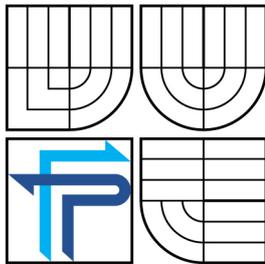


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FACULTY OF BUSINESS AND MANAGEMENT
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MARKETING STRATEGY OF A COMPANY ENTERING FOREIGN MARKET

MARKETINGOVÁ STRATEGIE VSTUPU PODNIKU NA ZAHRANIČNÍ TRH

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Abstract

This master's thesis deals with creating marketing strategy at a foreign market for EC Engineering Company which offers services in software simulations. This thesis analyzes the current marketing strategy of the company and proposes its more effective usage.

Key words

Marketing, marketing strategy, marketing mix, micro and macro environment

Abstrakt

Diplomová práce se zabývá sestavením marketingové strategie na zahraničním trhu pro podnik EC Engineering, který nabízí služby v oblasti simulačních softwarů. Práce analyzuje současnou marketingovou strategii podniku a navrhuje její zefektivnění.

Klíčová slova

marketing, marketingová strategie, marketingový mix, mikro a makro prostředí

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Čestné prohlášení

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Introduction

In today's modern world where very strong competition is and still companies have to face the consequences of the recent crisis it is impossible for a company to operate without marketing. Part of the marketing is also marketing strategy and exactly with marketing strategy deals this work.

Marketing strategy is an important part of corporate strategy. The main focus in this marketing strategy has to be on the customer and his wishes and demands because satisfied and loyal customer is the one that generates long term profits. A good marketing strategy helps to increase the sales and give a company competitive advantage.

GOALS OF THIS DIPLOMA THESIS

The goal of this diploma work is to propose or make more efficient marketing strategy on the foreign market for the company EC Engineering. This I would like to achieve by preparing the theoretical framework needed for the preparation of this work. Then based on the theory I will analyze the company and based on this analysis I will propose or make more effective marketing strategy.

2. THEORY

2.1. Marketing

If we would want to find in the literature a unified definition of marketing we would not probably succeed. For the marketing is no unified definition. This is due to the fact that different authors perceive marketing from different angles. When you read some general definitions you can find something in common something that unites them and this is the term satisfaction of the customer. Marketing is of all the areas in business the one that is the most based on relationships with customers. Creating value for customers and satisfying his wishes and needs is the foundation of modern marketing thinking and practice.

Marketing aim is to seek new customers with the promise to them that they will obtain exceptional value while keeping the existing ones by satisfying their needs while making a profit. Successful companies know that if they take care of customers their market share will grow and with it their profits. For this reason is good marketing philosophy crucial for any organization whether large or small whether it is profitable or non-profit organization or doing business domestically or globally. (4)

2.1.1. Definition of Marketing

Definition of marketing according to Kotler:

"Marketing is defined as a social and managerial process by which individuals and groups meet their needs and desires in the process of production and exchange of goods or other values." (P. Kotler)

"Marketing is a social process in which individuals and groups obtain what they want and what they need through production, supply and exchange of valuable products and services with others." (P. Kotler)

Definition of marketing according to the American marketing association:

"Marketing is the process of planning and implementation of policies, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individuals and organizations objectives." (American marketing association)

2.1.2. Development of Marketing

Since the early days of the business was an effort to minimize the risk that is associated with entry into the market and at the same time maximize profits from business activities. The initial spontaneous efforts gradually through the collection of empirical experience began to develop into management methods which included all the necessary steps and procedures in order to ensure the likelihood of success on the market. Today the company cannot just decide on an intuitive level but its activity must be supported by relevant theory which has the most advanced analytical tools to facilitate and accelerate the analysis process to increase the chances of obtaining a competitive advantage. This theory is marketing.

2.1.3. Importance of marketing

A firm that wants to permanently succeed in the competitive struggle is currently not possible to operate without marketing management. The market today is characterized by high dynamics, constantly changing conditions, growing power of consumers and competitors fighting for his attention. For these reasons any attempt to characterize the marketing activity only as a action of a certain department in the organizational hierarchy of the company reflects a misunderstanding of its meaning. Marketing has to be part of the

work of all employees and business thinking and management. Misunderstanding of the importance of marketing is also that when employees are using only parts of the marketing mix, instead of its comprehensive usage. (3)

2.2. Development of marketing concepts

Marketing management is defined as a set of activities that lead to the exchange of goods on the target market. Now we need to determine what concept should we apply? To what extent promote the interests of the company, taking into account the interests of customers and society as a whole? In practice very often we can see the conflict of these interests. In the marketing activities companies will use some of the following basic concepts: production, product, sales, marketing and social marketing. (4)

2.2.1. Production conception

This is one of the oldest concepts in business. This concept is of the opinion that consumers will love the products which are easily available and at low costs.

Managers of production-oriented enterprises are focused on achieving high productivity and a wide range of distribution. This is applied in many developing countries. This is mainly due to the fact that consumers in these countries want to obtain products and are not so much interested in their quality. The production concept is also implemented in in case when the company wants to increase the current market.

Some organizations offering services also apply to the production concept. Among them are many medical and dental practices that are organized on the assembly principles. Similar organization has also some government agencies, offices and authorities issuing the license permits. The problem with this way of organizing work is that it is impersonal and

there are accusations of poor service quality and this is in that case if many cases are successfully settled in a short period of time. (5)

2.2.2. Product conception

Product concept is another important concept. It is based on the assumption that consumers prefer products with high quality, operational reliability and are interesting and modern. In this case the firm should devote its effort into continuous product innovation and improvement of their parameters and characteristics. Some manufacturers believe that if they produce a better mousetrap than the competition customers will be so interested that they will massively buy it. Often they may be unpleasantly surprised. The buyer will certainly want to solve his problem with the mouse at home but mousetrap may not be the only solution. Instead of traps can be equally used a chemical product they may also contact the exterminating service or choose a different and more efficient way of killing mice. Even a better mousetrap will not be sold much if not offered at an affordable price and its appearance and packaging would be fine. The problem may also occur when the trap is not delivered to the appropriate distribution networks and company will not attract those customers who need it and even more customers are not sufficiently convinced that it is a superior product.

Product conception leads to a kind of blindness or myopia. Managers managing train transportation often do not realize that customers do not necessarily require just train transport but simply need to solve their problem with transportation in any way. Managers forget that there are other means of transportation. Another example may be some educational institutions which assume that prospective graduates only require social science education and do not realize a great opportunity that provide schools with a technical focus.

2.2.3. Sales conception

Selling concept is based on the assumption that customers will not buy certain products of a company in sufficient quantity unless the sale of these products will be expanded and adequately supported by different tools. This concept is governed by many companies and especially those companies that offer products or services that the customer does not look for so much e.g. encyclopedia, insurance, etc. For this reason potential customers often must be hardly seek out and company must emphasize the benefits of the product offered.

Many companies are turning to this concept in that case their capacities are not sufficiently used while the aim is to sell what they already have made and not what the customer requires. Use of this marketing strategy is quite risky. This is due to the fact that this marketing strategy is based on the fact that the company seeks rather large one-time transactions and is not building long-term mutually beneficial relationships with customers which ultimately bring profit. This concept is also based on the fact that company manages to persuade the customer he will be eventually satisfied with the product. It also relies on that the customer already once disappointed due to the purchase of a product may forget the product and will buy it again. These facts do not correspond to the usual behavior of buyer. This is confirmed by many studies that found out that customers who are not satisfied with something will not buy the product again. In addition dissatisfied customers share their bad experience in average with ten other people while a satisfied customer will share his experience in average with three potential customers.

2.2.4. Marketing conception

The marketing concept is based on the assumption that the company can achieve its objectives in case if it properly estimates the customer's wishes and needs on the target market and still is able to satisfy them more effectively than the competition. This concept

is quite often expressed using slogans such as: "We will arrange that you will experience it!" (Marriott), "Fly, serve!" (British Airways), and others.

In practice it often happens that marketing and sales concepts are often confused. Therefore there is a comparison between the two concepts:

Table 1 – Differences between sales and marketing conception

Starting points	Foundations	Tools	Outcomes
Sales conception			
Company	Current products	Sales and sales support	Profit is an outcome of sales volume
Marketing conception			
Market	Customer demands	Integrated marketing	Profit is an outcome of customer satisfaction

Source: KOTLER, P., ARMSTRONG, G. Marketing. Praha: Grada Publishing, 2004. 855 s. ISBN 80-247-0513-3.

From the table above implies that the sales concept is oriented towards the company. Begins with production capacity and focuses on already manufactured products. So that the company could generate profits it has to develop intensive sales activities with powerful sales support. The aim of the sales concept is to get the customer regardless of who the customer is and why.

On the other side as can be seen from the table is the marketing concept that is oriented towards the customer. The usage of this concept requires knowledge and definition of the market. It is necessary that the company is focused on customer needs which are followed by coordination of marketing activities which related to customers. Profit is achieved by building long term relationships with customers that are based on creating customer value and satisfying his wishes and needs. According to marketing concept company achieves high turnover and profits through focus on customer and value creation for him.

Many companies in practice believe that they use the marketing concept but the opposite is true. In fact they operate according to certain marketing schemes, called their staff functions e.g. marketing vice president, product manager then they as well use terms such as marketing plan or marketing research but it does not mean that these companies really focus on marketing and the customer is in the center of their attention. The question is to what extent these companies are able to respond to the changing needs of its customers and their competitors' strategies. It is important that companies are able to flexibly adapt their marketing strategies to changing market conditions.

