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USING GREENGRAFFITI AS AN ADITIONAL TOOL OF MARKETING COMMUNICATION OF THE COMPANY

VYUŽITÍ GREENGRAFFITI JAKO DALŠÍHO MARKETINGOVÉHO KOMUNIKAČNÍHO NÁSTROJE FIRMY.

DIPLOMOVÁ PRÁCE
MASTER'S THESIS

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Abstrakt

Tato diplomová práce z oblasti marketingu zkoumá možnost využití alternativního reklamního média zvaného GreenGraffiti® jako dalšího komunikačního nástroje. Protože je pro Českou republiku a tím i české klienty tento typ reklamního média nový, je důležité vysvětlit, co přesně GreenGraffiti® je, odkud pochází a jak se objevilo v České republice. Tato diplomová práce bude také zkoumat, zda je GreenGraffiti® vhodným reklamním médiem pro český trh, a které problémy je třeba vyřešit před tím, než bude zařazen do komunikačního mixu společnosti. Tato práce je napsána na základě znalostí získaných během stáže ve Studiu Tomato s.r.o., které vlastnilo licenci na GreenGraffiti® pro Českou republiku a také na základě informací získaných od Jima Bowese, zakladatele GreenGraffiti Holding BV.

Abstract

This diploma thesis from the field of marketing examines the option of using an alternative advertising media called GreenGraffiti® as another communication tool. Because it is for the Czech Republic and thus Czech clients a new type of advertising media, it is important to explain what exactly GreenGraffiti® is, where it comes from and how it appeared in the Czech Republic. This diploma thesis will also examine, whether or not is GreenGraffiti® a suitable advertising media for the Czech market and which problems need to be solved before it could take a part in a communication mix of a company. This thesis is written on the basis of knowledge acquired during the internship in Studio Tomato s.r.o. who owned the license for GreenGraffiti® for the Czech Republic and also on the basis of the information gained from Jim Bowes, the founder of GreenGraffiti® Holding BV.

Klíčová slova

Reklama, historie reklamy, outdoorová reklama, guerrilla marketing, interní analýza, externí analýza, PEST, SWOT, Porterova analýza pěti sil, reklama v ČR, postoj zákazníka k reklamě, ekologická reklama, postoj Čechů k ekologii

Key words

Advertising, history of advertising, outdoor advertising, guerrilla marketing, internal analysis, external analysis, PEST, SWOT, Porter´s five forces analysis, advertising in the Czech Republic, customer´s attitude towards advertising, ecological advertising, attitude of Czech people towards ecology

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Declaration

I hereby declare that the master's thesis is my original work and has been written independently. I also declare that the list of references is complete and copyrights are not violated (pursuant to Act. No. 121/2000 Coll., on copyright and on laws related to copyright Act.).

Brno, 31st August 2012 ....

Bc. Kristýna Nešporová

Acknowledgment

Content

1 Introduction

These days, advertising doesn't mean only TV, press, leaflets, billboards or other types of advertising media. There are also new types, beginning with advertising on internet and ending with alternative advertising media or Guerrilla Marketing. Advertising agencies and also 71% of the Czech managers of companies admit the need for searching new types of media to attract Czech customers (Mather, 2007). This is caused also by the fact that Czech customers feel fed up with the traditional advertising media, especially on commercial TV stations, but also on billboards. The fact that no billboards on roads or highways will be allowed in a five years period also shows the need to look for a new type of advertising media to attract Czech customers. 62% of Czech customers also consider the impact of the product/service they buy on the environment and prefer to buy from a responsible company (Europa, 2009).

GreenGraffiti® is a new form of alternative advertising media, which shows interest in environment by offering several techniques that are friendly to environment, overcompensating carbon footprint by 150% and compensating the usage of water by donating to a non-profit foundation GreenAdsBlue.

The founder of GreenGraffiti® is Jim Bowes from GreenGraffiti® Holdings BV in the Netherlands who sold its license to Czech company Studio Tomato s.r.o. in winter 2011. These days, the license for GreenGraffiti® for the Czech Republic is available again.

However, there are not only advantages as will be explained further in the analytical part.

2   Executive Summary and objectives of the thesis

The main objective of this diploma thesis is to examine, how to use alternative advertising media as GreenGraffiti®, especially Reverse and Milkpaint Graffiti, as a part of a communication mix of a company in the Czech Republic. Whether is GreenGraffiti® suitable for the Czech advertising market and what potential problems have to be taken into consideration.

At first, the theoretical part will give some theoretical basis for what will be given in the analytical part of the thesis. The terms Marketing mix, Marketing communication, Communication mix, Advertising, Advertising media, Outdoor advertising, Guerrilla marketing, Strategic analysis, Project management and Project planning will be defined and further elaborated, as they are the key terms for understanding the analytical part of this diploma thesis.

Analytical part will give some basic information on Studio Tomato s.r.o. that gained a license for GreenGraffiti® for the Czech Republic in winter 2011, but unfortunately failed to manage a campaign and lost the license. After that, information about Dutch founder of GreenGraffiti®, GreenGraffiti Holding BV is presented together with introducing different types of GreenGraffiti® techniques. The next part shows a calculation of the costs connected with GreenGraffiti® and the price for the campaign of 20 applications and a comparison with other types of outdoor advertising media is given in graphs. The following parts pursue different types of analytical tools as PEST-analysis, Porter's five forces analysis, micro-environment analysis and SWOT analysis.

The last parts of the paper give some recommendations to the problems that result from the analyses and conclude the findings from the diploma thesis.

3 Theoretical part

In the theoretical part, this thesis will explain terms marketing mix, marketing communication and communication mix, it will focus on basic information about advertising, then the types of advertising media will be introduced, a more detailed look will be taken on outdoor advertising in which GreenGraffiti® belong to, the next part will give basic information about guerrilla marketing, that have some common features with GreenGraffiti, than strategic analysis and its tools will be explained and the last part will look at project management and project planning.

3.1 Marketing mix

Marketing mix is the set of tools used by marketing manager to create features of products and services offered to customers. Marketing manager can mix up the individual elements of marketing mix in different intensity or order. It serves to one simple goal, to meet the needs of customers and to bring profit to organization. Marketing mix consists of four elements, sometimes named as the 4P. It is PRICE, PRODUCT, PLACE and PROMOTION (Vaštíková, 2008, p. 26).

Nowadays commonly used approach is based on the „customer view", and leaves the 4P model for internal decision-making. The 4C model is used instead 4P model, where PRODUCT is seen as CUSTOMER VALUE, PRICE is seen as CUSTOMER COST, PLACE as CONVENIENCE and PROMOTION as COMMUNICATION (Přikrylová, Jahodová, 2010).

3.1.1 Product /Customer value

Product is seen by customer as something that can satisfy their needs and wishes and bring the greatest benefit. The benefit can have various forms, for example saving, better feeling, respect etc. This means that the ***company has to understand the value*** of the offer for customer and how the customer will appreciate it (Přikrylová, Jahodová, 2010).

