each café offers customers a different variety of desserts, breakfasts, and, most importantly, delicious coffee made from different coffee bean brands. Using various marketing strategies will help the company determine which is perceived as the most competitive by customers.

The main competitors, *The Café of Three Emperors*, *Café Doubek*, and *The Black Rose Barber Café* in Slavkov u Brna, are analyzed using various analytical tools and strategies to determine their market position and identify their key competitive advantages. They were selected based on multiple criteria for evaluating the company's market position.

The first competitor, *The Café of Three Emperors*, was selected due to its proximity to the chosen company. Since it is located directly across from Style Café, it poses a certain threat. To create a competitive advantage, they must differentiate themselves in various ways.

The second competitor is *Café Doubek*, which is the latest among the mentioned cafés in terms of foundation. This enterprise was selected due to the company's family background story and, paradoxically, because it has spent the shortest time on the market, which made it more challenging to build a stable customer base. Nonetheless, thanks to its sophisticated marketing and high-quality products, it has become one of the best cafés in town.

The last competitor, *The Black Rose Barber Café*, was chosen for its unique concept, offering distinctive desserts and adopting a different market strategy. Combining barber services with a coffee shop gives the business a particular advantage over its competitors. Lastly, its target market differs slightly from that of the other cafés.

## THE COMPANY'S COMPETITORS

The practical part of this thesis focuses on comparing Style Café with three other cafés located in Slavkov u Brna and evaluating their competitiveness. Each café is unique and offers different products, which creates a specific competitive dynamic between them. As all these businesses have the same goal: to attract and retain as many customers as possible, they must develop effective marketing strategies and find ways to outperform their competitors.

### 6.1 Café Doubek

The biggest competitor is Café Doubek, founded in 2022. It is the most modern café, with a comprehensive website and excellent desserts that are slightly more expensive than the others but worth buying. As the newest competitor in the market, Café Doubek relies on strong marketing efforts and high-quality products, which pose a certain threat to the selected company.



### 6.2 Black Rose Barber Café

This Italian café offers a distinctive experience for customers who want to relax with a coffee or wine. It provides unique events such as live piano performances and other instrumental music to enhance the café's atmosphere and attract more customers. In addition, it provides a selection of "light refreshments" in the evening that serve as one of its key competitive advantages.



### 6.3 Café of Three Emperors

This company was established in 2016 by two entrepreneurs. It operates in the food industry on Palackého square, right across from Style Café. This establishment is named after the Battle of Three Emperors in Slavkov u Brna in 1805. Their brilliant websites introduce the company and highlight coffee beans used to prepare coffee from the Prague roastery DOUBLESHOT.



## 7 COMPETITIVE STRATEGIES BY KOTLER AND ANSOFF

Kotler's strategy of an analyzed company is described as a *market follower*; *this* café does not lead the market; it instead follows the market leader, which is, in this case, café Doubek, which strives to achieve the best promotion and high-quality products. Although it is the oldest company and was founded earlier than its competitor, its goal is not to keep up with its rivals. Still, they seek to ensure product stability and customize it during the year, such as heart desserts on Valentine's Day. Their customers are typically from the same target group and return not only for the products but, more importantly, out of tradition.

### **Ansoff's competitive strategy**

According to the Ansoff Matrix, the selected company falls into the *market penetration* category, as it focuses on growing sales of its existing products (cakes and pastries) within its current market. The company does not introduce significantly new or innovative cake designs that would differentiate from its original offerings. Instead, it aims to increase its market share by promoting existing products to existing customers.

## **8 MICRO-ENVIRONMENTAL ANALYSIS OF A SELECTED COMPANY**

This chapter concentrates on a microanalysis of a selected company, including an examination of the 7Ps marketing mix for both products and services. This analysis is crucial for identifying potential weaknesses and strengths within the company. The STP Analysis is also explored, with both elements concentrating on and impacting the company from a micro perspective.

### **MARKETING MIX 7Ps**

This subchapter analyzes the company's marketing mix for products and services. It focuses on each segment carefully and determines the company's competitive advantages concerning these aspects, which are defined as follows: 7Ps for Product, Place, Promotion, Price, People, Processes, and Physical evidence. Pictures in the attachments help readers better understand the company's product range.

#### **8.1.1 Product**

One essential competitive advantage is the company's product offerings. Each Café offers a wide variety of desserts, cupcakes, cakes, etc., which provides them with a unique opportunity to stand out in the market and promote brand awareness. Style Café offers exclusive desserts. In the selected Café, you can find gluten—and lactose-free desserts for people with different intolerances. Moreover, it offers different types of breakfast, such as scrambled eggs, baked toast, ham and eggs, French toast, etc., different types of homemade lemonades, and delicious coffee for the best price.

When choosing products, a customer can take a closer look at them in the showcase, in this case, desserts. The company offers homemade cakes and desserts prepared for specific seasons and holidays. For example, on Valentine's Day, pink heart-shaped cakes or gingerbread macaroons are for St. Nicholas. They also offer multiple types of sweet and savory breakfasts.