When using the marketing concept it usually requires much more than just responds to customer needs. Companies that focus on customer satisfaction of its customers monitor and examine them carefully and are trying to learn more about their desires and are devoted to the collection and analysis of ideas for new products or services while still paying attention to customer suggestions for improving the existing products. In case of clearly defined needs and if customers know exactly what they need company may have very good results. In practice it often happens that customers do not know what they want or even more they do not know what they can have. This situation requires companies where the customer is the center of their attention to understand his needs better than he himself to create products that meet existing or emerging needs not just today but also in the future.

2.2.5. Social marketing conception

Social marketing is based on the idea that a company must meet the needs and wishes of the customer better and more efficiently than competitive firms. In this concept are taken not only into account long-term interests of consumers but also long-term interests of the society. This concept is of all the previously mentioned the newest concept.

Social marketing is asking the question whether the traditional marketing concept is still satisfying even in times where we face serious problems concerning the environment, at a time where is a real danger of depletion of significant energy resources, at a time where

is the increase in population of our planet, at a time where are growing economic problems of the world and social aspects are often neglected. We must therefore ask whether a company that identifies and meets the individual, immediate, short-term needs and desires of customers is always doing well for customer in terms of his longer-term needs or the needs of society as a whole. According to the concept of social marketing the marketing concept does not address the potential conflict between short-term, temporary needs of the customer and his wishes or needs in long-term.

Social marketing is built on three pillars that need to be taken into account during the preparation of marketing strategies:

- Company profit
- Customers – satisfying desires and needs
- The whole society – long-term positive development

The aim of marketing decision making was mainly achieving quickly profit. Currently companies are realizing the need to satisfy customer's desires and needs in long-term and so the marketing concept has developed. For this reason a lot of companies in the preparation of marketing decisions also reflect the interests of the whole society. (4)

2.3. Marketing strategies and their formulation

Formulation of strategies is one of the key management functions that are performed after setting marketing objectives to achieve them while respecting the corporate strategy which is crucial and is reflected in all sub-strategies. It is important that marketing strategies are not only consistent with the basic business strategy but also respect the internal individual corporate strategic levels. It is also necessary that the strategic marketing elements are consistent with the reality of the external environment that is not static and changes that occur there are often significant and dramatic.

Marketing strategies are the basic direction of a process which leads to the fulfillment of marketing and business targeted tasks. By achieving or not achieving the objectives we are able to evaluate the success or failure of the strategy.

A good strategy is a reliable evidence of capable management and is a precondition for good business performance. Managers must decide between the possible strategic alternatives and must choose the strategy that fits the conditions of the business and meets the expected marketing performance. The purpose of the strategy is that it is designed to effectively achieve the desired goals in specific time periods at specific segments of the market while strategies formulated are for a specific product and market. You will not find in these strategies the details of the achievements in the daily implementation processes. For this purpose are the marketing tactics.

The strategies are needed to be build on the strength of the company and on the use of appropriate opportunities for the company. Precondition for creating a reliable marketing strategy is the understanding of the strengths of the company and its comparison with the opportunities arising from the environment. It is very important in this context to realistically assess the weaknesses and risks that can be expected in the markets. The selection of strategy respects the chosen target markets and uses the marketing mix to satisfy the target segments.

All three phases of marketing management are associated with marketing strategies. Firstly in the planning stages are identified and formulated these strategies and by this is made the basic assumption for their implementation that occurs within the second stage of the process called the realization process. Implementing programs then determine the specific responsibilities and the time period for planned tasks. Implementation of these strategies also assumes the appropriate integration into the company organization structure and creation of a marketing department and efficient use of marketing tools needed to transform the planned goals into reality. Strategies show us the direction of business process in order to achieve the planned tasks so it is also necessary to use marketing control

and this stage is the control stage. This stage focuses on assessing the effectiveness of strategies. By control is determined the rate by which the strategy contributes to achievement of the targets. Control also has a contribution in the detection of problems within the planning and implementation stages then it participates in mapping the changes that have occurred in the default assumptions and also if necessary it takes appropriate corrective measures.

When working with marketing strategies at the corporate level it is necessary to pay attention to their typology and subsequent selection of strategic approaches. Manager is in deciding the type of strategy and system approach confronted with the company environment including the situation inside the company and a reflection on the maximum conversion efficiency of corporate marketing resources into products and services and their subsequent sale to customers. Here needs to be reminded that this is a long-term work, continuous with significant risks and uncertainty that existing and possible options for combining the individual system approaches also require significant management focus.

Most businesses while organizing strategies make the division of marketing variables based on the marketing mix. This arrangement is therefore that the strategies are related to the marketing mix instruments. The strategic concept is based on these strategies:

- Product
- Price
- Place
- Promotion

Very often is also used the following breakdown:

- According to market trends – growth, maintaining and escape strategies
- Based on the behavior to external environment – cooperation and conflict strategy

- According to market access and market segments - offensive and defensive strategies
- Based on the life cycle of the market - a strategy for markets in the implementation phase, growth phase, the mature and saturated markets and for falling markets

We can also in terms of marketing management confess a partial or integral marketing concept. Businesses will work with the markets more with partial strategic concept which is the basis of integrated approaches. In respect to this we can see the most famous partial approaches:

- Strategic growth directions based on the relationship product - market
 - Strategy of market penetration
 - Strategy of market development
 - Strategy of product development
 - Strategy of diversification
- Strategic directions based on competitors
 - Strategy of producer with lowest costs
 - Strategy of differentiation
- Strategic directions based on the status of a company on the market
 - Strategy of market leader
 - Strategy of market challenger
 - Strategy of market follower
 - The occupation of market gaps
- Multidimensional strategic directions
 - Strategies that focus on leadership in a number of factors such as costs and quality

Selecting the most suitable strategy and use of systematic approach is done after careful consideration of all conditions and circumstances that are relevant to influence the future conditions of existence of the enterprise on market. The strategic interest of the company is to increase synergies in respect of product - market. Products, markets for these products, marketing resources and skills must complement and reinforce each other in such a way that the overall performance of the company marketing is higher than in the absence of these facts. (1)

2.4. Marketing environment

Marketing business environment is composed of external factors affecting the implementation of marketing activities aimed at the target customers and creates both risks and opportunities. So that a company can succeed it is essential to constantly analyze the external environment and respond to its development.

Marketing environment can be divided into two parts and micro-and macro-environment. Microenvironment determines the factors that directly affect the firm's possibilities to meet the needs and wishes of customers. These factors are the suppliers, companies providing services, the nature of the target market, competition and public relations - it is the internal environment. Macro-environment is on the other hand due to external circumstances. These factors influence the microenvironment. Macro environment factors are demographic, economic, natural, technological, political and cultural.

2.4.1. Microenvironment

Marketing aims to create and maintain customer relationships in a way that the company meets their wishes and needs. Marketing's success in achieving this objective however depends on the interaction with other factors that play a role in the

microenvironment of the company: employees, suppliers, service providers, customers, competitors and public.

2.4.1.1. Company environment

Internal environment must be taken into account in the preparation of marketing plans. Corporate environment is composed of groups such as senior management, finance department, research and development, purchasing, manufacturing or accounting department. Global strategies, objectives and policies of the company are determined by senior management. All marketing decisions then must fit into these global plans and usually before the actual implementation are approved by senior management.

It is also important for the marketing department to work closely with other departments. The finance department is finding and then providing resources to allow implementation of the marketing plan. Department of Research and Development aims at designing safe and attractive products and services. The purchasing department is responsible for supplying raw materials and subcontracting and production department is responsible for producing the required level and quality. In the accounting department are monitored revenues and expenses and by that it is helping the marketing department to analyze the set objectives. All departments affect the marketing plans and operations. The task of the marketing department is to ensure that all of these components benefit the customer and work to meet his wishes and needs.

2.4.1.2. Supplier – customer relations

These relationships play an important role in the overall system which ensures the satisfaction of desires and needs of customers. They allow company to produce its own products. Problems with suppliers could adversely affect marketing. The task of marketing department is therefore monitoring of inputs and access to them. Any interruptions or delays, strikes and other problems can reduce the volume of sales in the short term and long

term may be reflected in customer satisfaction. Marketing department must also monitor price developments of key inputs since the increase in prices of these inputs can cause an increase in prices of own products and then reduced sales.

2.4.1.3. Service providers

Service providers simplify business operations. These include various types of commercial intermediaries, companies providing the physical distribution of goods, marketing agencies and providers of financial services. These businesses are also distribution companies that help finding customers and selling them products and services. This term covers both wholesale companies and retail companies. Working with these interfaces and their selection is not easy. Today manufacturers do not sell their products on the market of small independent retailers from which they choose but instead that they face with major retail chains which are strong enough so that they can dictate the terms or even cut off producers from certain markets.

Another group of service providers are companies responsible for physical distribution of goods this means the transport and storage. When working with these service providers it is necessary to determine the best mode of transport and storage. It is also essential to balance various factors such as cost, delivery method, speed and safety. Marketing agencies make it easier to promote products and choose the right markets. Very important is the selection of these companies because the individual firms differ in their creativity, quality, price and services provided. As another service provider in this case for financial services are banks, credit companies, insurance companies and many other companies that help fund activities or provide protection against the risks.

As well as suppliers play service providers an important role in the overall system which ensures the satisfaction of customer's desires and needs. If a company wants to achieve its goal it is necessary to optimize not only their own performance but also the performance of this system by working effectively with service providers.

2.4.1.4. Target market characteristics

Analyzing the nature of the target market is essential for the success of the company. Markets can be divided into five basic types:

- Consumer market
- Industrial market
- Business intermediaries market
- Public tenders
- International market

The consumer market is made of individuals and households who buy goods and services for their personal use. The industrial market is the place used for purchasing goods and services for further processing or production process of other companies. Market of business intermediaries is used to purchase goods and services for resale at a profit. Public tenders are demanded by state agencies that buy goods and services that they needed or they redistribute them. The last type of target market is international markets. These markets include all the above mentioned markets but abroad. Each above-mentioned type of target market has its specific characteristics that require careful analysis.