3.1.2 Price/ Customer cost

Price is what customer has to pay to gain the product/service. Price carries all the negative experience connected to the product/service- financial costs, loss of time,

physical or psychical demands etc., which ***together makes the total cost,*** that customer has when he or she buys the product/service (Přikrylová, Jahodová, 2010).

3.1.3 Place/ Convenience

Place means all activities which make the offer closer to customers. It is the distribution process and it includes also the way how the consumer gets to the product, if it is demanding or comfortable. That is why ***place is seen as convenience*** and that is also how customers see it (Přikrylová, Jahodová, 2010).

3.1.4 Promotion/ Communication

Promotion is replaced by communication, because now in the age of technology, there is a need for two-way communication. That means the promotion and also the feedback is needed (Přikrylová, Jahodová, 2010).

3.2 Marketing communication

There is no unified theory of marketing communication because there are different points of view. Communication in general is a transmission of information from the source to the receiver. Reasons, methods and aims of such information are various. Marketing communication is connected to the term communication process. This process takes place between seller and buyer, company and its present and potential customers but also among company and other stakeholders- employees, suppliers, partners, shareholders, media, investors etc. Beneath is given a model of communication process which consists of following steps: source of communication, coding, transmission, decoding, receiver, feedback and information noise (Přikrylová, Jahodová, 2010).

Communication process
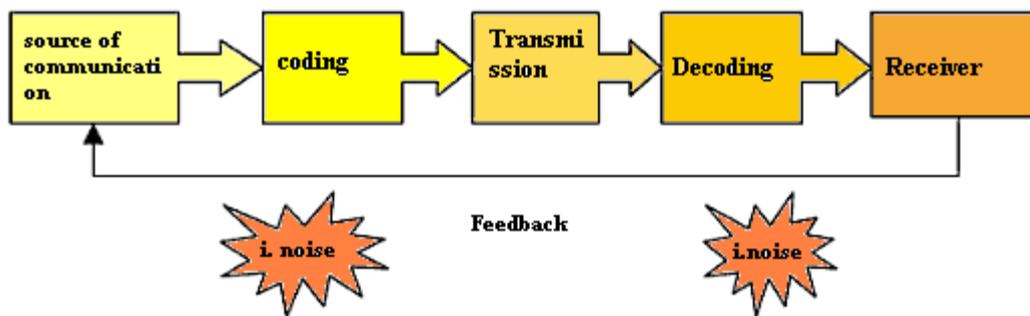
Picture 1 Communication process (Přikrylová, Jahodová, 2010)

3.3 Communication mix

In this part of the thesis, communication mix will be explained, different parts of communication mix will be presented and it will be explained to which part/parts GreenGraffiti® belongs and why. Parts of communication mix that are important for this thesis will be further explained in more detail in separate chapters which will follow this part of the thesis.

As was mentioned previously, marketing mix consists of product/customer value, price/customer cost, place/convenience and ***promotion/communication.*** Communication mix is therefore a subsystem of marketing mix. Marketing managers use communication mix to reach goals of the company by using optimal combination of different communication tools (Přikrylová, Jahodová, 2010).

In recent years, new tools of communication mix are being formed. These trends reflect broad societal changes resulting from the fact, that the world unifies its requirements-globalizes. Customers demand better quality and more beneficial services. This is supported by invention of new technologies (Vaštíková, 2008, p. 134).

For the purpose of this thesis, tools of communication mix are divided into following groups (Vaštíková, 2008, p. 134 and 135):

- Advertising
- Sales promotion/Sales support
- Personal selling
- Public Relations
- Direct marketing
- Internet communication
- Event marketing
- Guerrilla marketing
- Viral marketing
- Product placement

3.3.1 Advertising

Advertising is paid, impersonal communication, done through different media (newspapers, TV, billboards, radio etc.) assigned or realized by business entities, non-profit organizations etc. and its aim is to convince a special group of receivers-**target group**. Advertising and advertising media will be, as was mentioned previously, further explained in a separate chapter, as it is important for this thesis, because GreenGraffiti falls into the group of advertising, more precisely to a group of outdoor advertising which will also be explained in a separate chapter (Přikrylová, Jahodová, 2010).

3.3.2 Sales promotion/Sales support

Sales support contains activities which stimulate sales by additional stimuli. It is focused on individual parts of distribution channels or on the final consumer. It uses for example coupons, premiums, competitions, winning lotteries, exhibitions and trade fairs, promotional items and other stimuli. It can be said, that sales support is a combination of advertising and price measures. It focuses on a wide range of customers, however the impact of the stimuli is short-term, only for the duration of a particular measure (Vaštíková, 2008, p. 142).

3.3.3 Personal selling

Personal selling is a form of personal communication with one or a few customers. Its aim is not only to achieve sales but to create a long-lasting positive relationship with the customer. The content and form of communication can be adapted to a concrete customer and situation. It is a type of communication that takes place both ways, where the selling and buying parties communicate with each other, answer questions, deals with problems etc. It is costly but very effective (Vaštíková, 2008, p. 141).

3.3.4 Public relations (PR)

Public relations is an impersonal form of stimulating the demand for products, services or activities of the company by publication of positive information about the company. The aim is to build positive attitudes toward the company, especially the credibility.

Public relations is a function of management, it is based on a long-term strategy of the company and its effect is also long-term. Public relations can have different target groups as customers, employees, investors, suppliers, shareholders etc. Other mission of PR besides building credibility of the company could be creating corporate identity, crisis communication, lobbying, sponsoring etc. PR uses several means of communication, for example company's newsletters, annual reports, articles in academic journals, conferences, interviews, courses and seminars etc. Results of PR are difficult to measure (Vaštíková, 2008, p. 144).

3.3.5 Direct marketing

Direct marketing is a direct communication between the customer and the seller. Its aim is to sell the product or service and uses mail, phone, TV or radio and magazines and newspapers. Direct marketing have several tools: Direct mail, telemarketing, TV or radio marketing with a direct response, catalogue selling, Email. It is measurable and effective. It is common to combine direct marketing with sales support (Vaštíková, 2008, p. 145).

3.3.6 Internet communication

Internet is the youngest information media. It has global reach and enables two-way communication, where the cost of communication is not dependent on the distance. It is highly effective. It allows precise targeting, easy measuring, flexibility etc. It contains web pages, banners, email (to a range of interested parties). When email is not asked for, it s called spam. Spam could hurt company's image (Vaštíková, 2008, p. 146 and 147).

3.3.7 Event marketing

Event marketing means staging experiences and their planning and organization within the corporate communication. The aim is to cause psychical and emotional stimuli which will support image of the company and its products/services. This means to organize different cultural, sport and other events. Sometimes it is seen as a part of PR. Event marketing contains **non-profit events** as conferences, celebrations, discussions with citizens etc., **commercial events** as concerts, theatre performances, balls, fairs,

sport competitions etc. and ***charity events*** which are similar to commercial events but the proceeds from the event is given to charity (Vaštíková, 2008, p. 149).