*(source: the company's Instagram)*

### 8.1.2 Price

The price of the products depends on the type of dessert; most desserts cost CZK 65, and larger cakes start at CZK 150. In addition, the price of coffee varies depending on the preparation method and other customizations, such as the type and amount of extra milk or syrup added. Certain discounts, such as “buy 9 coffees, get 1 free,” are offered.

When determining and setting prices for products and coffees, it is crucial to consider competitors' pricing, as it plays a significant role in this operation. Thankfully, when its competitors are located nearby, the café maintains its prices at reasonable levels in comparison to its rivals, reducing the likelihood that consumers will choose another café because of the price of products.

### 8.1.3 Promotion

When examining how cafés engage with their customers, it is crucial to consider several channels, including social media (Instagram, Facebook, Twitter), direct sales, digital marketing, customer service, etc. Style Café has no online website; they only communicate on the Instagram or Facebook platforms. This aspect may be missed by the customer and considered essential by some people, especially older people, who may not have access to such platforms. However, their Facebook and Instagram are managed well, and they introduce customers to new products, especially during particular seasons.

Compared to Café Doubek, whose websites are set up perfectly and display everything a customer may find superior to Style Café, in their introduction, a person may

spot their product offerings, from custom-made cakes to their daily menu. In the footer, contact information, Facebook page, e-mail, and Terms and Conditions are displayed, along with photos of the desserts and their prices, which can help customers consider their options, evaluate them, and compare offerings with competitors.

Additionally, providing a link to the “How to order” section highlights clear guidelines on the online ordering process, information about how long it takes to process their order, and the designated pickup location. They also communicate on platforms like Facebook and Instagram. The webpage for Café of Three Emperors offers not only a dessert menu but also a drink menu, from coffees, hot drinks, wines, liquors, non-alcoholic beverages and beers. Their photo gallery consists of photos of various desserts and the café's layout. Photos of both custom cakes and everyday dessert offerings are exhibited there.

#### **8.1.4 Place**

The chosen coffee shop is located directly in the heart of the square on Palackého Square 82, in Slavkov u Brna. For customers, parking is available on the square with several parking spots, which can be used for convenience. However, availability is limited since the square is always full, and finding a spot may sometimes be challenging, so the customers must seek alternative parking options nearby. This Café is located approximately 200 m from the famous Slavkov Castle, also known as *Austerlitz Castle*, where Napoleon Bonaparte spent the night, and 150 m from the bus station.

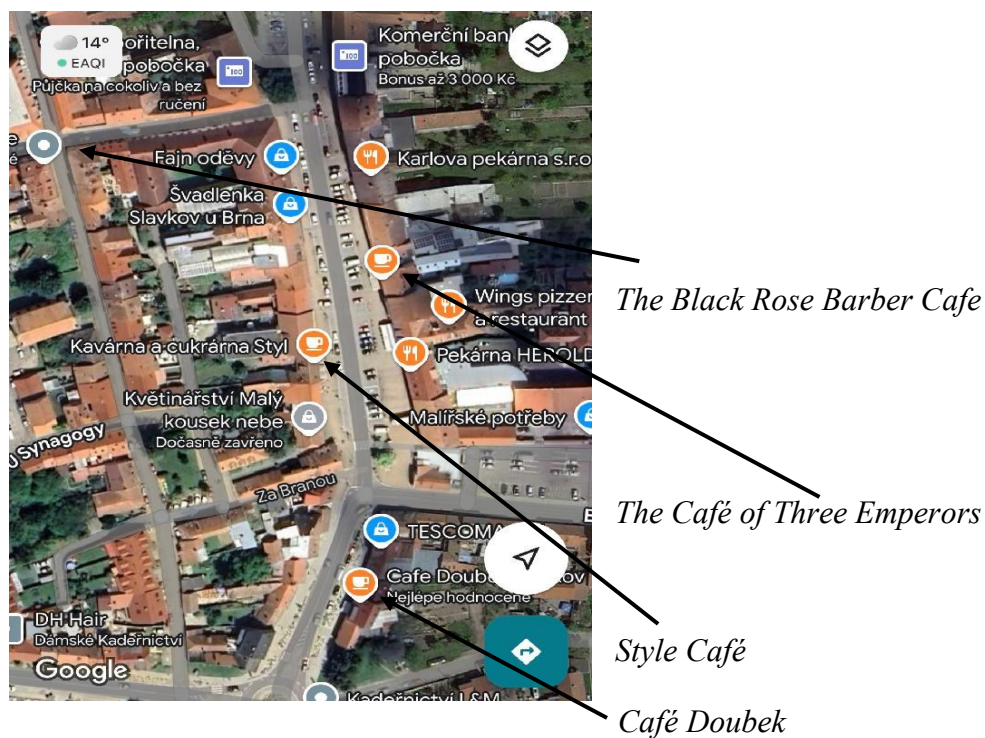


Figure 4 Geographical location of the selected company and its competitors

(source: own elaboration)

### 8.1.5 People

Employees and customers play vital roles in providing services in the food service economy. They must behave in a way that does not drive customers away to ensure their return. Sometimes, customers choose a service provider based on how well the crew treats them. In addition to courtesy, employees must also ensure efficient and seamless order processing to enhance the overall experience and customer satisfaction.