2.4.1.5. Competition

The basic rule of marketing tells us that if company wants to be successful it must satisfy the wishes and needs of customers better than its competitors. For this reason it is not enough if the marketing department focuses only on meeting the needs of target customers but it is also necessary to obtain a strategic advantage in a way that in the minds of consumers the company will be clearly differentiated from competitive offers.

There is no universal marketing strategy to face the competition that could be considered as the best for any company. An appropriate strategy is based on company size but also depends on its position in the sector compared with the competition. The strategy suited for large companies can be for small businesses too expensive but company's size alone is not enough. Even for some large companies some strategies are successful and others on the other hand are not. For small firms are marketing strategies whose success is not achievable for large firms.

2.4.1.6. Public relations

Company's marketing environment also includes public and public relations. By the term public we mean the interest groups. These groups are able to influence the activity of a particular company. Interest groups can be divided as follows:

- Financial institutions – institutions affecting the company's ability to raise funds (banks, investment companies).
- Media – dealing with news, current affairs and documentary (newspapers, television).
- Government agencies – these institutions affect firms and marketing by creating a regulatory environment (product safety, truth of advertising).
- Civil initiatives – we can include for example consumer organizations, environmental or minority movements or another. Civil initiatives can challenge or weaken the company marketing activities. For this reason it is appropriate that the marketing experts with the help of public relations are with these civil initiatives in constant contact.
- Local municipalities and citizens (living in the neighborhood of the company) – should also be in the focus of a company. Large companies often set up a position called local relations officer. He is in charge of negotiations with the local community, participating in various gatherings, responding to citizens' questions or contributes to charitable events on behalf of the company.

- General public – relationship of the general public to the company, to its products and activities is very important because it affects the company's volume of sales of products and services.
- Company employees – from the marketing perspective are employees a kind of internal public of the company. Large corporations issue corporate magazines and inform their employees and motivate them. In case of employee satisfaction with their company is subsequently the satisfaction and positive approach transferred to the public.

Public relations can be defined as an effort to build positive relationships with the public of the company, creating a good institutional image and effort to minimize the consequences of adverse events or spreading rumors about the.

2.4.2. Macro environment

This term means the external environment in which the company operates. Factors creating this environment on the one hand offer new opportunities but on the other hand they may even threaten the company. Factors of which the macro-environment consists can be divided into six main:

- Demographic environment
- Economic environment
- Natural environment
- Technological environment
- Political environment
- Cultural environment

2.4.2.1. Demographic environment

Demography is the science that studies the group of people, the population and their characteristics (population density, population, age structure). Demographic environment is very important for marketing because consumers making individual markets are also groups of people.

The population of Earth continues to grow currently Earth has more than six billion people and it is estimated that in 2025 the population exceeds 7.9 billion. This rapid population growth has a major impact on business. More people mean more human needs that must be satisfied which may depending on the purchasing power of citizens mean new sales. An example can be China that tried to cope with the population explosion by regulation which prohibits having more than one child. Result of this prohibition is that Chinese children are spoiled and taken care of more than ever before. By that that for each Chinese child are six adults (parents and grandparents on each side) children get everything toys, candies, computers. The average Beijing household spends about forty percent of revenue to meet the needs and wishes of his only child. Manufacturers of toys of course sensed an opportunity and came to the Chinese market.

The huge and diverse population of the planet creates opportunities and challenges that need to be used. Marketing experts for this reason are interested in the demographic environment, its trends and developments in the markets both domestic and foreign. They must therefore follow changes in the age structure and household composition, geographic population shifts, its education and diversity.

2.4.2.2. Economic environment

For successful sale you need customers to have in addition to their will to buy the necessary money. The economic environment consists of factors that affect the purchasing power of households and the composition of expenditure while the volume and distribution

of incomes in each country differs considerably from each other. There are countries with an agrarian economy in which people consume mainly food and products that they produce themselves. These countries offer very little marketing opportunities. The exact opposite of these countries are industrialized economies. They produce a rich variety of markets with commodities. Marketing experts must analyze in detail the changes in shopping habits and character on the domestic and foreign markets.

2.4.2.3. Natural environment

The natural environment consists mainly of raw material resources. Mineral resources are essential inputs of the production process and thus influence the marketing activities. Over the past thirty years is continually growing interest in the environment. Nineties of the 20th century called some analysts "the decade of the Earth" and say about them that the environment is the dominant issue which must the company and the public deal with. But despite all this the air and water pollution are in dangerous levels in many parts of the world. As further examples of the challenges we face in today's world we should mention ozone holes, greenhouse effect causing global warming or increasing amount of waste.

From the marketing perspective are in the development of the natural environment some interesting trends. First we could bring shortages of raw materials which also applies to the seemingly inexhaustible resources such as water or air. A lot of cities are choking because of air pollution and water shortage is a problem in many parts of the world. What also should be used with care are renewable resources such as forests or food and in terms of non-renewable resources this may mean for mankind a serious problem. Firms using non-renewable resources in the production in large quantities will face at least a sizeable increase of costs for them or they may become completely.

The second trend is the increasing pollution. During industrial production is almost always damaged the quality of the environment. Significant problems are with storing nuclear or chemical waste, hazardous mercury content in the oceans, with the chemical pollution of foods and of soil, environment pollution with non-recyclable waste.

The third trend in this area is the growth of state intervention but governments in individual countries in terms of environmental protection have a different approach. An example may be the German government which vigorously protects environmental quality. Other examples may be mainly the poorer countries that do not care too much about pollution most of them lack the resources or political will for protection. But it is true that richer countries do not have sufficient financial resources and political will to protect the environment at a sufficient level. All rely on the fact that companies worldwide will increase their respect for the environment and also rely on the discovery of new and cheaper methods of getting pollution under control.

2.4.2.4. Technological environment

Technological environment is now about the most important factor affecting our lives. Thanks to science and technology we can use magic helpers such as antibiotics, organ transplants, computers or the Internet but on the other hand as well as terror weapons of mass destruction. A lot of inventions fall into mixed categories so they can be used well and badly. Examples are automobiles, television or credit cards. The way how people perceive science and technology depends on whether they make a bigger impression on good or evil that technology brings.

Technological environment is rapidly changing environment and many of the things that today we usually use did not hundred or thirty years ago exist. For example in the mid-19th century there were no automobiles, airplanes, radio or lamp. At the beginning of the 20th century was no television again, sprays, air conditioning or antibiotics. In the period

between world wars we could not use the copy machines, artificial detergents, birth control pills and satellites. And in the sixties were no personal computers, CD - player or Internet.

New technologies bring new opportunities and enable the emergence of new markets but on the other hand become obsolete and are replaced by others. An example is the invention of transistors which heavily damaged a manufactures of electron tubes then car expansion reduced revenues of railroads and the invention of compact discs significantly reduced the market for gramophone records. Whenever the old technology manufacturers tried to fight against new technologies or ignored them their economic performance got worse. A better approach is careful monitoring and analyzing the technological environment since the products of companies that neglect this then become quickly outdated and company is unable to take advantage of new manufacturing opportunities and markets that technological advances offer.

2.4.2.5. Political environment

Marketing decisions are strongly influenced by the evolution of the political environment. The political environment means the legislation, governments and pressure groups influencing or limiting the business and private activities in society.

Even the most liberal free-market marketers acknowledge that some degree of control of the whole economic system helps. Proper regulation may be beneficial for enhancing competitiveness and ensuring a level of fair play in market for products and services. For these reasons the state adopts laws and regulations as part of its public policies that restrict business in the interests of society as a whole.

Number of laws restricting the business world is constantly increasing. In the U.S. many laws in force relate to competition, fair trade, environmental protection, product safety, truth of advertising, customer privacy, and many others. In Europe the European

Commission prepared a new framework of laws relating to the competitive environment, standardization and reliability of business transactions in EU countries. Some countries like Norway have stricter laws than the U.S. In Norway are for example banned customer coupons, consumer competitions and awards. In Thailand food processors must be selling domestic brands by this way people get on the market cheaper products. In India food companies need special permission to be able to introduce on market the product whose equivalent on the market already is e.g. another brand of rice.

There are many reasons to adopt laws limiting business. One of them is to protect companies from unfair competition. Representatives of the companies were saying how competition is beneficial but sometimes try to liquidate in the event when it threatens them. Due to these reasons states adopted legislation restricting unfair competition. In the United States enforces these laws the Federal Trade Office and antitrust department of the Ministry of Justice.

One other reason is to protect consumers against unfair trading practices such as false advertising, deceptive packaging or selling prices or poor quality products.

The third reason for regulating the market is to protect the interests of society as a whole. There is a range of activities that contribute to a better quality of life. So the aim is to make companies accountable for the social costs that their products and services require or cause.

2.4.2.6. Cultural environment

The cultural environment consists of factors influencing the basic social values, perceptions, preferences and behavior. Each of us grows up in a society and the society creates his basic attitudes and values. Then also accepts a belief in which determines its relationship to the surroundings. The following cultural factors may influence the marketing and marketing:

- Persistence of cultural values - people in every society have their opinions and values mostly inherited from generation to generation and it is very difficult to change them.
- Changes in secondary cultural values - the secondary values are going thru changes and it is possible to influence them an example may be the influence of popular artists on youth that is why marketing tries to forecast these changes in order to respond to potential threats or opportunities
- The views of people of themselves - what products people buy is part of their self-expression. People are buying those products that are consistent with their understanding of themselves.
- The views of people to other people - according to experts recently a shift has begun from the individualism to society - people are rather with other people and care for others. This would mean that future increases in demand for products helping to direct relations between people.
- The views of people in the organization - for organizations of all kinds is important to seek ways to increase employees and customer confidence in them.
- The views of people in society - people's individual views on society as a whole vary. The attitudes of people to society influence their shopping habits and attitude to market relations. We can observe the phenomenon called consumer patriotism.
- The views of people on nature - for example food companies important market for organic foods - natural equals healthier when in fact conventional food can be just as healthy.(4)

2.5. Marketing mix

The marketing mix can be understood as a set of tasks and sub-measures which in the final result helps to meet customer requirements so that the company has achieved its goals in optimal way. Marketing mix usually consists of four basic instruments of the 4P.