3.3.8 Guerrilla marketing

Guerrilla marketing can be seen as a non-traditional marketing campaign, aimed at reaching maximum effect with minimum resources. Guerrilla marketing will also be explained in a separate chapter, as GreenGraffiti® bears also some characters of guerrilla marketing, because some of the types of GreenGraffiti® can be seen as a non-traditional campaign and it also tries to reach maximum effect with minimum resources. However, guerrilla marketing not always follows the law and that is a difference, because the main principle of GreenGraffiti® is to always ask for permission (Vaštíková, 2008, p. 150).

3.3.9 Viral marketing

Viral marketing is used for exponential growth of brand/product/service-awareness through uncontrolled dissemination of information among people. It can contain different types of forwarded messages (with videos, links, pictures etc.) but also a word of mouth. One of the advantages is that it is cheap, others are that it is quick and effective (Vaštíková, 2008, p. 151).

3.3.10 Product placement

Product placement is an intentional and paid placement of a product/service in an audiovisual work (film, computer game). Product placement shows the product/service in a positive context and that it is a common part of the life of the hero (famous actor, famous film character) (Vaštíková, 2008, p. 153).

3.4 Basic information about advertising

For the purpose of this diploma thesis, basic information include the definition of advertising and a brief history of advertising.

3.4.1 Definition of advertising

At first we will start with defining the term advertising. People often imagine TV or radio when it comes to advertising, however, the term advertising stands for a much wider scope of activities than just these commonly known types of advertising. There are many definitions of advertising. For the purpose of this diploma thesis, we will consider the following ones as the most suitable. Dictionary explains advertising as „the act or practice of calling public attention to one's product, service, need, etc., especially by paid announcements in newspapers and magazines, over radio or television, on billboards, etc.: to get more customers by advertising" (Dictionary, 2012). A much more general ,but for the purpose of this thesis which looks into a non-traditional type of advertising called GreenGraffiti, much more suitable definition is provided by Free Management Library (2012): „Advertising is bringing a product (or service) to the attention of potential and current customers. " This definition leaves space not only for the traditional forms but also for new and innovative forms of advertising.

3.4.2 History of advertising

Advertising has existed ever since people started to sell and buy goods and services. The first and still very powerful form of advertising was the word of mouth (Mediaknowall, 2012). Since then, many changes in advertising have occurred. Where the big inventions appeared, advertising swiftly followed. Beginning with the invention of pictograms scratched on clay tablets by Sumerians 3000 BC or the invention of paper by Chinese eunuch 105 AD and ending with the invention of TV which was commercially available since 1920s but in 1950s experienced a boom among average citizens or with the commercialization of internet in 1995 (Nonlineagency, 2012). In the following text, the most important milestones from the history of advertising will be introduced. For a quick idea, see the timeline beneath (Author's work).
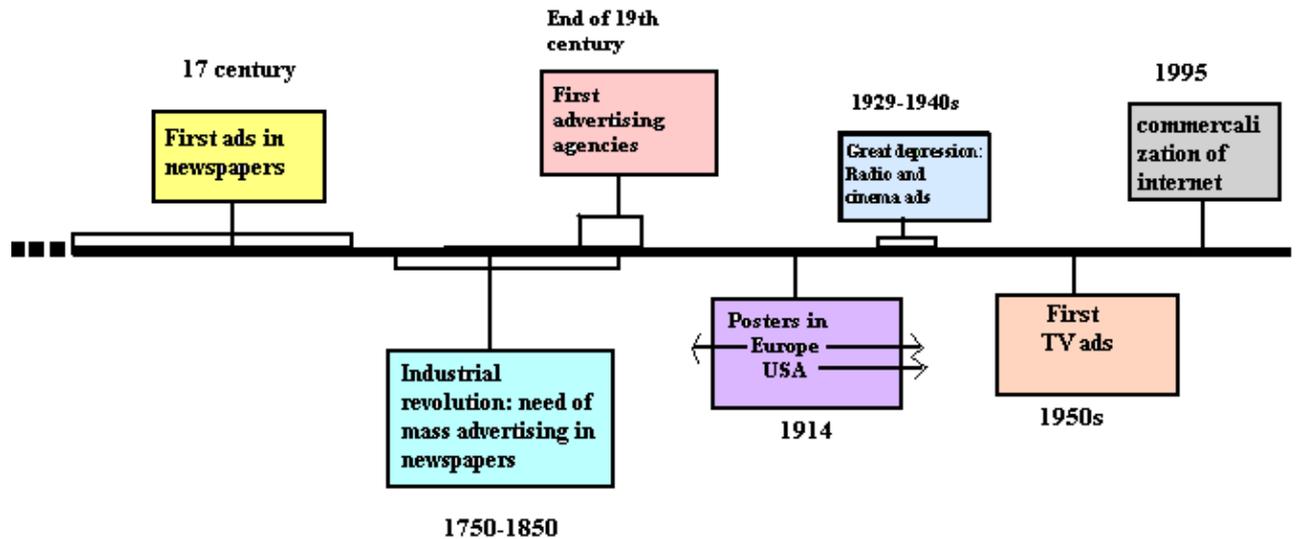
Picture 2 Timeline: History of advertising (Author's work)

3.4.2.1 Beginnings of advertising

As was stated above, advertising has a long history. However, advertising as a separate form originated alongside newspapers, in the 17th century. One of the first advertisements was done by a Frenchman Théophraste Renaudot who created an early version of a notice board. People from Paris selling goods and services could use it to let others know about their offer and it was also used to put job offers. To get this information to the biggest possible number of people, the first French newspapers called La Gazette was created in 1631 and the first personal ad was born. It should be noted, that these first ads had primarily informative character with description of the goods (services/job offers) rather than persuasive character we know from modern advertising (Mediaknowall, 2012). You can see an example of such an ad in Appendix 1.

3.4.2.2 Advertising during the Industrial Revolution (1750-1850)

Before the Industrial Revolution, the majority of goods were hand made, sold by local merchants in small quantities. The link between buyer and seller was very close and customers used to have direct experience of the product. This meant a little need of advertising, packaging or branding was unknown. The Industrial Revolution enabled the mass production of goods especially soap, china, clothing and the close links between seller and buyer were broken. Manufacturers served not only local customers

but also foreign markets from all over the world. This meant a real need for advertising to present products to customers that will be never met personally. Newspapers were an ideal way to advertise. Till 1850´s the ads had a character of a simple description with prices of the products. Using illustrations, colours and using persuasive prose came close behind (Mediaknowall, 2012).

3.4.2.3 First advertising agencies

The real boom in advertising came in the end of the nineteenth century when first ad agencies emerged. The first advertising agency is considered to be set in Philadelphia in 1841 by Volney Palmer (Nonlineagency, 2012). It was common, that novelists or journalists joined their forces with professional illustrators and took advantage of their talent by doing ads.