The selected company's staff is dedicated to meeting customer needs and preferences to the best of their ability. They approach customers with patience and are always willing to assist those who may be uncertain about their choices, offering recommendations to help them select the most suitable products. There are approximately sixteen employees in total within the business.

### 8.1.6 Processes

This section includes how employees cooperate and behave toward their customers. A selected company's services are at the top of the market. When customers enter the café,

they can browse the product showcase before taking a seat. The staff is consistently welcoming to all guests. Once an order is placed, it takes approximately five minutes for a customer to receive their order, depending on the number of customers in the café and the complexity of the order.

### 8.1.7 Physical evidence

The building's exterior features an old-fashioned white façade with a sign in a classic café style. The absence of a logo indicates a simplistic approach to branding. Personnel wear black uniforms featuring a little pocket for notes and a pen. Furthermore, they constantly whisk the milk and create coffee art in a heart shape, which confirms their excellent training. The interior also looks old-fashioned, with a few tables and chairs. This establishment has approximately thirteen employees, mostly part-time, who rotate shifts according to their time availability.



*(Source: own elaboration)*

## 8.2 STP Analysis

In this subchapter, the STP (Segmentation, Targeting, and Positioning) Analysis is explored, as these elements are crucial for identifying the company's target market and enabling managers to concentrate on a specific niche of customers. Demographic, Psychographic, and Behavioural Segmentation are addressed to analyze the individuals visiting this enterprise.

### 8.2.1 Segmentation

For the selected company, the café targets a specific *demographic group*, including parents with children, who frequently visit the café for desserts. Another key group comprises

students and workers seeking a comfortable place to study or work. Additionally, Style Café attracts seniors who desire a comfy place to relax.

*Psychographic segmentation* includes coffee enthusiasts and people who prefer quality products, as well as those who come to enjoy the pleasant atmosphere. The last *behavioral segmentation* includes customers visiting the café for breakfast and morning coffee, and it appeals to customers who look for a nice place to work and those who occasionally stop by to meet friends.

### **8.2.2 Targeting**

The café's targeting strategy is divided into three groups based on the purpose of the customer's visit.

1. Parents with children with access to the children's playroom on the upper floor.
2. Students and young working people with Wi-Fi access, quick service, and budget-friendly products.
3. Healthy lifestyle seekers with vegan desserts and gluten and lactose-free cakes, etc.

### **8.2.3 Positioning**

This company's position in the market compared to its competitors is appreciated. The higher visitor base is due to its affordable prices, which provide great value for money, creating a budget-friendly place and a pleasant atmosphere. The location is also a great factor in the decision-making process, as is the quality of service, starting with fast processing of requests and fast serving. It is a great place for families with children, featuring a garden outside with an ice cream truck next door during summer days.

Offering seasonal and limited-time products attracts more customers, generates excitement around the brand, and increases visitor traffic. This establishment is community-oriented, presenting free WI-FI and a nice place for study or work.

## 9 MESOENVIRONMENT ANALYSIS

This section highlights an analysis of Porter's Five Forces of a selected company. This analysis is conducted based on participant observation and careful examination of threats that may occur outside the company. The second part of the Mesoenvironment analysis of a selected company includes examining benchmarking as part of a comparison with its competing rivals.

### 9.1 Porter's Five Forces

The first part of the Mesoenvironment analysis mentions Porter's Five Forces analysis, which helps the company identify potential threats that can be helpful in conducting a SWOT analysis, as discussed below. Porter's Five Forces include the *Bargaining Power of Suppliers*, the *Bargaining Power of Buyers*, the *Threat of New Entrants*, *Competitive Rivalry*, and the *Threat of Substitute Products*; each of these forces is analyzed in detail.

#### **Bargaining power of buyers**

Customers play a crucial role in this section because the café has been on the market the longest among all competitors and has built up a strong visitor base. The selected business does not have the best quality services and products but attracts customers due to tradition. However, customers may still easily prefer the competitors to the café chosen; this may be due to a different product offering and better service. Therefore, Style Café must consider slight enhancements to retain its customer base. In general, the bargaining power of buyers is high.

#### **The threat of substitute products**

The threat of substitute products is relatively high, as the café operates within the food service industry, and certain substitutes could pose a significant challenge to the café. For instance, many people nowadays prefer energy drinks over coffee, as they also boost caffeine and energy. Additionally, investing in a quality coffee machine will allow customers to prepare their coffee at home, which is a more affordable alternative to coffee served in a café, especially when coffee prices have escalated considerably lately. Moreover, people who are fond of baking may choose to make desserts at home rather than getting them in crowded and often expensive cafés.

### The threat of new entrants

Every time a new company enters the market, it threatens the selected company, which concerns managers, who must find new ways to differentiate themselves from the competition. The biggest threat to a selected company is Café Doubek because of its different product range and approach to customers.

Every new entity constitutes a threat with a competitive advantage over Style Café. Still, Style Café has a strong visitor base and a high percentage of returning customers, suggesting that despite new rivals, it does not lose its existing customers. In conclusion, the threat of new entrants is low.