1. Product – what kind of services and products sell on the market.
2. Price – includes pricing and also sales and discounts.
3. Place – is creating suitable distribution ways so that customer could buy the product at certain place, time and demanded amount.
4. Promotion – informs and stimulates consumer to buy goods.

2.5.1. Product

The term product shall mean everything that makes an offer in the market. We mean all tangible and intangible assets that we buy and use and consume and which can satisfy the wishes and needs. Products are all goods, services, experiences, people, places, organizations, information and ideas it is simply anything that may be subject to exchange, use or consumption that can satisfy the wishes and needs.

On the market most companies offer tangible products and services although some companies in global have more dominant services other tangible products. We find however cases where the offer consists of a tangible product as an example soap, toothpaste or salt where the sale of these products is not associated with services. The second case can be the opposite in case of financial advisors or medical care where the only offer content are services. Among these variants are many cross-combinations. Offers of firms may be composed of product bound with service

2.5.1.1. Product layers

Product or service can be divided into three imaginary layers (dimensions). The base layer is the so-called core product which reflects primarily the question: what do buyers buy? The core product is its basis this is the reason why the customer buys a product or service.

The next layer is the middle layer. This is a real product to which essentially belongs to the level of quality, style, design, packaging and brand.

The last layer consists of an extended product. The company offers except basic functions forming a real product other services that must be provided to customer. This is a comprehensive solution to his problems. These services could include sales service, warranties, delivery and lending.

The company that prepares a new product must first define its essential function (inner layer) then the actual product components (middle layer) and finally the services that the customer in case of purchase gets (outer layer).

2.5.1.2. Product and service classification

Products can be divided according to type of customer into two basic categories the consumer and industrial products.

Customers buy Consumer products for their own consumption. Also they are differed in how customers buy and what marketing approach is used when selling product. Consumer products are still mostly divided:

- Fast moving goods – goods for daily use (bread, newspaper).
- Durables – Consumer when choosing compares with style, quality, price but also its durability. A consumer also spends more time with gathering information and comparison of products (cars, furniture).
- Special products - into this category fall brand products or products with extraordinary parameters. The consumer is willing to make great efforts for the purchase of such product (expensive cars, and cameras).
- Unknown and not searched for goods - these are the goods which the customer does not know yet or knows but does not intend to buy it. This particularly includes the

most innovative products until the consumer finds advertisements about them. Furthermore this can also include a variety of insurance products.

Industrial products are products which are intended for further processing or for other business activities. The difference between consumer and industrial products is to what purpose are purchased. For example if you buy a mower and cut the grass around your house it's a consumer product but if you buy a lawn mower for your farm it is an industrial product.

Industrial products and services are divided into three groups:

- Materials and components - include such agricultural crops then processed materials (cement, iron) and components (tires, wheels).
- Capitalized items - the industrial products which are then used by buyers in production or business.
- Supplies and services - supplies are operating materials (coal, paper), processing aids or tools (paint, nails). Services include maintenance and repairs.

2.5.1.3. Brand policies

Perhaps the most important ability of marketer is to create a brand, keeping it on the market, protecting and enhancing prestige. The brand can be expressed by name, phrase, symbol, emblem, picture, or their combinations. The basic function is to identify the brand of products and services of the company and differentiation from competitors.

The brand is considered by consumer as an important part of the product contributing to its value. Brand policy today has big importance and nearly there are no products sold without brand. Brand makes it easier to identify the products by the consumer and they know that the product will have certain properties, constant value and quality.

2.5.1.4. New product development strategy

Companies must continuously develop additional products and services to remain competitive. New products can be obtained by a company by purchasing patents, licenses, or it may develop its own product. By development of new products is meant the development of new products, development of original innovative products, development of modified products and services and new brands that are developed by research and development department of a company. Innovation for the company can be very risky and that is in that case when new or upgraded product is not successful with consumers. In such cases company can lose considerable money.

New product development is necessary even if the probability of success of new products is relatively small. The solution lies in careful planning and systematic new product development process focused on the search and development. This process consists of eight main:

- Collection of ideas and suggestions - a systematic search of ideas for new products or services
- Sorting ideas and suggestions - the objective is to track down good ideas and suppress the bad
- Determination of product design and testing - you need to prepare a concept product meeting expectations regarding the quality, performance and characteristics
- Marketing strategy creation
- Economic analysis - an assessment of supposed sales volumes, costs and estimate future profits
- Development of a prototype of the product - the aim is to verify whether the prototype actually works

- Marketing test – product and marketing program testing in conditions similar to the real market situation
- Commercialization - bringing a new product to the market

2.5.2. Price

Price is the amount for which the product is offered on the market, is an expression of a value for the consumer, it is the amount that the consumer will make in exchange for benefits they gain by purchasing the product.

2.5.2.1. Factors influencing pricing

The pricing policy of firms is influenced by factors internal and external. The internal factors include:

- Marketing objectives - such as profit maximization, preservation of market position, gaining leadership in product quality
- The marketing mix - pricing policy must be coordinated with product design, with its distribution and sales support in order to build a consistent and effective marketing program
- Cost - define the lowest price limit
- Corporate policy - Top management must decide who will determine the price

The external factors include:

- The nature of the market and demand - the market situation or the overall demand for the product for a maximum price
- The costs and prices and offer of the competition

- Other external factors - economic conditions, business interfaces, government policy, social issues

2.5.3. Place

Distribution channel is a set of independent organizations involved in the process of ensuring product availability for customers. Distribution companies provide functions such as:

- Information – collection and distribution of the results of market research and other knowledge about the factors involved and active in the marketing environment and necessary for planning and helping to sales
- Sales support - produces and spreads information on offers to attract customers
- Contact - finding potential customers and communicate with them
- Offer - the adjustment of supply to customers' needs
- Meeting - an agreement so that the purchase could take place
- Physical distribution
- Funding - to obtain funding to cover the cost of distribution
- Taking over the risk - the risk assumed by the distribution associated with the operation

2.5.3.1. Distribution level

By levels of distribution channels is meant the number of middlemen developing activities to deliver products to the buyer as soon as possible. They are divided into direct distribution channels it is a journey without any intermediaries and indirect distribution channels. Indirect distribution channel includes one or more intermediaries. (4)

2.5.4. Promotion

The aim of marketing communication is to convince the customer or the public. Based on well-defined objectives and set transmission of information gradually change opinions, attitudes or behavior of the customer and the public against the company and its offers. This means to modify the mental page, e.g., motivation, knowledge, ideas, attitudes, etc.

It is also necessary to point out the rule of the minimum effect of marketing communication which says that if communication does not convinces new customers to buy it will help at least with loyalty of existing ones. In the highly competitive environment it is still necessary to maintain and attract the attention of current customers because the loyalty to the firm appears nowadays as more and more rare.

Continuous priority of marketing communication remains to attract attention and therefore in this area rise various highly original ideas which are created by various advertising agencies. An example is the concept Teasing which aims to draw attention of customer in long-term. This is essentially a continuous communication when the story gradually unfolds and each part ends with some promise. The aim is to stimulate curiosity and desire to learn what happens next.

Communication can be divided into two basic forms:

- Personal - made up of personal selling
- Impersonal - made up of advertising, PR and sales promotion

2.5.4.1. Commercial

Commercial is one of the most important tools of communication mix it is also one of the oldest and most visible tools. Is it spent a lot of resources on it and no other marketing activities does not so much disputes. A number of extensive researches examine what features should advertising have to be effective.

When creating commercial it is necessary to pay attention to each step and its connection with a strategic marketing plan. A key point in this process of transforming creative ideas into the design of a commercial is not forgetting the various formal and content techniques and their impact on efficiency.

Commercial can be understood as a paid non-personal communication of companies, organizations or individuals who are identifiable in it and want to inform or persuade people through various media which belong to a part of the public. Commercial is a good tool for marketing communications to inform and persuade people irrespective of the supported is product, service or idea. For this reason is commercial widely used tool.

When we deal with commercial objectives it is clear that one of the main objectives is to increase turnover in the long term but turnover is influenced by advertising and in addition to many other factors. This means that an increase in sales may not occur at all. This may not be unsuccessful advertising campaign but it may for example be a failed product and poor timing of its introduction. However there are campaigns that are not intended to increase sales but can only be targeted for example to enhance brand awareness. In formulating objectives it is needed to take into account that the objectives must be realistic, understandable and measurable. The goal is to determine the need to understand them all including customers which are to be influenced.

2.5.4.2. Sales support

Sales support is focused on short-term increase in sales. It is a communication event which has resulted in generating additional sales to existing customers and on short-term benefits to attract new customers. The main features of sales support are limitation in time and space, offer greater value for money and prompt an immediate purchase response. Efficiency of sales support can be measured more directly than in the case of most other advertising and marketing communication tools. Effectiveness of support is associated with the mechanism of conditioned reflex when the behavior is rewarded now it strengthens the same behavior in the future. To make this mechanism work it is needed to provide sufficiently large benefits in order to recognize the difference between customer benefit and common relationship between price and quality. Simply speaking the benefit must reach the threshold of observable difference that causes a change in behavior.