3.4.2.4 Advertising during the First World War (1914-1918)

For the First World War, poster propaganda was typical. Before the war, posters were much more common in Europe than in the USA. Posters during the war were mostly used to recruit young men to become soldiers. You can see an example of a poster advertisement from this period in Appendix 2. Later on, Hitler declared, that Germany lost the First World War because it lost the propaganda battle and he did not underestimated war propaganda in the World War II (Mediaknowall, 2012).

Two dates are important for this period. In 1914, the Federal Trade Commission regulates ads for the first time. In 1917, the American Association of Advertising Agencies is founded (Nonlineagency, 2012).

3.4.2.5 The Great Depression and advertising and World WAR II

In this period, advertising took advantage of new mass media as radio or cinema and brought ads to a wider audience. The first radio appeared in 1922 (Mediaknowall, 2012). In 1923, neon signals are introduced to the world (Nonlineagency, 2012).

The Second World War was full of propaganda, ads were mostly oriented on war, recruiting soldiers etc.

3.4.2.6 Era of television and internet

In 1950´s, television spread among average citizens. In the USA, it became the most demanded consumer goods. Advertisers quickly took advantage of this new opportunity. At first, it was common in the USA, that one brand sponsored for example a quiz show and interfered in the content to advertise their product. This caused many scandals. NBC executive Sylvestr Weaver had an idea to sell not the whole shows but separate small blocks of broadcast time. This is how commercial break as we know it now originated (Mediaknowall, 2012).

In 1995 internet is commercialized and about 1997 E-commerce is invented. Internet brings a whole new era of advertising by using emails, web pages, banners, social networks as Facebook etc. (Nonlineagency, 2012).

3.5 Advertising media

In the previous chapter, there was given a brief definition of advertising. For the purpose of this chapter, it is important to state some more information. Advertising can serve to fulfil different goals: to inform customers, to influence shopping behaviour, convince them to buy the product/service or to remind them of the brand or the product/service. Advertising can also support some idea or goodwill or a company, person or a place etc.

A special type of advertising is an institutional (corporate) advertising, which is used in accordance to a company's strategy. The aim is to create a positive public and employee acceptance by publishing positive results of the company, caring of employees and ecology etc. The conception of corporate identity has a close relationship with PR (Vaštíková, 2008).

3.5.1 Important factors for deciding among the advertising media:

- Character of the media including its reach
- Compliance of the selected customer segment with the segment on which is the media focused
- Frequency of exposure
- Need to involve more senses in the perception of the advertising message (smell: bakery in supermarket)
- The ability to get closer to the target segment in a reliable and credible way.
- Selection of the appropriate „referrer" (mascot, famous person etc.).
- Comparing the cost of using various advertising media and comparing them with the potential benefit from advertising (Vaštíková, 2008, p. 139).

3.5.2 Different types of advertising media

3.5.2.1 *Television*

Television affects more senses (sight, hearing), it has a mass reach and it is very flexible in time planning and it can influence emotions. However, the drawbacks are high costs of the spots and that the potential customers can avoid the advertisement by changing channels. Also too much information from different advertisers is given to a viewer

during the commercial break. One spot is usually too short to include all the important information about the product/service etc. (Vaštíková, 2008, p. 140).

3.5.2.2 Radio

Radio allows high segmentation, it is cheaper than TV ads and it is also time flexible. The disadvantage can be, that sometimes radio is just a coulisse- potential customer can miss the advertisement. Another problem is the same as in the case of TV ads, it is overcrowded with information (Vaštíková, 2008, p. 140).

3.5.2.3 Newspapers

The advantage of newspapers is that it can limit ads geographically. Newspapers also are seen as a reliable medium. Newspapers can be stored and so the ads in it. The minus is in the quality of reproduction, newspapers are quickly outdated, there are many advertisers so as in the previous cases, it is overcrowded with information. Another drawback is the limited ability to affect emotions (Vaštíková, 2008, p. 140).

3.5.2.4 Magazines

It is quite similar medium as newspapers, but its plus is that it has longer durability and the quality of reproduction is higher. Advertisers can use the editorial context, for example to advertise luxury goods in a magazine about luxury. It also offers a chance to aim at a specific target groups. Magazines however charge higher prices than newspapers and the chance to limit ads geographically eliminates (Vaštíková, 2008, p. 140).

3.5.2.5 Internet

A huge advantage is the continuity and speed of communicating the ads. It has wide reach, the cost is relatively low and the effect is easily measurable. It simplifies using the information. Pictures, text, sound or links can be used to affect the consumer. Some disadvantages are that this type of advertising is seen as impersonal and it can be limited by technological constraints (Vaštíková, 2008, p. 140).

3.5.2.6 Cinema

Advertising in cinema affects emotional perception of the consumer. The spots are longer than on TV and more creative. Another advantage is that consumers cannot switch or turn off the ads in the cinema. What is negative is the price of cinema ads

and the fact that not sufficient research is done in the field of efficiency of using cinema as an advertising media (Vaštíková, 2008, p. 140).

3.5.2.7 Outdoor advertising

There are many types of outdoor advertising and we will talk about them in the next part of this diploma thesis. Now, only some advantages and disadvantages of such advertising in general will be introduced. Advantages are the possibility to advertise on a huge number of places, lower price, geographical flexibility, wide reach and variety of forms. Disadvantages are limited information, low or no selectivity and restrictions for some forms of outdoor advertising (Vaštíková, 2008, p. 140). GreenGraffiti® can be included into this group of advertising media as it is also an advertising done predominantly outdoor's, even if it can be (in special cases) done also indoor's. For the purpose of this thesis, GreenGraffiti® will be a part of outdoor advertising.

3.6 Outdoor advertising

"Outdoor advertising is any advertising done outdoors that publicizes products or services of the company" (Entrepreneur, 2012). Very similar but a little bit wider definition of outdoor advertising says, that "outdoor advertising includes all forms of advertising that provide exposure out-of doors. These forms may be pictured, written or spoken" (Lichtenthal, Yadav, Donthu, 2004). In the past advertisers used primarily posters, hoardings, billboards and signboards. These days, new forms of outdoor advertising arise and it can be said that during the past decade it has evolved considerably. Advertisers have much more options than before, for example mobile bill boards, traffic signals, bus stops, railway stations, airport, subways, phone boxes, coffee tables, traffic barriers, blimp and inflatable, packaging materials, cups, corporate stationary, etc. (Nair, no date). It is new technology what is bringing new forms of outdoor advertising, for example electronic billboards which are more like a giant TV screens, even with sound (Lichtenthal, Yadav, Donthu, 2004).

Outdoor advertising differs from other advertising media. "The medium does not circulate the message to market but the market circulates around the medium" (Association of National Advertisers, 1952, in Lichtenthal, Yadav, Donthu, 2004). The message is delivered to consumers on their way home, to work, to the shop etc. The fact that consumers can't switch the channel or turn off the message is seen as a huge advantage. This medium also differs in that it targets a „market in motion", so the technique of the presentation has to be adapted to this fact. As was stated in the previous part of this thesis, outdoor media can carry only limited piece of information. There is no space for details or long explanations. Some resources say, that the maximum number of words that can be effectively used in outdoor advertising is seven (Business Wire, 2002, in Lichtenthal, Yadav, Donthu, 2004). Another problem arises from the "difficulty of measuring of audience reach / frequency (especially as it pertains to specific customer segments / profile) in verifiable, quantitative terms" (Lichtenthal, Yadav, Donthu, 2004).