### Competitive rivalry

In the food service industry, several competitors would pose a threat to a selected company. As mentioned above, the nearest competitors are Café Doubek, The Café of Three Emperors, and Black Rose Barber café, all located in Slavkov u Brna. Additionally, **Black Bakery**, a newly established café in Bučovice, is also present in the industry, focusing on modern approaches to baking and customer experience. However, due to its location, it faces a significant disadvantage in attracting customers.

The most visited and greatest threat and rival represents **Starbucks**, likely due to its strong brand presence. This makes Starbucks the most attractive option for customers who seek good-quality coffee. However, customers must pay a higher price, which may sometimes be discouraging. The brand logo is prominent, and employees personalize the experience by writing customers' names on their orders, fostering a more individual connection with them.

Another key competitor is **Tchibo**, offering a variety of desserts, different coffee arrangements, and other products in addition to the typical café items. Unlike typical coffee shops, Tchibo sells clothing products ranging from T-shirts to pyjamas, coffee makers, coffee beans, etc., providing a considerable advantage over other cafés. In addition, it provides a valuable opportunity for students who hold an ISIC card, with rare discounts not found anywhere else in the industry. Both Starbucks and Tchibo hold a position in the franchise model that is spread throughout the world.

## 9.2 Benchmarking

This chapter continues with the Mesoenvironmental analysis of a selected company by including benchmarking, which serves as a comparison with their competitors, namely Café Doubek, the Café of Three Emperors, and the Black Rose Barber Café, selected based on their level of competitiveness.

The Benchmarking analysis evaluates eight key factors: *logo design, parking availability, accessibility and location, opening hours, product quality, service quality, online reviews, and promotional activities*. Each factor is weighed on a scale from one to five, with one representing the lowest value and five indicating the superior value. Ultimately, the goal is to assess the selected company's market position and identify its weaknesses in comparison to its competitors.

| Criteria                | Weight | Selected company | Café Doubek | Café of Three Emperors | Black Rose Barber Café |
|-------------------------|--------|------------------|-------------|------------------------|------------------------|
| Logo                    | 0.2    | 1                | 3           | 4                      | 2                      |
|                         |        | 0.2              | 0.6         | 0.8                    | 0.4                    |
| Parking availability    | 0.1    | 4                | 2           | 4                      | 1                      |
|                         |        | 0.4              | 0.2         | 0.4                    | 0.1                    |
| Accessibility, Location | 0.1    | 4                | 3           | 4                      | 2                      |
|                         |        | 0.4              | 0.3         | 0.4                    | 0.2                    |
| Opening hours           | 0.05   | 3                | 3           | 4                      | 3                      |
|                         |        | 0.15             | 0.15        | 0.2                    | 0.15                   |
| Product Quality         | 0.2    | 4                | 5           | 2                      | 3                      |
|                         |        | 0.8              | 1           | 0.4                    | 0.6                    |
| Service Quality         | 0.1    | 4                | 4           | 2                      | 4                      |
|                         |        | 0.4              | 0.4         | 0.2                    | 0.4                    |
| Online Reviews          | 0.05   | 4                | 5           | 2                      | 4                      |
|                         |        | 0.2              | 0.25        | 0.1                    | 0.2                    |
| Promotion               | 0.2    | 2                | 5           | 3                      | 3                      |
|                         |        | 0.4              | 1           | 0.6                    | 0.6                    |
| Total score             | 1      | 2.95             | 3.9         | 3.1                    | 2.65                   |
| Position                |        | 3                | 1           | 2                      | 4                      |

Table 3 Benchmarking

(Source: own elaboration)

## Selected criteria

The first criterion, **logo**, has been selected, as it is essential for strengthening the brand image and creating a better visual look. Customer decision-making does not play a significant role. All other companies present unique logos except Style Café, which has been assigned the fewest points and would be worth designing.

Compared to the Café of Three Emperors, Café Doubek's logo is considerably striking and unique. It features three swords set within an emperor's hat, giving their brand a unique touch. This is why this enterprise has been assigned the most points for this criterion. Café Doubek's logo is plain but not offensive. It consists of a coffee cup with the words "Café Doubek" displayed in the introduction of the business, along with the logo of The Black Rose Barber Café.

**Parking availability** has been selected as another criterion, given that parking spaces are a significant issue, as companies do not have reserved parking spaces. Therefore, the last chapter discusses it as part of a recommendation. Additionally, the selected enterprise and the Café of Three Emperors are nearby, and both cafés share the same parking facilities.

Two cafés, Style Café and The Café of Three Emperors, are located nearby, as well as Café Doubek, which raises concerns among managers about increased competition. Furthermore, Café Doubek is located across the road from the square, and it can be inconvenient and disturbing for customers to cross the often-crowded street each time they visit. The Black Rose Barber Café is farthest from all the chosen companies, and customers may find it challenging to locate this café. As a result, they often choose a coffee shop closer to the square. For this reason, **accessibility/location** has been identified as another criterion.