The main purpose of sales promotion is indeed the initialization of immediate sales but you can also use this tool for strategic purposes especially to generate test purchases and the resulting effects of learning, changes in attitudes towards the brand and strengthen loyalty to the brand. However too frequent use of this may paradoxically lead to outflow of customers since the mark may be considered cheap and this way disturb the position of exclusivity in its quality.

2.5.4.3. Personal sales

Personal selling is a two-way personal communication which is intended to provide information, establish or maintain business relationships, demonstrate products or persuade a person. Personal sales from other communication tools differ in that it requires interaction with the customer. It became an important part of the communication mix and not just in the contacts between companies. Most customers appreciate the help and support provided by the seller for this reason companies and organizations deemed necessary for personal selling.

There are several types of personal selling:

- Business sales
- Missionary sales
- Retail sales
- Industrial sales
- Professional sales

A business sale is primarily selling products in stores, supermarkets, shops, merchandise sales, etc. The missionary sale is not based on convincing direct customers but on convincing customers of direct customers. As an example I would mention the pharmaceutical industry where drug companies are trying to get a doctor to prescribe the drugs to patients. The direct customers wholesale customers but not doctors. Retail sales are based on direct contact with the customer. This means that this is a classic sale as we know it when we need to buy food or electronics. Sales between businesses or the industrial sale focuses on the components, semi-finished or finished products and services for another company. Professional selling is targeted to the designers and the organizations. For example the manufacturer of kitchen will try to convince designers companies to put its products into their offers.

Personal sales goal is to find candidates to inform them, show them the product, convince them to purchase and provide after-sales service the importance of each step depends on what stage in the is life cycle of the product located. New products will require a lot of presentations so that customers know the benefits. On the other hand already well-established products enable faster conclusion of the transaction. A sale however is far from the central objective which is satisfied customers so companies try to create and maintain long-term relationships with customers and for this it is very suitable tool the personal selling. To increase effects of personal sales it must be supported by the other instruments of communication mix. Another goal of personal sales is image building and presentation

of the company especially in the industrial market where the customer meets mostly with the merchant. It is up to the salesman what kind of the image he leaves it depends on his behavior and manners.

2.5.4.4. Public relations

PR can be defined in many possible ways. One of them defines PR as a communication tool used to promote the reputation as a whole. Another tells us that PR is a planned and sustained effort used to build and maintain a good relationship, good name with the secondary target groups called the public, audience and stakeholders. But the public in this sense is to be understood as a group of people which the company does not sell its products directly but is expected to influence the opinions of others.

Previously PR included only the position of spokesman whose aim was to overcome different opinions between the media and business. Over the time however became the spokesman a very important part of PR. In comparison with other tools in the communication mix varies not only used tools in PR (some tools may be common) and objectives but they are also different target groups. We can say that public relations are more complex than marketing communications as it is working with different goals and different target groups.

The objective of PR is mainly to maintain permanent good reputation and overall good company reputation and the importance of reputation is illustrated by the following facts which lies in the fact that most people think that a company with good reputation also has a good product and never buy a product of a company they do not know. (7)

2.6. Forms of entry on a foreign market

Companies decide their form of entry into foreign markets based on many factors. In order to properly decide the company also must be familiar with these options:

Foreign trade – Export / Import

- Indirect foreign trade
 - Subcontracting for an exporter
 - Through trading companies in certain country
- Direct foreign trade
 - Independent distribution network created by foreign firms. Types:
 - Sales representative
 - Agent
 - Commissioner
 - Distribution network created by own units abroad:
 - A branch
 - An independent company

Production / service contracts abroad

- Processing arrangements
- The provision of intangible assets in the form of license agreements
- Franchising
- Developing strategic alliances with foreign companies by:
 - Agreements on production cooperation

- Agreements for the provision of mutual services
- Agreements on cooperation in research and development
- Concluding agreements on management

Direct capital investment

- Newly established company
- Mergers and acquisitions
- Joint ventures (5)

2.7. SWOT analysis

SWOT analysis focuses on identifying strengths, weaknesses, opportunities and threats. It is used also to summarize the conclusions of the strategic analysis. The conclusions of the analysis classifies the internal - the strengths and weaknesses and external - threats and opportunities. SWOT means:

- Strengths
- Weaknesses
- Opportunities
- Threats (2)

3. Current state analysis

3.1. Company analysis

3.1.1. General characteristics

The company that I chose for this work is called EC Engineering Ltd. (hereinafter referred to as EC) based in Krakow on the street Opolska 100.

EC is part of a group called EC Grupa. EC Grupa is one of the most dynamically developing engineering companies in Poland. It has its headquarters in Krakow where are employed about two hundred specialists. Among these employees are also the best graduates of Polish technical universities. EC Grupa conducts research and product development for multinationals and the Polish companies and it does not matter whether they are small or large. The company works closely with several research institutions in the country and around the world.

Energocontrol that is the meaning of the letters EC was established in April 1998. Today under the name EC Grupa creates a strong group of companies which includes:

- EC Engineering - design, simulation and verification measurements of vehicle structure, transportation components and industrial machinery.
- EC Systems - the creation of specialized software used in monitoring systems, product testing and management of structures and processes.
- EC Electronics - design of specialized electronic devices, prototype solutions in the field of electronics and mechatronics, sensors and systems for collecting and processing signals. The company also manufactures multi-channel monitoring systems for machines and structures.
- EC Test Systems - specializes in sales and implementation of measurement systems to study the vibration and noise. In Poland represents manufacturers such as: LMS

International, Polytec, PCB Piezotronics, Norsonic, TEAC, Vali software for power plants, refineries, chemical plants, etc.

- EC Project - activities related to the Vibroacoustics and diagnostics of machines and operation management.
- Innovation Poland - consultancy and research and development. It deals with the preparation of proposals for projects financed from EU funds and manages these projects. Its mission is to develop and transfer technology to industry, to raise the competitiveness of companies based on these technologies and create an effective bridge between the worlds of science and the SME sector in Poland and abroad.
- EC MicroTech - a subsidiary of Innovation Poland. It specializes in issues related to microwave technology, digital electronics, and measurement systems, focusing on research, implementation, sales, solutions developed and the intermediary in the sale of third-party solutions.

EC Grupa carries out activities in the following areas:

- Services in the field of electronics, industrial automation and diagnostics.
- Design and manufacture of systems for monitoring, control and diagnostics of machines (hardware, software).
- Sale and implementation of software and scientific hardware.
- Construction projects of vehicles, plant and machine both in terms of technical documentation and analysis of strength, durability and optimization.
- Services for the design and construction calculations, taking into account the strength, durability, acoustics and environmental impact.
- Training in the areas that represent:
 - Preparation of applications for EU grants, implementation of European projects in international consortia, management and administration of projects.

High quality of the services and sales process guarantees since 1999 ISO 9001 quality system. Since 2003 EC Grupa operates in accordance with the new ISO 9001:2000 standard which supports the acquisition in January 2003 of RW TUV certificate.

Company during the period from the start of its operations completed a series of research and development projects, purchase and implementation and also innovation resulting in the emergence of new products and custom solutions.

The area of operation of the EC Grupa is all over the world. They have customers on all continents and have sales representatives in many countries.

3.1.2. EC Engineering characteristics

EC Engineering Ltd. is one of the fastest growing companies in Poland. It also has the status of the Research and Development Center.

EC employs over 150 highly trained engineers who are involved in the development of the fastest trains in Germany, Italy or in China and engineers are also present in Austria, Belgium, France, Holland, Romania and Japan. From year to year is EC increasing its expansion in foreign markets.

With many years of cooperation with the leader in the production of rail vehicles the Bombardier Transportation the company participates in high-speed train project Zefiro, destined for the Chinese and Italian market.

EC is the first Polish manufacturer of pantographs and now they are produced more than 20 years.

Recently appeared on the Polish railroad train also designed by the company called E6ACT DRAGON freight locomotive. According to the granted certificate it carries freight in the so-called supervised rides. During the tests it showed above-average locomotive traction parameters effectively resulting in pulling a 4 300 tons heavy train.

The major divisions of the company are:

- Railroads
- Aviation
- Automotive
- Software
- Production

EC is also exclusive business partner for the Polish market of MSC Software. It is a company that sells and develops simulation software. On Polish market MSC has no branch and all the business is done thru EC. EC sells products of MSC and also offers services for customers while using the MSC's software.

According to the Trade Register EC is represented by one executive and that is Ireneusz Luczak. The share capital of the company is 1 000 000 PLN and the company is registered at the Regional Court of Krakow that is situated in Krakow.

EC is a daughter company of EC Grupa and EC Grupa is the main shareholder of EC. EC subordinated to EC Grupa to which it has to regularly report.

3.1.3. Company financing

The EC Company is totally independent and all of its financing is done by selling services or products. Also the company generates profits to its owner that is EC Grupa.

3.1.4. Day to day problems

The main problem of EC is that it depends on products of MSC Software because of the fact that EC is reseller of MSC Software. So if the products have bugs EC cannot fix them. They just report the bug to MSC Software and have to wait till it gets fixed. Another problem is that MSC sets the final product price so EC cannot influence it so much. Then of course the competition is a problem because it is quite strong in this area.

Another problem is also with finding capable engineers to do the necessary calculations for clients. That is why EC tries to recruit capable students from technical universities.

3.1.5. Product portfolio

EC has is the reseller of MSC so it offers the same products and services as MSC. These products can be used in various industries. The main industries are: Automotive, Aviation, Machinery, Heavy Machinery and Electro-technical. The products that EC sells are following:

Nastran - is FEM solver (finite element method). This program is used for stress analysis – it can simulate strength of car body also it is used for the simulation of heat conduction, flow simulation, etc.