For the purpose of this diploma thesis, we will distinguish four major groups of outdoor advertising. These groups are billboards, street furniture, transit forms and alternative forms.

3.6.1 Billboards

It is not surprising that billboards are the most predominant form of all the other mentioned. We can divide billboards to bulletins, 80 sheet posters, 30 sheet posters, wrapped 30 sheet posters, squared wrapped posters, spectaculars and wall murals. As was stated before, technology has contributed to a development of this medium. A disadvantage can be restrictions regarding placement of billboards in some places[1] and saturation of billboards in cities which could cause consumer apathy (Lichtenthal, Yadav, Donthu, 2004). Billboards are most effective when they are located close to the business that is advertised. Billboard advertising is costly and so it is used to reach a large audience, for example for political campaigns. Because of the cost, it is commonly used by large companies (Entrepreneur, 2012). Billboards are used widely by hotels, restaurants, automobile and tourism industry etc. (Nair, no date).

3.6.2 Street furniture

This form of outdoor advertising is also very popular, because of its high visibility and wide reach (Entrepreneur, 2012). The most known forms are bicycle racks, bus benches, citylights, kiosks advertising, sidewalk posters, shopping mall displays, in-store displays and one sheet posters (Lichtenthal, Yadav, Donthu, 2004). Street furniture is popular with local companies (Nair, no date).

3.6.3 Transit advertising

It is located on media on transit or places of transit in subways or airports, than also on buses, cabs, trains etc. (Lichtenthal, Yadav, Donthu, 2004). It is also very visible, especially by commuters (Entrepreneur, 2012).

3.6.4 Alternative forms

This group contains all the forms that don't fit in the three above mentioned groups. These days it is the fastest evolving category. We can mention for example trash receptacle advertising, airborne displays, digital displays, carton and cup advertising, and stadium and arena displays. For the purpose of this diploma thesis, we will include GreenGraffiti® in this group of alternative forms (Lichtenthal, Yadav, Donthu, 2004). More detailed division of the outdoor advertising can be found in Appendix 3.

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[1] The House of Representatives approved 4.5.2012 a proposal to restrict billboards on primary roads and highways. Within five years billboards from these types of roads should be removed (ČTK, 2012). More information can be found in the analytical part.

3.7 Guerrilla Marketing

In this part of the thesis, the Guerrilla Marketing will be defined, some basic information will be given and the relationship between Guerrilla Marketing and ecology will be explained. As was stated previously, GreenGraffiti® and Guerrilla Marketing have some common features and both have also some attitudes to ecology.

3.7.1 Definition of Guerrilla Marketing

"Guerrilla Marketing is an advertising strategy that focuses on low-cost unconventional marketing tactics that yield maximum results"(Creative Guerrilla Marketing, 2012).

3.7.2 Basic information about Guerrilla Marketing

Jay Conrad Levinson is considered to be a founder of Guerrilla Marketing. He wrote a first book on this topic in 1984. The book was called Guerrilla Advertising.

The word guerrilla is commonly known from warfare. It is a type of irregular warfare which took advantage of small tactic strategies used by civilians usually against a much stronger and bigger enemy. Some of these tactics were ambushes, sabotage, raids and elements of surprise. Guerrilla Marketing can be seen as a parallel because it uses similar techniques and it also usually serves to catch up with much bigger companies, except that it is used in the marketing industry. It is an alternative marketing style which uses imagination and unconventional marketing strategy. Its aim is to surprise customer, impress him/her and make a social "buzz". These campaigns are more personal and memorable and a big advantage is that it counts with a small budget. As was mentioned previously, customers sometimes feel fed up with TV or radio ads. Guerrilla campaigns should be shocking, clever and unique and try not to tire customers.

Guerrilla Marketing was invented firstly for small businesses that wanted to reach a wide audience with a small budget, however big companies do not stay behind and use it to support their mass media campaigns, however some authors claim that when big companies are using this techniques, it is no more guerrilla. To give an example, in 2010 Coca-Cola Company created a video known as the Happiness Machine . The video featured a Coca-Cola vending machine that dispensed a lot more than just a cold beverage (for example toasts, snacks, big baguette etc.). It was filmed at St. John's University in Queens, New York, using five strategically placed hidden cameras. The reactions from the students were completely unscripted. The video went

viral and now has over 4.5 million views on YouTube. In May 2010, it won a prestigious CLIO Gold Interactive Award. The film had the highest penetration in Brazil, Mexico, Japan and Russia.

It is important to note, that it is a greater risk for big companies to use these techniques because it is often balancing on the edge of the law and when the campaign is wrongly managed, it could permanently harm the good name of the company, whereas with regard to smaller business, the possible scandal is soon forgotten.

3.7.3 Guerrilla Marketing and ecology

Shel Horovitz and Jay Conrad Levinson cooperated on a book called Guerrilla Marketing goes green which takes even a step farther. In this book they claim, that as consumers become more aware of issues like climate change, buying local, etc., they prefer companies which can adapt to that. As the preferences of the customers change, there is no choice between Guerrilla Marketing and Green Guerrilla Marketing, but these two need to go hand in hand (Levinson, Horowitz, 2010).

3.8   Strategic analysis

This term is usually used when speaking about a specific company, however, for the purpose of this thesis, we will use strategic analysis for analysing one type of outdoor advertising media called GreenGraffiti®. All the definitions are adjusted for this purpose. As most suitable definition for the purpose of this diploma thesis is seen the following: „Strategic analysis is the process of conducting research on the business environment within which an organisation/provider of advertising media operates and on the organisation/provider of advertising media itself, in order to formulate strategy"(Downey, 2007).

There are different analytical methods used in strategic analysis. All these methods rely on historical data to extrapolate future assumptions. This thesis will look at Macro-environment analysis- PEST analysis, Porter's five forces analysis SWOT analysis and Micro-environment analysis.

3.8.1   Macro-environment analysis- PEST analysis

PEST analysis is an analysis of external macro-environment in which an organisation/advertising media exists. It examines the political, economic, socio-cultural and technological factors that could influence an organisation/advertising media. PEST factors can be used as opportunities and threats in SWOT analysis. That is why PEST analysis is often done before SWOT analysis (Downey, 2007).

3.8.1.1   *Political factors:*

Political factors have a direct and significant impact on the way how organisation/provider of advertising media operates. Government regulations affect public and private sector and different decisions of government could have impact also on the spending power of consumers (Downey, 2007).

Political factors include:

- government regulations (for example prohibition of billboards on highways)
- environmental regulations (Labelling Directive EU)
- tax policy
- trade restrictions
- political stability (Downey, 2007)

The following questions should be considered:

- How stable is the political environment?
- Will government policy influence laws that regulate advertising?
- What is government policy on advertising?
- How big is the impact of environmental regulations (Downey, 2007)?