The following criterion considered is the **operating hours**. The Café of Three Emperors' opening hours differ from those of other cafés, as they are open daily from 8 am to 6 pm. In comparison, Doubek and Style Café operate from 9 am to 6 pm, and Black Rose Barber café opens from 11 am to 7 pm; this suggests that the Café of Three Emperors has the most extended opening hours. Product **quality** has been selected as another critical aspect of the benchmarking process. This criterion is paramount when customers choose companies, as high-quality products are highly appreciated. This criterion may be exceptionally fundamental for those with a particular preference for sweets. The highest quality products have Café Doubek due to the shortest time on the market, and therefore, there were high efforts to attract as many customers as possible to gain a strong customer base. The Café of

Three Emperors offers classic desserts that might flatter older people, such as “brambůrka,” “špička” and “Indiánek.” Lastly, Black Rose Barber Café does not offer much of a dessert. Instead, they provide a wide range of coffees, aperitifs, and some snacks.

Another quality that must be considered is **service quality**, which is crucial and often more important than quality products. Staff should, therefore, always be friendly and patient and provide the highest level of customer service to keep customers coming back. In addition, the Three Emperors Café is the worst rated for service quality, as many customers have complained about it in **online reviews**. This is another significant factor to mention.

**Promotion** is the last criterion to be compared and mentioned, as the selected company does not have an elaborate website or sophisticated marketing. This crucial missing piece has already been addressed in 7Ps Marketing Mix. It will also be mentioned in the recommendation for the selected company as a piece of substantial advice to improve. Café Doubek, thanks to its sophisticated website, has gained the most points, followed by the Café of Three Emperors.

### **Evaluation of benchmarking**

The table above illustrates the position of each café based on various attributes, which were evaluated according to weights assigned through personal judgment. One aspect that has not yet been addressed is online reviews. The Café of Three Emperors has received the lowest ratings in this regard, with initial reviews highlighting concerns about the café's service and product quality, resulting in the lowest value being assigned. In contrast, the selected company has garnered numerous positive reviews, primarily on Facebook, although some negative reviews should be considered.

The position of each company in the table is as follows: **Café Doubek** is ranked first, with the highest total weight. The factors that contribute to its leading position include product quality, offering the best and most flavorful desserts, and outstanding online reviews on Facebook, with no negative feedback. The lowest ranking was attributed to parking availability and Location.

In second place is occupied by the **Café of Three Emperors**, with the most flattering logo, which received the most points. Along with Style Café, its location and parking availability provide another advantage overall. Its reviews and quality of products/services must score the lowest points of all. While its reviews and the quality of its products/services

scored the lowest, the strength of its promotion and logo factors led to a second-place ranking.

Third place is awarded to **the selected company**. The company chosen earned the most points in accessibility/Location, product quality, and service quality. However, the café lost points due to the absence of a logo and its limited promotional efforts, relying solely on Facebook and Instagram for marketing. Additionally, the lack of a website reduces the overall effectiveness of its promotional strategy

**The Black Rose Barber Café** came in last place, scoring the lowest in the Parking Availability and Location categories, which means that its location is the least convenient for customers arriving at the square. The criterion that customers might consider most beneficial is the product service, which provides the music events mentioned above. Furthermore, this company also provides hairdressing services. Customers can get a haircut and then have a delicious coffee with a dessert.

## **Conclusion**

In conclusion, the table shows that each business has scored a certain number of points, which leads to the finding that each café has its attributes where it presents the greatest strengths and, on the other hand, occupies different criteria where it is the weakest. This analysis helps businesses identify and find areas where they can consider certain improvements in relation to their competitors.

## 10 SWOT ANALYSIS

In the last analysis chapter, the SWOT analysis is evaluated as part of an assessment of the strengths, weaknesses, threats, and opportunities that may arise externally or internally. All cafés have strengths compared to Style Café that help them retain customers, but also weaknesses that may not be obvious at first glance, but exist, nonetheless. Let us first examine these factors.

### 10.1 Strength

Style Café is first examined. Its strengths compared to its competing businesses are its pleasant and old-fashioned two-story layout, the lower price of coffee, and its delicious taste, which may be its main competitive advantage. Additionally, the staff is welcoming and professional and wants their customers to get the best possible service, which ensures a high percentage of returning customers.

Furthermore, another counter on the top floor allows a customer to take orders directly upstairs. This arrangement eliminates the need for staff to carry drinks up the revolving staircase, providing greater convenience for staff and customers. When a customer awaits their order, it does not take long until the employer processes their order and brings the prepared order to the customer, implying the smoothness and effectiveness of this café's service system.

Compared to its biggest competitor Café Doubek, this café benefits from greater seating availability, offering plenty of tables and chairs, including both small tables and large family tables. Another advantage is its location, whereas Style Café is directly on the square. Additionally, unlike Black Rose Barber Café, customers have the option to sit outside in the garden during the summer months, a feature not available at the mentioned competitor. Moreover, and most importantly, the greatest strength lies in serving delicious desserts at a relatively low price.

Moreover, in the summer, next to the Style Café, there is another entrance to the room with an ice cream truck, where the employees serve homemade scoops of ice cream in different flavors. A further advantage, particularly in comparison to the Three Emperors Café, is the offer of various delicious, sweet, and savory breakfasts.