Patran - the prepost processor. This means that it evaluates the data obtained from Nastran.

Marc - is nonlinearity solver, solves deformation and contact problems. This means that it simulates the behavior of e.g. bearings, axles or behavior of the entire car.

Dytran - deals with simulations of fast processes. This means e.g. simulation of explosions, crash tests, hydroplaning, cell phone fall to the ground, inflation of airbags and etc.

Afea – combination of Marc and Patran.

Fatigue - is a fatigue solver this means that it simulates e.g. where and how long it will take till cracks appear or how will they spread. The program also simulates how many times can you open and close car doors before something goes wrong on them.

Adams – this program performs simulations of kinetic and dynamic processes e.g. the rotation of the turbine, rotation of bearings.

MasterKey – This is not a program itself but it is a flexible licensing system that provides access to all the products. Customers buy so-called tokens which are then used to access and run the products. Every single product requires a certain amount of tokens. After the application is closed the tokens returned for further use. So it does not matter which product you use it only depends on whether you have enough tokens for it.

Prices of products and services

Prices for products and services are set by MSC Software. EC cannot influence them that much. The only chance to influence the price of services and products is for EC to give discount out of EC's margin.

In general there is no official price list for the products and services. The prices are set depending on the customer's needs and demands. Prices also differ depending on whether the products are used for business or educational purposes. For educational purposes the prices are much lower but these licenses cannot be used for business purposes they can be used only for teaching students. (7)

3.2. EC's strategy

The strategy of EC is to enter the Czech market and start selling products and services of MSC Software on the Czech market. Currently the Czech market is managed by MSC Software directly but now there are negotiations between EC and MSC Software that could result in MSC Software pull back from this territory and to leave it to EC. This would mean that EC would manage this territory and would overtake clients of MSC Software. This will be decided in September so the final decision has not been made yet but it is due to the new global strategy of MSC Software.

Even though the decision has not been made yet the EC Company is already preparing and needs for this marketing strategy so that they would be prepared in case that they would manage the Czech territory instead of MSC Software. The aim of EC is to have the strategy similar to the strategy of MSC Software because MSC Software is successful and EC would like to maintain this successful strategy from the beginning. Then of course after some time EC would evaluate this strategy and would adjust it to its needs.

EC is calculating that it would have a year's target of 600 000 EUR so this would be the same as has MSC Software now. This target is realistic because so far MSC Software reached it every time but EC would get only 40% out of it as a reseller so then it would be 240 000 EUR revenue for EC.

3.3. Macro environment

3.3.1. Social factors

The constant pressure to reduce costs and increase final product quality is the leading motive for reducing the prices of all inputs in the sales of products, services and technical support processes. An important factor in these processes is the knowledge level of the human factor in the sales of products, services and technical support processes of these products. Rising costs for highly qualified labor force makes the company look for alternative sources of human potential beyond the traditional centers of productivity.

Finding optimal human resources in the price and performance ratio brings the company into areas of human resources that have lower price costs. In addition to the rapidly growing Asia it is also the Central and Eastern Europe. Currently there is increasingly a shift of the technical helpdesk from Central Europe to Eastern Europe this is associated with the increasing demand for skilled professional workforce that is able to duplicate and over time replace the relatively expensive support of Central Europe. Temporary problem still remains and that is a noticeable difference in labor productivity between Central and Eastern Europe. With the entry of new countries into the European Union (eg Romania, Bulgaria) it is coming to the fact that the use of human potential in these countries is higher and higher. Here are also beginning to blend the interests of investors not only from Western Europe and the U.S. but also new investors from Asia (China, the Taiwan, etc.) who are seeking new markets for their sales in the finalization of their “Made in EU” products.

EC can in this context benefit from this situation by further growth of its activities not only to sell their products but also in their support i.e. in recruiting new employees in technical matter and thus in strengthening its importance within the group. The problem still remains with the best brain drain caused by the pay differential in a global context.

3.3.2. Legislative

Current legislation of the Czech Republic and Poland allows fully use the potential of the EC and also cooperate with other neighboring countries in the EU. The gradual degradation of barriers to employment of various nationalities and other protectionist measures are a big advantage for EC.

The problem still remains with the complicated two-level system of taxation that means at the level of employee and employer which is fortunately compensated by a lower level of salaries in the area. This differential is eliminated over the time and there will be need to increasingly attract the investors in these countries. Incentive programs of the governments can contribute significantly to the strengthening in the fields with high added value which is typical for EC.

Simplification of accounting, statistical reporting of redundant constraints that is resulting from the law and transparency of legislation on corporate governance would greatly contribute to the attractiveness of these countries as a global or regional control centers of multinational companies.

3.3.3. Economics

The global economic crisis has affected the economic outcome of EC Company particularly in 2009 when revenues dropped by about 15% compared to 2008 mainly as a result of downturn in the automotive industry. With the diversification of the major user sectors (aerospace industry, rail industry, machinery, etc.) this decline was not deeper and lasted a relatively short time.

Production of the main partner companies in the automotive industry was at this time driven by subsidy programs for the purchase of medium and small cars in various European countries. However there was a strong downward pressure on prices of inputs, software and services including software. In subsequent price negotiations EC has its position defended in most cases. In some cases the intense price negotiations resulted to reduction of user prices. This pressure however continues reflecting the condition that there is continuous pressure for reduction in prices of final products.

In other sectors such as rail industry is a decrease in production until now as production planning and sales are of longer periodicity. In the segment of the aviation industry now is the revitalization of the activities of local manufacturers for the world's great aircraft manufacturers (Airbus, Boeing, Embraer, Bombardier, etc.) for the supply of components.

Record result in 2011 and so far in 2012 showed the rapid decline of recession and confirmed the continuing trend of arrival of new foreign investors related to automotive and aviation industries which progressively shift the development centers from west to east (Honeywell, Ingersoll Rand, GE Aviation, etc.). Strong downward pressure on margins at subcontractors in the automotive industry together with the uncertainty of future supplies strongly influences the decisions of managers of these companies on investments in production including research and development. This situation increases even more downward pressure on input prices and further increases in labor productivity.

3.3.4. Political factors

Total consolidation of political stability and the political orientation after the communist era strongly contributed to the decision on entry of foreign investors in the

Poland. EC in this way benefits from the international division of labor, highly skilled workforce and country's strategic position in Europe. Entry to the European Union in 2004 has even more reinforced this point. The problem remains in relatively limited Polish internal market so now it is being decided that the branch in Cracow could serve new markets of neighboring countries in Central and Eastern Europe (Czech Republic, Hungary, Romania, and the former Yugoslavia) which strengthened its importance. Opening of the European market also carries out certain risks such as labor costs in Eastern European countries, their growth potential which will certainly bring in the future risk of transfer of some activities in these countries.

Great opportunity for EC provides subsidy and grant programs for certain selected industries areas with relatively low GDP per capita and support programs of research and development and education. The problem remains the availability of information about these programs and the transparency of selection procedures. Governments continue to play a big role here with their decisions in individual European countries to encourage foreign investment in manufacturing a product with high added value and special aid for building research and development centers across the Europe.

3.3.5. Technical and technological factors

The constant pressure to increase productivity, reduce final product prices and shortening the time of its launch brings EC into pressure but because it is a reseller it cannot do much about it. EC constantly brings pressure on MSC Software so that it is forced to constantly improve their products in terms of speed and technical characteristics of software, its adaptation and the possibility of using the latest hardware. This pressure is further amplified by the activities of competitors that are constantly bringing to market new products. The critical factors from a technical point of view are the numbers of the new

versions brought to the market, technical improvements and the ability to quickly solve problems that previously could not be addressed at all or in a limited way.

The establishment of the products that EC resells has been driven by requirements of space and subsequently the U.S. defense industry. Technologies that are sold as classified especially for the defense industry gradually become normal practice in the aerospace, automotive, marine, electronics and machinery industries. So the most advanced industries become a driving force in development in other industrial sectors which benefits both the EC and its clients.

Crash tests now used as standard in the automotive industry have become an inspiration for seemingly trivial applications in transportation and handling of manufactured goods (e.g. white goods) which led to save hundreds of millions in value of the elimination of damaged goods in transit.

Development of new software also further accelerates the development of hardware used in the calculations and the secondary effect on the improvement of the quality and utility properties. The main motive that continues is to sell new products with better use properties while reducing the time of their introduction to the market and so improving customer satisfaction and reducing his product prices.

3.3.6. Environmental, ecological factors

Products that EC sells arise as a response to the requirements for the development of new environmental technologies. These are for example some of the renewable energy sources (wind energy, marine energy, the development of hybrid cells, etc.), means of

transport of a new generation, new security technologies, etc. Since the EC is a software company there is no ecological impact on the environment. (6)

Table 2 – Macro environment summary

Macro environment	
Social factors	Lack of qualified labor
Legislative	Opportunity is good legislation for further expansion, threats is the complicated taxation system
Economics	Opportunity – government grants, threat – crisis re-return
Political factors	Opportunity – possible to expand to other countries
Technical and technological factors	Benefits from newly upcoming industries
Environmental, ecological factors	None

3.4. Microenvironment

3.4.1. Market analysis

The market potential of Poland is still very big. EC is the reseller of MSC Software already for five years and during these five years it has always met the target sales or over achieved them. The main clients in Poland are in the aviation, automotive and also rail industry. This year is also looking in the terms of sales volume very promising. In the Czech Republic is the situation also very good. The market gives still a lot of opportunities

even though the sales are here rather in smaller amounts compared to the Polish market but there are more opportunities. There is a wide range of large, medium and small companies that are already using these products but still there is space further growth and development. Unfortunately there are also many companies which use software from the competitors or do not even know about these options. So it is necessary to acquire the most customers as possible. The greatest opportunities in the Czech market are located also as in the Polish market in the automotive, aerospace, electrical and engineering industries.