3.8.1.2   Economic factors:

Economic factors have an impact on all organisations/providers of advertising media. The behaviour of consumers and their purchasing power is also affected by the state of economy- boom, recession, recovery (Downey, 2007).

Economic factors include:

- economic growth
- interest rates
- inflation
- currency exchange rates
- budget allocation
- employment
- long term prospect of the economy (Downey, 2007)

3.8.1.3   Socio-cultural factors:

Socio-cultural factors have an impact on what customers want and need and affect the size of potential market. These factors cover demographic changes, trends in the way people live, work and think and cultural aspects of the macro environment (Downey, 2007).

Socio-cultural factors include:

- Population growth rate
- Age distribution
- Dominant religion
- Attitudes to new products and services

- Career attitudes

- How much time do consumers have for leisure

- Opinion on green issues

- Internal/external emphasis on safety

- Internal/external attitudes to change

- What are the roles of men and women within society

- How are views expressed (Marketing Teacher, 2012)

3.8.1.4 Technological factors

New technologies influence the way organisation/provider of advertising media operates. They can influence barriers to entry, production levels, outsourcing decisions etc. New technologies may be a source of competitive advantage and lead to efficiency. Technological development influences the speed of information flow and also the speed organisations/providers of advertising media need to adapt to changing environment. Those, who are slow, will fail (Downey, 2007).

Technological factors include:
- automation
- investment incentives
- rate of technological change (Downey, 2007)

The following questions should be considered:
- Does technology allow the products and services to be made more cheaply and to a better standard of quality?
- Do the technologies offer consumers and businesses more innovative products and services?
- How is communication changed by new technologies?
- How is advertising changed by new technologies (Marketing Teacher, 2012)?

3.8.2 Porter's five forces analysis

Porter's five forces of competitive position were invented on Harvard Business School by young economist and associate professor Michael E. Porter in 1979. It should serve as a simple framework to assess and evaluate competitive position and strength of an organisation. This theory presents five forces which influence the competitive intensity and the attractiveness of the chosen market. It is used to determine where power lies. Porter's five forces show current strength of the organisation/provider of advertising media and also the strengths of a future moves. It is used in strategic analysis to find out, whether are new products or services potentially profitable. If it is identified, where power lies, it can help to determine strengths and improve weaknesses. The five competitive forces are the power of suppliers, the power of buyers, competitive rivalry, the threat of substitution and the threat of new entry and will be explained hereinafter in the Porter's five forces diagram (Downey, 2007).
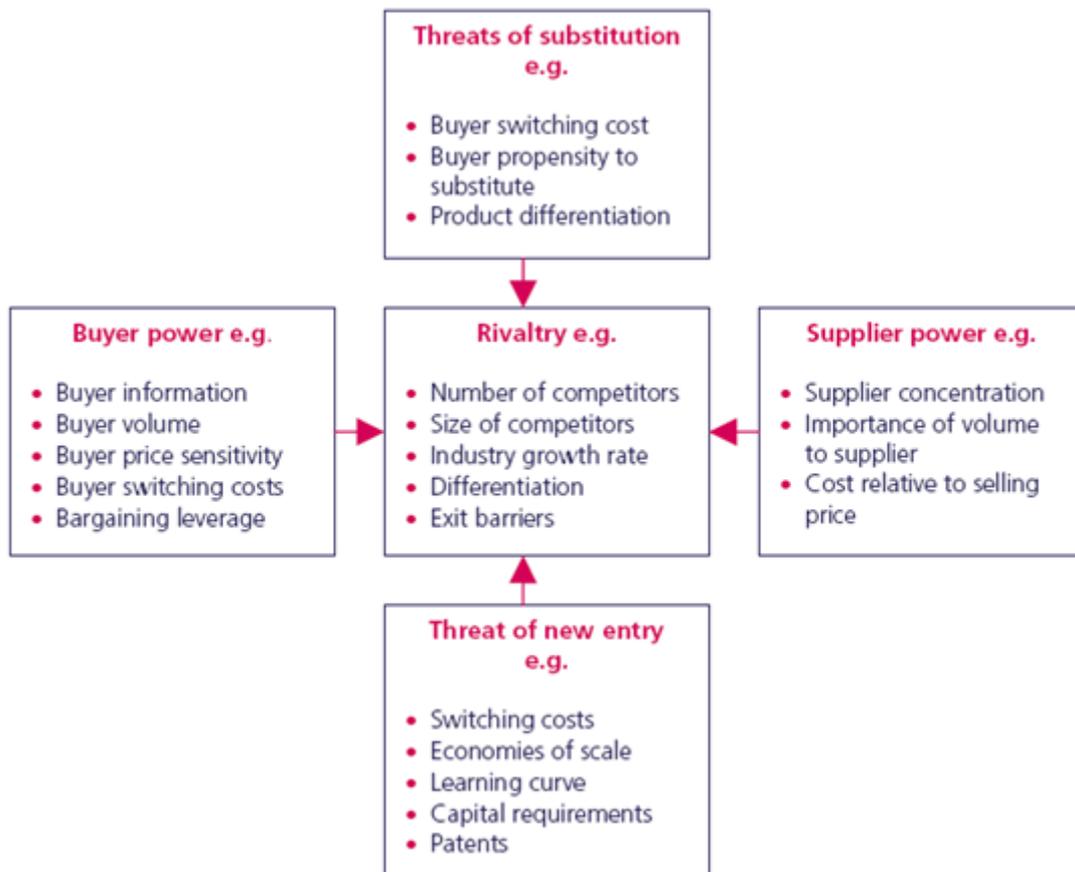
Picture 3 Porter's five forces diagram **(Downey, 2007)**

3.8.2.1 *Power of suppliers*

The aim is to answer a question: „How much power do the suppliers have over the company/ provider of advertising media?" Every company needs some inputs: Labour, material, machinery, services etc. and the cost of these inputs can significantly influence the profitability of the company/provider of advertising media. Whether the power of suppliers represents a weak or a strong force depends on their bargaining power and to what extent they can affect the terms and conditions of the transaction. Under normal conditions, suppliers tend to offer you the highest possible price and no additional services, but if their power is weak, the company/provider of advertising media could be able to negotiate better terms. On the contrary, if the power of suppliers is high, the company/provider of advertising media will have to pay higher prices and accept lower quality or services (Ehmke et al, 2004).

The following factors increase the power of suppliers:

- Only a few suppliers offer the required input (Ehmke et al, 2004)
- There is no substitute for what the supplier provides (Porter, 1979 in Harvard Business Review, 2008)
- Switching suppliers is costly, for example because of the uniqueness of the input (Ehmke et al, 2004)
- Purchases of the company/provider of advertising media don't make a substantial part of supplier's sales (Ehmke et al, 2004)
- Suppliers can sell directly to customers of the company/provider of advertising media (Ehmke et al, 2004)
- The company/provider of advertising media has a small knowledge about the supplier's market (Ehmke et al, 2004)

Reducing the bargaining power of suppliers:

- If the company/provider of advertising media was able to **produce some of the inputs** on its own, it would reduce the bargaining power of suppliers, however only a small number of companies/providers of advertising media have the resources to produce the inputs (Ehmke et al, 2004).