## 10.2 Weaknesses

A selected company has several strengths but notable weaknesses, which are analyzed in this section. These weaknesses may not be seen at first glance but are important to address. Highlighting these weaknesses is essential, as they allow the company to compare itself to its competitors, evaluate its position in the market, and make informed decisions about what to sell and at what price.

The first weakness is their **limited parking availability**, which can sometimes be challenging for customers. The shortage of parking spots makes it difficult for them, especially during busy days. Customers can park right in front of the café, but the company's managers and employees always occupy these places.

Another issue is the **café's layout**, which presents some accessibility problems. For example, the revolving stairs present a significant challenge for wheelchair users. This could be a major barrier for potential customers when choosing a suitable café, and this should be addressed. As a result, this aspect poses certain strengths and weaknesses.

Communication on social media such as Instagram and Facebook are the only way to maintain contact with customers, which has a crucial effect on the elderly without social media platforms. Missing websites cause a lack of information and services they could obtain. Compared to Café of Three Emperors and Café Doubek, which have brilliant website pages, providing delivery service and online ordering is their greatest advantage compared to the selected company.

Additionally, this café does not provide any logo, while other cafés do, which has already been addressed in the benchmarking. When you enter “coffee shops in Slavkov u Brna” into a search engine, the first firm that pops up is the Café of Three Emperors, displaying web, directions, menus, phone numbers, and opening hours. In contrast, Style café appears second on the search engine results page, and the link directs users to their Facebook profile, which requires a login to view. This suggests one of the main problems because it can cause a customer to decide and choose their competitor.

## 10.3 Threats

Although the café does not face significant threats, a few still exist and must be addressed. The company should be prepared to implement specific measures to mitigate these threats. For many coffee shop providers, the most significant danger might be their suppliers' rising coffee bean prices. More and more people prefer buying a coffee machine and making their

coffee at home for convenience and comfort. Buying coffee is now less affordable than before. Coffee prices have risen to 140 CZK in preferred coffee shops like Starbucks. However, they now retain customers because of their brand image and sophisticated marketing.

A potential threat to the café could arise from **changes in customer preferences**. Customers may adopt specific diets that no longer suit the consumption of desserts and expensive coffee. This change could subsequently affect the overall demand for these products. The final threat is the **shortage of skilled workers**, which could have a significant impact on the company. Unqualified employees may lead customers to choose a competitor. In addition, most of the company's employees are part-time, with only a few full-time employees. This could pose a significant problem for managers already facing staff shortages.

## 10.4 Opportunities

The selected company could see an opportunity in the **available delivery services** at Café Doubek. It could, therefore, proceed to expand its online ordering, giving it a new perspective and a new opportunity to stand out. Another opportunity could be **expanding the business** to a new location, which would allow them to gain a stronger visitor base. Finally, introducing **loyalty programmes** for returning customers would be a nice way to express gratitude and subsequently maintain a good relationship with them.

Table 4 SWOT Analysis

|                                                                                                                                                                             |                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strenght</b> <ul style="list-style-type: none"> <li>- Location</li> <li>- Budget-friendly products</li> <li>- Two-layout floors</li> <li>- Ice-cream offering</li> </ul> | <b>Weaknesses</b> <ul style="list-style-type: none"> <li>- Parking availability</li> <li>- Revolving stairs/Accessibility</li> <li>- Logo Design</li> <li>- Promotion</li> </ul> |
| <b>Threats</b> <ul style="list-style-type: none"> <li>- Coffee price increase</li> <li>- Change in customers' preferences</li> <li>- Shortage of skilled workers</li> </ul> | <b>Opportunities</b> <ul style="list-style-type: none"> <li>- Delivery services</li> <li>- Expanding business</li> <li>- Loyalty programs</li> </ul>                             |

*(source: own elaboration)*

In conclusion, Style Café exhibits strengths and weaknesses, and the company must not take them lightly while evaluating them. Given strengths, they have certain advantages to outperform their competitors, but they must also work on the weaknesses that might be vital for customers in decision-making and provide them with opportunities to enhance those cons and eventually attract more customers.

In addition to strengths and weaknesses, the company also has certain threats and opportunities that have been evaluated. The café could consider all four factors as a key part of the final assessment. This would provide the company with insight into how well it can work on its competitive advantage and, particularly, what to improve and strengthen in the future.

## **11 RECOMMENDATION FOR THE SELECTED COMPANY**

The final chapter deals with recommendations for the chosen company derived from the marketing strategies analyzed above. While the company is very popular with customers, there are still more weaknesses that could help the owners and managers of the selected company to build a better brand and create a stronger competitive advantage. The company has some strengths and weaknesses, and therefore, some measures should be taken into consideration.

### **11.1 Brand, Promotion**

The major weakness lies in its promotion and brand awareness. The company should focus on improving its advertising efforts and enhancing its social media presence. Effective communication with customers is crucial for maintaining loyalty. As highlighted in the marketing mix (7Ps), the company utilizes social media platforms such as Instagram and Facebook to update offers and engage with potential customers, where reviews are also visible.