This all is from EC's perspective not only about the Polish and Czech market. EC would consider the possible Czech expansion only as a starting point for further business development. The company sees a huge potential in the emerging economies of Eastern Europe countries such as Serbia, Ukraine, Romania, Bulgaria and Croatia so it wants to expand even more but before expanding even more it needs to succeed first in the Czech Republic and then after it would succeed here it would consider the further expansion.

The states of the Eastern Europe have no economy at such as high level as in Central and Western Europe but industry in those areas is experiencing a rapid growth. The company could also benefit from the fact that when big companies want to save costs and need cheaper labor they are shifting production into these countries. So far EC has no direct representation in these countries.

3.4.2. Competitors

Competition is in this area very strong and pretty much are the competing companies globally the same. This means that in Poland and in the Czech Republic are the competing companies also the same. There are quite a few competitor companies but the largest and strongest are these three companies Ansys, Siemens PLM Solutions, Dassault Systems. Fortunately the products that EC is selling have the most market share and are considered from the client point of view as very good. Globally have the products almost

25% market share and the rest divides the competition. On the market there are always some smaller competitors which are usually acquired by its larger competitors.

3.4.3. Customers

EC has a well-balanced customer portfolio mainly in the following industries: automotive, aerospace and heavy industry. Also other customers are in the following industries: engineering, electro technical, education and other. Globally we can say that the main customers include these companies: Airbus, Embraer, VW, Ford, Avio, Boeing, Porsche, PSA, Fiat, Rolls Roys, GE, BMW, PZL, Renault, Walter, Daimler Benz, Honeywell, etc. (7)

3.4.4. Suppliers

The supplier range of EC is quite narrow. The main supplier of EC is MSC Software because EC is the reseller of MSC Software products. So the products that EC sells are supplied by MSC Software. Other suppliers apart from MSC Software are the suppliers of hardware and other software such as Dell, HP, Microsoft and others. Also EC has suppliers for its car park and offices. Then it has also suppliers for some minor services such as internet provider and other.

Table 3 – Microenvironment summary

Microenvironment	
Market analysis	Plus is that EC is exclusive reseller then it is still good market potential
Competitors	Strong competition
Customers	Diversified customer portfolio is a plus
Suppliers	Narrow range of suppliers, dependent on MSC Software

3.5. Marketing Mix

3.5.1. Product

Products that are sold by the EC can be divided as follows:

- SW products
- Services – training, consultation services, simulations

The products that EC is selling are engineering solutions for new product design (CAE – Computer Aided Engineering) which are used by designers to verify the characteristics of the future products. Savings are in shortening the time in bringing new products to market and reducing the number of physical prototypes of new products. Verification of properties of future products increases their reliability, durability and speed up their innovation.

Services of EC consist of providing training to users, providing further calculations and analysis for businesses that their capacity cannot handle these activities or still are considering the deployment of the products.

3.5.2. Price

EC product prices are set in the currency of EUR. The standard price lists are based on the MSC Software Company which is updating these lists about 2 times a year. The prices already include the margin of the reseller so after the customer pays to EC then EC keeps its margin and sends the rest of the money to MSC software. The prices are generally influenced by the situation of competing products on the market and generally tend to be undercut. Marketing actions that are planned centrally by the marketing department gives customers the option of temporarily reduced prices as individual software products and product groups (the product bundles). These discounts reflect the company's attention either to specific industries or types of analysis or the types of companies (large firms x small businesses, manufacturers x consulting firms, manufacturing industries: aero, auto, other).

EC Company also continuously monitors the prices of competing products on the market and reports these prices to MSC Software so that it can adapt the price list. So when it comes to pricing of the products it is based not only on the price of the development and improvement of the products but also takes into account the competitive prices.

Payment terms which are placed in the license agreements are net prices in EUR and are payable by the customer within 30 days from the invoice date. In exceptional cases that have to be approved and based on customer requirements the due date can be up to 60

days from the day of the invoice issue. Then when EC gets the money from the customers it has 30 days to pay to MSC Software.

3.5.3. Distribution

Distribution of the products is based and done on the electronic system that allows the customer at his place download the product (ESD – electronic software download). This system allows the customer to have the product immediately after the contract is concluded thru the electronic software download system. Then only an electronic code is securely sent to the customer via email so that he can activate the product. This is saving time and cost of physically sending electronic media (CD Rom). Still customers that would like to have a physical media can have it but there is an additional fee that is applied. (6)

3.5.4. Marketing communication

3.5.4.1. Commercial

EC operates on the industrial market and because of this fact and the characteristics of the industrial market it has to adapt its advertising method. So due to the B2B market characteristics it would make no sense to pay television or radio ad which reaches a lot of people but not the required target group. Since the target group of the customers is very specific it is necessary to use the appropriate methods to reach them.

Advertising is not used by EC neither currently nor in the past at all. This is because of the fact that the management considers it to be quite expensive and not that efficient and also not suitable for the company. In the past the management was considering some advertising that would be in certain technical journals but this was scratched.

At the end of this year the advertising strategy will be reconsidered. Now already there are some signals from the management that there is a possibility to pay some advertising.

There is one more thing to be mentioned and that is that EC as a reseller is financially supported by MSC Software in its advertising activities up to the amount of 50 % of the costs related to these activities. This financial support also includes technical seminars, conferences and trade fairs.

3.5.4.2. Sales support

Sales support is in the EC Company used but not to its full possible extent. But out of the things that are used it can be said that this support is efficient. The main aim is to generate short term and immediate purchases from existing and new customers. This is done thru e.g. users conferences that are held couple of times in the year. Based on these conferences are generated additional sales because clients learn the benefits of the products that are brought to them by using them.

As first I would like to start with the users conferences that are done a couple of times in the year. This is usually three times a year and every time it is held in different part of Poland and clients from the surrounding area are invited. These events are from the company's point of view quite beneficial because they generate additional sales from existing and also new customers. The conference is even beneficial for the company even if no immediate purchases are made because the conferences inform the current clients and the potential ones of the product benefits that are brought to the client by its usage so the client considers these benefits and can make the purchase later. The conferences are quite popular among the clients because they can learn about new products, new features and

other interesting things. Another good point is that the users can talk to each other and share their experience with using the products when they meet informally. The usual number of participants is around 80. The costs for this kind of two-day meeting are between 80 000 and 90 000 CZK. The participation fee is usually 800 CZK per participant where the meals and all day programs are included.

EC is also doing specialized seminars on various technical colleges. At these seminars they provide students that are dealing with computer aided engineering with the information and benefits of the products. They also show them how user friendly they are. This all is aimed to the future because it increases the possibility that the company where the student will be employed in the future will more probably buy these products because their employees know them and know how to use them. The costs of these seminars are very low. They just require the time of the company's representative and travel costs.

Other forms of sales support are special discounts on certain separate products or product bundles. Unfortunately EC cannot influence these promotions because they are planned centrally by the MSC Software. Of course EC could also make some special offers but the discount would go out of EC's margin so these cases occur very rarely. The discounts are usually valid for 3 to 6 months and the discount itself is between 20 and 30% and is valid for existing clients and also for the new ones. Another special offer is for the existing customers who pay regularly maintenance. This works the following way: if the existing customer wants to buy new licenses for new products he gets a discount in the amount of the price of previous product purchase. So if the client bought for example previously products for 10 000 EUR and now he is going to purchase new products worth 20 000 EUR he gets a discount in the amount of the previous purchase so now for the new products he will pay only 10 000 EUR instead of 20 000 EUR. Then EC can after approval give individual quantity discounts. And of course we have to mention that the company has several promotional items. Some of the items are done directly by EC and some are given to EC by MSC Software.

3.5.4.3. Personal sale

Personal sale is done in the EC Company by the sales representatives and also by the management of the company. The most is done by the sales representatives but in some difficult cases or where there are needed negotiations on high level is this done directly by the management of the company. This is usually with some multinational and big clients. The main aim is to maintain contact with the current clients and also to establish some new connections because in general we can say that all of the business is done based on mutual personal contact. So at these meetings connections are maintained and also established and the representatives of EC explain the product benefits and also show them how they can save money by using these products. Also if the customer wants he can come to the company's headquarters where is taken care of him again by the company's representatives and also he can try these products.

Personal sale offers the company many advantages but of course there are also some disadvantages. The advantages are that the personal communications with each customer and the dealer are much closer than with other forms of selling. It's more or less based on personal contacts which creates relatively complex personal bond. Another advantage is that this form of communication greatly reduces the risk of misunderstanding and there is immediate feedback. The disadvantage is the time and financial demands of creating such links.

3.5.4.4. Public relations

In Poland the public relations is not used by the EC at all. In this area it fully depends on MSC Software's global public relations strategy whereas part of this strategy are published press releases concerning the benefits brought to the society as a whole by the usage of the products then also it is mentioned when they acquire some global key

customer or some public benefit organization like the FAA (Federal Aviation Agency) and other for the company important cooperation's. EC then just points out if needed some relevant facts to the customers.

Table 4 – Marketing mix summary

Marketing mix	
Product	SW products and services
Price	Dependent on the type of customer, quantity, competition, discounts and other. Prices are set in EUR
Distribution	Software download at client's place or CDs
Marketing communication	No advertising, holds users conference and technical seminars at collages, offers special discounts, no PR

3.6. SWOT analysis

Table 5 – SWOT analysis

Strengths	Weaknesses
Good company background Good quality of services Diversified customer portfolio Selling products of the biggest company Exclusive reseller	Depended on the product development It is not a producer but only reseller Is depended on the decisions made by others
Opportunities	Threats
Expansion to other countries Get benefits from newly upcoming industries Government grants	Strong competition Thread of the re-return of the crisis Pressure on price lowering Lack of qualified labor

Strengths

A major benefit is the background of a good stable company that is part of a strong and successful group then that the company sells the products of the world leader in the field is also very positively perceived by the customer who sees in this background level of stability and quality of service offered. Another advantage is a portfolio of diversified users which is good if one industry gets stagnant then other sectors are able to maintain the company results. Another important fact is that EC is selling products of the largest company in this area. The fact that the company's products are used by the world's largest companies in the automotive, aerospace and engineering industry also provides a pressure on the use of these products also by their sub-contractors. Then also a big plus is that EC is the exclusive reseller so that means there are no other companies selling these products.