- Another option how to reduce the power of suppliers could be to **make a partnership with suppliers**, which could be beneficial for both, the company/ provider of advertising media and the suppliers (Ehmke et al, 2004).

- The company/provider of advertising media can also **form a group** of small producers to act like a one big customer (Ehmke et al, 2004).

- If the company/provider of advertising media is wealthy enough, it can also **buy the supplier** (Ehmke et al, 2004).

3.8.2.2 *The power of buyers*

The aim is to answer a question: How much negotiation power do the buyers have? The power of buyers examines how big impact customers have on the profit of the company/ provider of advertising media (Ehmke et al, 2004). Buyers want the lowest price for the best quality and additional services. The more power have the buyers, the lower profit will be left for the company/provider of advertising media (Porter, 1979 in Harvard Business Review, 2008). Buyers have more power when they are big and they purchase majority of the output, if the company/provider of advertising media has just few big buyers, they have a big power to negotiate price, terms and conditions that are beneficial for them. Not all the buyers have the same bargaining power or are so sensitive to price or quality of services, significant buyers have more power than the small ones (Ehmke et al, 2004).

The following factors increase the power of buyers:
- There are many small suppliers but a few big buyers in the industry (Ehmke et al, 2004).

- The product/service represents a large expense for the buyers (Ehmke et al, 2004).

- The buyers are well informed about the market demand, prices, costs etc. (Ehmke et al, 2004).

- The product/service is homogenous and can be purchased from other suppliers (Ehmke et al, 2004).

- Buyers can produce the product/ service on their own (Ehmke et al, 2004).

- Buyers can easily, and with little cost, switch to another product (Ehmke et al, 2004).

- Buyers earn low profits or are otherwise under pressure to reduce the purchasing costs (Porter, 1979 in Harvard Business Review, 2008).

Reducing the bargaining power of buyers:

The power of buyers can be reduced by increasing the loyalty of the buyers, for example by loyalty programs or by increasing the inherent or perceived value of a product by adding features or branding. The other way is to select customers that have small or no knowledge about the market (Ehmke et al, 2004).

3.8.2.3 Threat of new entrants

The aim is to answer a question: How easy is it for companies/providers of advertising media to enter the market? The threat of new entrants examines the possibility, that there will be new entrants to the market. New entrants are attracted by the success of other firms/providers of advertising media in the industry. The extent of the threat is given by the barriers to entry the market (costs to entry or legal requirements) and by reactions of the existing companies/providers of advertising media to a new entrant. New entrants could force the prices down (Ehmke et al, 2004).

The following factors increase the threat of new entry:
- Licenses or patents are not required to do the business (Ehmke et al, 2004).

- Customers have little brand loyalty, so competitors for example don't have to invest significantly in advertising etc. (Ehmke et al, 2004).

- The start-up costs are low (Ehmke et al, 2004).

- The products/services are not unique (Ehmke et al, 2004).

- Costs to switch suppliers are low (it is easier for new entrants to gain customers) (Ehmke et al, 2004).

- The process of production is simple and understandable (Ehmke et al, 2004).

- The inputs (employees, material etc.) are easy to access (Ehmke et al, 2004).

- The economies of scale are minimal (Ehmke et al, 2004).

- The existing firms don't have resources to fight back (Porter, 1979 in Harvard Business Review, 2008).
- The industry growth is quick (Porter, 1979 in Harvard Business Review, 2008).

Reducing the threat of new entry:

The threat of new entrants may be reduced by enhancing brand image, using patents and licences or creating alliances with associated products. It is important to show that existing companies/providers of advertising media are willing to fight the new entrants and to set the prices in the way that will discourage them from entering the market (Ehmke et al, 2004).

3.8.2.4 *Threat of substitutes*

The aim is to answer a question: What products could customers buy instead of yours? Majority of the products/services can be replaced by products/services of competitors. If the product/service is undifferentiated, it is easy for customers to switch one product/service to another. By substitute is meant a product/service that can fulfil similar needs to the product/service of the examined company/provider of advertising media. Substitutes do not have to come from usual competitors. For example the customer can switch one provider of billboards for another provider of billboards, but also can choose TV ads, Guerrilla campaign, alternative outdoor media as ads on benches or GreenGraffiti etc. The threat is bigger if the alternative products (substitutes) have lower prices, better performance or both. It's far more difficult for a company/provider of advertising media to try to raise prices and make bigger profits when there are close substitutes and low switching costs (Ehmke et al, 2004).

The following factors increase the threat of substitutes:
- The product doesn't have any additional benefit compared to the products/services of competitors (Ehmke et al, 2004).
- It is easy for customers to switch products (Ehmke et al, 2004).
- Customers are not loyal (Ehmke et al, 2004).

Reducing the threat of substitutes:

The threat of substitutes can be reduced by differentiating products by branding and closely watch the preferences of the customers. If the advertising is too expensive, there is an option of collective advertising for an industry (Ehmke et al, 2004).

3.8.2.5 *Rivalry among competitors*

The aim is to answer a question: How intense is your competition? „Companies in an industry are mutually dependent, actions by one company usually invite competitive retaliation. An analysis of rivalry looks at the extent to which the value created in an industry will be dissipated through head-to-head competition"(Ehmke et al, 2004).

The rivalry among competitors is often seen as the strongest among all the five forces. However it can widely differ from industry to industry. If this force is weak, companies/providers of advertising media can afford to give higher prices for less quality and make more profit. Sometimes, when the rivalry is too high, companies are forced to set the prices below the break-even levels. In some industries, the competitive rivalry lies in setting the lowest possible price, in other industries it is more about „offering customers the most attractive combination of performance features, introducing new products, offering more after-sale services or warranties, or creating a stronger brand image than competitors" (Ehmke et al, 2004).

The following factors increase the rivalry among competitors:
* There are more leading firms on the market and one of them (or more of them) decides to become a market leader (Ehmke et al, 2004).
* The rivalry is more likely when the market is growing slowly or shrinking and the potential to sell products is stagnant or declining. Companies/providers of advertising media are unable to grow their market without taking market away from competitors (Ehmke et al, 2004).
* Fixed costs of the production are high (there is a pressure to produce larger volumes) (Ehmke et al, 2004).
* Products are perishable and need to be sold quickly (Ehmke et al, 2004).

- Products are undifferentiated (Ehmke et al, 2004).
- Customers can easily switch between products (Ehmke et al, 2004).
- There are high exit costs (Ehmke et al, 2004).

Reducing the rivalry among competitors:

There are several techniques reduce the rivalry among competitors.

- To minimize price war, it will help to distinguish the product/service from those of competition by innovation and improving features.

Other tactics include:

- focusing on a unique segment of the market
- distributing products in a novel channel
- trying to form stronger relationships and build customer loyalty.