For customers who are active on social media platforms and already familiar with the company, finding it on these platforms is not an issue. However, potential buyers who are unaware of the coffee shop may struggle to locate it online due to the absence of a website. Currently, customers can only access information through Facebook and Instagram, which presents a significant disadvantage. To address this, the company must implement appropriate measures. The absence of a logo has already been mentioned, and the company might consider it along with their websites.

### **11.2 Product**

Expanding the company's product range to include more items, such as desserts and breakfast options, could be beneficial. Offering the same product from the company's establishment may be another attribute to improve and enhance its competitive power over its rivals. Café's Doubek products offer is in power since they strive to achieve the best quality products despite being a newer player in the market. Some customers would welcome chocolate desserts currently available in limited quantities at this café.

### 11.3 Logo design

The logo in this company has not been available since the beginning, and introducing a distinctive logo could strengthen the café's visual identity and contribute to a more dynamic and appealing overall brand image. Style Café is the only café in Slavkov u Brna that has yet to implement any prominent logo for a better brand image. Here is the recommendation for a logo design the selected company might use.



Figure 5 Logo design proposal

*(source: own elaboration)*

### 11.4 Adding parking spaces

Although the company is in the town square, introducing new parking spaces reserved exclusively for Style Café customers could enhance visitor numbers. Given that the square is frequently occupied by residents and customers of other businesses, finding available parking can be challenging for the café's clientele.

In addition to the need for additional parking spaces, the café currently lacks bike racks, which are essential for customers who arrive by bike during the summer months. Introducing bike racks would be a welcome improvement, as many customers are currently forced to lock their bikes to the benches on the square, which could influence their decision to visit the café.

## 12 SUMMARY OF ANALYSIS

This thesis aims to analyze the selected company and find out what position it occupies on the market. There have been four companies presented. All companies have a certain competitive advantage compared to each other. Each café is particularly unique and special and each of them also has a bit different target market. The selected company is mostly for families with children, but also for students and people who look for a nice place to study or work.

Café Doubek is certainly for working-class people, especially due to the higher prices for desserts and coffee, and for people who like to order products from the comfort of their home and deliver them. The Café of Three Emperors is mostly for older adults and conservative people, who enjoy traditional delicacies, which are described above. Moreover, the last coffee shop aims to appeal to ordinary people, who like to enjoy evening nights without their children with a nice music atmosphere and a glass of an aperitif.

This paper has demonstrated how well the selected company performs in the coffee shop market in Slavkov u Brna. It has been revealed that, due to its long-standing tradition and well-established reputation, the enterprise is unlikely to lose its customer base. On the contrary, it can potentially strengthen and expand it into new areas. Several marketing strategies, such as the microenvironment, have gained valuable insights, including Porter's Five Forces analysis, Benchmarking, and SWOT analysis. In addition, microenvironment tools such as the Ansoff Matrix and Kotler analysis have been explored.

These revealed that the company can be classified as a *market follower*, although it is close to achieving its market leader position. At the same time, as a new competitor, Café Doubek is actively pursuing cutting-edge strategies to strengthen its position. Nevertheless, it is confirmed that the analyzed company is one of the best cafés in the city. According to the Ansoff Matrix, the company has been classified into *market penetration*, which signals the growth of existing products, and it has been recommended that the expansion of new products be part of building a new visitor range.

Several crucial findings were identified in the meso-environmental analysis using Porter's Five Forces. Key factors such as *the Threat of New Entry*, *the Threat of Substitution*, *Buyer Power*, *Supplier Power*, and *Competitive Rivalry* are addressed, allowing the company to stay on track and remain aware of potential threats.

Recommendations and the SWOT analysis have played a pivotal role in the thesis, providing valuable insights into how the company can enhance its competitive advantage, respond effectively to specific threats, and, most importantly, prevent them from occurring. The new logo has been assigned.

In the Benchmarking analysis, all four companies were examined, and the results revealed the selected company's position in relation to its rivals. Based on the evaluated factors, it ranked third. Nevertheless, its status as a popular tourist destination and its continued customer appeal indicates the endurance and quality of this remarkable coffee shop.