Weaknesses

One of the main weaknesses is sometimes poor product development in some segments which gives an advantage to the competition. Also the weakness is that EC cannot influence that much the development of the products because it is not a producer but only a reseller of these products

Another weakness is that the company is dependent on the decisions of other company and can influence these decisions only slightly. This mainly concerns the pricing and some other things.

Opportunities

A great opportunity is in the expansion to other countries in Europe. Here can EC gain new customers and so generate additional profits. These countries include countries such Czech Republic, Slovakia, Bulgaria, Romania, Hungary and the countries of former

Yugoslavia. Further opportunities are in emerging sectors such as renewable energy (wind or marine power plants), the electronics industry, and biomedicine. Finally it is also grants given by governments to certain organizations for new product purchases so EC could also generate some additional profits out of this.

Threats

Probably the biggest threat for the EC Company is the competition that is really strong and constantly trying to increase its market share through new product development or acquisition of other companies. Another threat is the steady decline in prices in the IT field and pressure for rapid product innovation. Uncertainty in the forecasts of industrial production and the threat of further industrial recession could also negatively impact the company. Then it is also the lack of qualified labor. (7)

4. Proposals

Based on all the above mentioned facts I would recommend EC if entering the Czech market to use on this market all of its current marketing strategy plus I propose these proposals for the EC Company.

Czech market entry

Regarding the market entry of EC to the Czech Republic I would recommend EC to create the direct trade representation. This would mean to create a company that would be independent but would be fully owned by EC Poland.

Since the decision has not been made yet whether EC will overtake the business activities of MSC Software here in the Czech Republic I would recommend the EC

management to prepare for the overtaking of the activities in Czech Republic even if it would not work out in the end. The decision should be made in September this year. Here are mentioned some major costs that would be needed.

As first I would recommend the management to contact a company that creates and sells made companies because this would be the fastest way to start the business here in Czech Republic. The price for this kind of company are from 22 000 CZK. Then after the positive decision immediately realize this.

Secondly it would be also good to look for some offices for example in Brno where the current MSC Software headquarters are. The rent for one medium office is in IBC Brno around 80 000 CZK plus services per year. EC would need at least three offices so the total price would be 240 000 CZK per year.

As third EC should contact some HR agency to try to look for some potential employees or EC could overtake some of MSC Software employees. This would depend on the agreement. The amount of people needed for the start would be four. Two would be technicians, one administrator and sales manager. The estimated costs are around 50 000 CZK per one technician, 40 000 CZK for administrator and 85 000 CZK for sales manager per month. The total annual costs for all employees without bonuses would be 2 475 000 CZK

Summary of costs in CZK per year:

- 22 000 for a ready company purchase
- 240 000 for offices per year
- 2 475 000 for employees per year
- **TOTAL = 2 737 000**

Responsibility: Polish management of EC Company.

Realization: End of August and September 2012.

4.1. Product

Unfortunately as a reseller EC cannot do much with the products itself and their development but it is necessary to catch up the poor development of some products. So I propose that EC would make regularly reports based on customer feedback and their experience and send them to the development center so they know what to improve. Another thing is that if there would be some serious problem with some product EC would suspend the sales until the issue would be solved so that the customer has fully functioning product.

EC should also closely monitor the development and needs of emerging industries (renewable energy, packaging, electronics, biomedicine, etc.) and then again send this information to the development of new products so that they can adapt them to their needs.

Responsibility: Sales manager.

Realization: Continuously during the year.

4.2. Price

When prices are set EC should monitor and fully respect a strong competitive position in the market and suggest the prices of individual products carefully only after a detailed analysis of competitive products and their market position. This can prevent situations where a new product at the beginning of its sales cycle will be in a

disadvantageous competitive position. Also EC should give in certain cases more discounts out of its margin especially to key customers that could be later used as a reference.

Responsibility: Administrator and Sales manager.

Realization: Continuously during the year and before setting the prices.

4.3. Distribution

Try to build up a distribution network of business partners in some other countries before they would expand there and where is insufficient representation of these products.

After the expansion to the Czech Republic continue in this expansion to other countries and by this enhance its sales.

Responsibility: Polish management of EC Company.

Realization: Long term realization based on market situation.

4.4. Marketing communication

4.4.1. Commercial

From the analysis of advertising it is obvious that EC is not using advertising at all. So I would suggest EC to do some advertising in specialized magazines like IT CAD (8). This would be good because this magazine is read by people that specialize in computer aided engineering so the advertisement could be read by a lot of potential clients. The price

for this kind of advertisement is 24 000 CZK for one quarter of a page which I think would be enough. Also EC would get a 3% discount because I would suggest them to do this advertisement twice a year and so because of this there would be a discount. In the advertisement I would put contacts for the company and then I would promote certain products or services.

As next I would recommend the company to start using the so called hidden advertising which is very effective and does not cost much. The way it works is that existing professional user writes a magazine article where he describes some certain problems and the way how he successfully solved these problems and by the way he mentions that he was able to solve this thanks to the use of EC's products. The costs are just to maintain good relations with experts writing these articles and the effect can be good because the word of an expert has big weight.

Then I would recommend the company to focus on "branding" which strengthens the brand awareness. Again I would do it in the specialized magazine called IT CAD. There I would just put some sort of phrase like EC Engineering the exclusive seller of the world's number one simulation software and company contacts. This ad would be done twice a year so there would be 3% discount and the price for 1/6 of a page would be 15 000 CZK.

Responsibility: Administrator after the approval of Polish management.

Realization: Once in an every quarter.

4.4.2. Sales support

Mainly here I would like to recommend the company to participate at the International Engineering Trade Fair in Brno. The trade fair is held at the end of the

September and is one of the biggest one in Central Europe so this would be a really great opportunity for the company to gain some valuable contacts. Also the company can easily monitor the competition here. The costs for such a trade fair are around 150 000 CZK. This includes the rent, stand and other expenses. This is quite a lot but from the long term point of view it is definitely beneficial for the company.

Responsibility: During the first year polish management then Sales manager together with Administrator.

Realization: September 2012.

Today is also very important the support for the products so I would recommend the company to establish special hotline or email address only for the product support. Here the customers could ask for help and advice.

Responsibility: Technicians

Realization: October 2012

4.4.3. Personal sales

What concerns the personal sales here I could only recommend some regular training of the sales representatives concerning the communication with customer and generally how to present the company.

Costs: 10 000 CZK per day

Responsibility: Administrator

Realization: January 2012

4.4.4. Public relations

For PR it would be good to start using the Success stories. This would be really helpful for the image of the company. Here would be mentioned the successful software implementations at key customers and this would be published in company magazine.

Responsibility: Polish management of EC Company.

Realization: Once every quarter when the company magazine is published.

Proposal summary:

- Create direct trade representation
- Prepare regular product report to help improve the development
- Suggest prices after detailed market analysis and give better discounts to key customers
- Try to build up distribution network in other countries and continue with expansion
- Start with advertising
- Focus on branding
- Start doing hidden advertising
- Participate at International Engineering Trade Fair in Brno
- Establish product support hotline
- Regular sales representative training

- Use Success stories (6)

4.5. Costs of proposals for marketing communication and some major expenses relating the Czech market expansion plus their timetable

Table 6 – Costs of proposals

COSTS OF PROPOSALS	COSTS IN CZK WITHOUT VAT for first year	Estimated revenues for first year (more details in EC's strategy)
Advertising – twice a year (in Q1 and Q3)	46 560,-	240 000 EUR which is approximately 6 000 000 CZK
Branding - twice a year (in Q2 and Q4)	29 100,-	
Trade fair – once a year in September	150 000,-	
One day training – once a year in January	10 000,-	
Ready company, offices, employees – major costs – costs for the first year	2 737 000,-	
Total amount	2 972 660,-	6 000 000,-

Table 7 – Timetable of costs

Months	Purpose of costs	Approximate amount of costs in CZK	Approximate amount of revenues in CZK	Revenues minus costs in CZK
September	Advertising, trade fair, ready company, offices	215 280	0	-215 280
October	Offices, employees	245 000	200 000	-45 000
November	Offices, employees, branding	259 550	300 000	40 450
December	Offices, employees	245 000	900 000	655 000
January	Advertising, training, offices, employees	278 280	400 000	121 720
February	Offices, employees	245 000	500 000	255 000
March	Offices, employees	245 000	700 000	455 000
April	Offices, employees, branding	259 550	700 000	440 450
May	Offices, employees	245 000	600 000	355 000
June	Offices, employees	245 000	700 000	455 000
July	Offices, employees	245 000	500 000	255 000
August	Offices, employees	245 000	500 000	255 000
Total amount		2 972 660	6 000 000	3 027 340

Conclusion

The aim of this work was to prepare or make more efficient marketing strategy for EC Company if it would enter the Czech market. To be able to do this I had to prepare the theory and based on this theory I analyzed the company to find out about the current state and then I evaluated these facts and prepared proposals to improve EC's marketing strategy. These proposals could be very beneficial for the company so now it depends on the management how it uses these proposals. The EC Company is doing very well and it could be even better if up to my opinion if these proposals are used.

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