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## LIST OF ABBREVIATIONS

SWOT = Strengths, weaknesses, opportunities, threats

PESTE = Political - legal, Economic, Social, Technological, Ecological factors

B2C = business-to-customer

ISIC = International Student Identity Card

WI-FI = Wireless Fidelity

STP = Segmentation, Targeting and Positioning

7Ps = Product, Price, Place, Promotion, Physical evidence, Processes, People

4Ps = Product, Price, Place, Promotion

CZK = Czech koruna

e.g. = Exempli gratia

etc. = et cetera

NAFTA = North American Free Trade Agreement

SBU = Strategic Business Units

BCG = Boston Consulting Group

EU = European Union

USA = United States of America

ASEAN = Association of South East Asian Nations

GDP = gross domestic product

ICT = Information and Communication Technologies

Mr = Mister

Mrs = Mistress



## CAFÉ DOUBEK



## Jak si objednat?

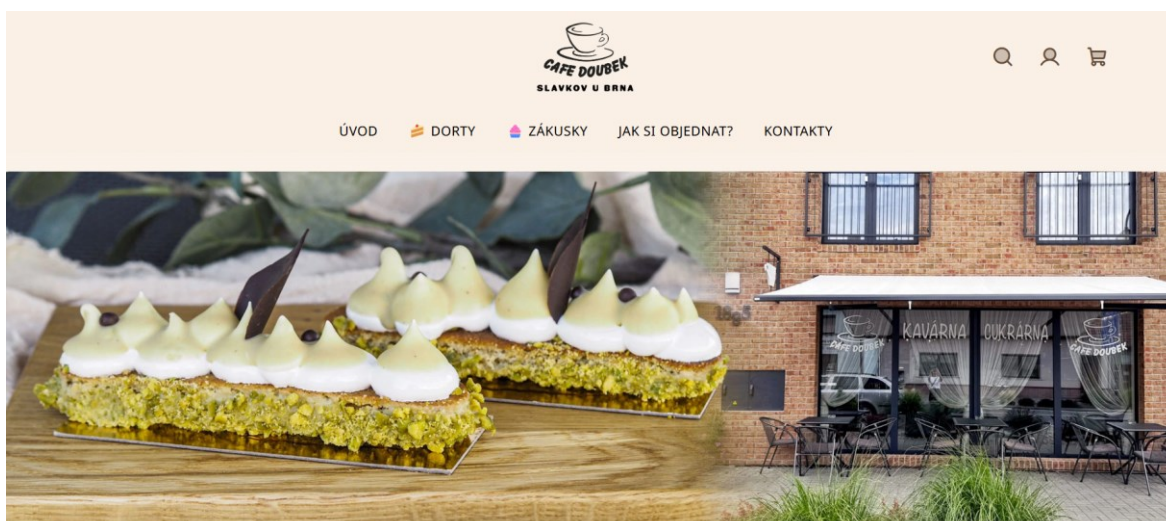
1. Prozkoumejte nabídku našich **lahodných dortů** a **zákusků** a Váš výběr přidejte jednoduše do nákupního košíku.
2. V průběhu objednávky přidejte kromě vašich osobních údajů taky **poznámku s datem a časem**, ve kterém si přejete objednávku vyzvednout.
3. Objednávky **uskutečněné a zaplacené do 8h** je možné vyzvednout téhož dne od 13h. Později odeslané objednávky je možné připravit na **následující den od 9h**.
4. Jakmile budeme mít Vaši objednávku připravenou, **dostanete tuto informaci e-mailem**.
5. Vaši objednávku můžete vyzvednout **v kavárně Café Doubek (dříve Style cafe)**.
6. V případě, že přijedete autem, je možné zaparkovat a **vyzvednout ji u zadního vstupu**. Prosíme při příjezdu o **telefonické kontaktování (+420 704 381 609)**.



Zadní vjezd



Mapka vyzvednutí



## THE CAFÉ OF THREE EMPERORS



**CUKRÁRNA A KAVÁRNA  
U TŘÍ CÍSAŘŮ**  
*Slavkov u Brna*

**OTEVŘENO  
OD 8 DO 19 HODIN**  
*každý den!*



*Vlastní výroba  
domů a odměn*

**777 261 20**  
zavolejte nám

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Byvalo to tam fajn, ale dneska sme po dlouhe dobe navštívili a nova obsluha se tvári, že je obtežujete, i když bylo poloprázdno. Nikdy víc, zasli sme naproti, kde nás a naše peníze asi ocení více 😊. Asi by to chtělo preskolit personal jak se chovat k zákazníkům.

Dvě návštěvy a obě otřesena zkušenost. Po první návštěvě měla celá rodina, i návštěva, které jsme zákusky koupili, střevní problémy. Evidentně staré suroviny. Toto neudělalo dobrý dojem, ovšem člověk zapomene, chce dát druhou šanci a tu jsme dali včera. A naposledy. Arogantní chování a přístup k

|                                                                                     |    |
|-------------------------------------------------------------------------------------|----|
| Espresso<br>30 ml                                                                   | 36 |
| Double espresso<br>60 ml                                                            | 65 |
| Espresso macchiato<br>50 ml, espresso se zpeněným mlékem                            | 38 |
| Espresso con panna<br>30 ml espresso, šlehačka                                      | 38 |
| Espresso lungo<br>120 ml, espresso filtrované přes kávu                             | 36 |
| Vídeňská káva<br>240 ml, espresso prodloužené horkou vodou, šlehačka                | 46 |
| Alžírská káva<br>240 ml, espresso prodloužené horkou vodou, vaječný likér, šlehačka | 48 |
| Capuccino<br>150 ml, espresso se zpeněným mlékem                                    | 38 |
| Latte macchiato<br>300 ml (sklo), espresso se zpeněným mlékem                       | 40 |
| Ledová káva<br>se zmrzlinou a šlehačkou                                             | 65 |
| Turecká káva                                                                        | 26 |
| Dětská káva<br>30 ml, šlehané mléko, poleva                                         | 10 |



Špička



Indiánek



Brambůrka

## BLACK ROSE BARBER CAFÉ