3.8.3 Micro-environment analysis

The analysis of the micro-environment involves stakeholders that could influence organisation/provider of advertising media and affect costs, quality and overall success of the business. Issues in the micro-environment include the following (OxfordUniversity Press, 2007):

3.8.3.1 Suppliers

It is important to take into consideration following questions:

- Who are our suppliers?
- Can they provide high quality products/services at a good price?
- Can they do this reliably in the volumes required?
- Have they got the flexibility to respond to demands?
- Does their approach to their staff and resources fit with our ethics?

Deciding on which suppliers to use, how much responsibility to give them, and under which terms and conditions, is vital. The relationships could differ, from ones that are quite aggressive and try to push down the prices and delay payments to ones that are more like partnership where both sides are working together to benefit

(OxfordUniversityPress,2007).

3.8.3.2 *Customers*

Customers are the key to sales. Vital questions are:

- Who are my customers?
- What do they want?
- What do they need?

Organisations/providers of advertising media survive on the basis of meeting the needs, wants and providing benefits for their customers. Failure to do so will result in a failed business strategy (OxfordUniversity Press, 2007).

3.8.3.3 *Competition*

The success and behaviour of any organisation/provider of advertising media will depend on the degree of competition in its market (OxfordUniversity Press, 2007). Important questions are:

- Who are my competitors?
- How many of them are there?
- How big/powerful are they?
- What can they offer to their customers?

3.8.3.4 *Employees*

Employing the correct staff and keeping these staff motivated is an essential part of the strategic planning process of an organisation. Training and development plays an essential role particular in service sector in-order to gain a competitive edge (OxfordUniversity Press, 2007). As follows from this statement, the important questions are:

- Who are my employees?
- Are they motivated enough?
- How could I motivate them?
- Are they provided with the right training?

3.8.3.5 *Media*

Positive media attention is very helpful and can influence potential customers, while negative media attention could ruin the whole project or the whole company (OxfordUniversity Press, 2007). It is vital for the organisation/provider of advertising media to be prepared for the media attention to lead the communication. That is why the following questions have to be taken into consideration:

- Which media do I want to address?
- Do the chosen media correspond with the target group of my customers?
- What message do I want to give to the public?

3.8.4 SWOT analysis

SWOT analysis was formed by Albert S. Humphrey in 1960s and is as useful now as it was in times of its formation. Letters SWOT stand for: S- Strengths, W-Weaknesses, O-Opportunities, T-Threats. Because strengths and weaknesses are often internal factors and threats and opportunities external factors, SWOT analysis is also called as Internal-External analysis and SWOT matrix as IE Matrix (Mind Tools, 2012).

As results from the previous text, SWOT analysis is an analytical tool used to identify strengths, weaknesses, opportunities and threats involved in a project, business activity etc. (Downey, 2007). There will be examples of questions that might be considered when identifying strengths, weaknesses, opportunities and threats in the following part of the thesis.

To indentify strengths, the following questions might be considered (Downey, 2007):
- What does your organisation do better than others?
- What are your unique selling points?
- What do competitors and customers in your market perceive as your strengths?
- What is your competitive edge? etc.

To indentify weaknesses, the following questions might be considered (Downey, 2007):
- What do other organisations do better?
- What elements of your business add little or no value?

- What do competitors and customers in your market perceive as your weakness? etc.

To indentify opportunities, the following questions might be considered (Downey, 2007):
- What political, economical, socio-cultural or technological (PEST) changes are taking place that could be favourable for you?
- Are there currently gaps in the market or unfulfilled demand?
- What innovation could you bring to the market? etc.

To indentify threats, the following questions might be considered (Downey, 2007):
- What political, economical, socio-cultural or technological (PEST) changes are taking place that could be unfavourable for you?
- What restraint do you face?
- What is your competition doing that could negatively impact you? etc.

To illustrate the analysis, often a simple 2X2 SWOT matrix is used. On the next page, an example of such a SWOT matrix is given, with the questions mentioned previously.

3.8.4.1 *SWOT Matrix* (Downey, 2007)

Strengths	Opportunities
• What does your organisation do better than others? • What are your unique selling points? • What do competitors and customers in your market perceive as your strengths? • What is your competitive edge?	• What political, economical, socio-cultural or technological (PEST) changes are taking place that could be favourable for you? • Are there currently gaps in the market or unfulfilled demand? • What innovation could you bring to the market?
Weaknesses	**Threats**
• What do other organisations do better? • What elements of your business add little or no value? • What do competitors and customers in your market perceive as your weakness?	• What political, economical, socio-cultural or technological (PEST) changes are taking place that could be unfavourable for you? • What restraint do you face? • What is your competition doing that could negatively impact you?

Table 1 SWOT Matrix (Downey, 2007)

3.9 Project management and Project planning

In this last chapter of the theoretical part, basic facts about project management, especially project planning will be given, as the recommendations further in this thesis will be, for better orientation of the reader, organized according to principles of project planning.

3.9.1 Project management

One of the many definitions says that „Project management is a set of activities consisting of planning, organization, management and control of resources with relatively short objective, which was set for the implementation of specific goals and objectives" (Pokorná, 2008). Another definition is that „Project management is the application of knowledge, skills, tools and technologies for project activities to meet the requirements of the project" (Svozilová, 2006 in Pokorná 2008).

3.9.1.1 *Five basic elements of project management can be distinguished* (Pokorná, 2008).

1. Project communication - effective understanding among project participants
2. Teamwork - Cooperation in the positive sense of achievement targets
3. Project life cycle - the sequence of project phases
4. 10 techniques and tools of project management

    – Project and its concept

    – Organizational structure

    – Project team

    – Methodology for project planning

    – Risks and opportunities - risk prevention methods

    – Continuous monitoring of the project

    – Project transparency, continuous awareness

    – Current state of the project - deviations from

    – Corrective measures, correcting the deviations

    – Managerial styles of project management and motivation of the project team

5. Organizational commitment – project manager, financial resources, chosen methodology

3.9.2 Project management cycle

Planning is very important for the smooth running of all activities and for the successful achievement of the project objectives. Planning enables to actively proceed to meet the stated objectives and not just passively respond to the random situations. At each stage of the project it is necessary to compare the real procedure with the planned and thus control its development. Accordingly, it is necessary to create appropriate action (Pokorná, 2008).

The cycle of the project management has four stages:
1. Project description
2. Project planning
3. Project implementation
4. Project evaluation

For the purpose of the recommendation part of this thesis, the theory of the second stage, Project planning, will be used and thus further explained beneath.

3.9.3 Project planning

Project planning includes:
a) Consideration of the alternatives
b) The development of the plan

The procedure to create a project plan is actually very easy - the following questions have to be answered.

- WHAT?
- HOW?
- WHO (with whom)?
- WHEN?
- FOR HOW MUCH?

It need to be planned exactly what to do. Then it has to be set how to do it, so the procedure to achieve the goal of the project is described. By answering the question who, the project team is built and the basic framework for answering last two questions, when and for how much, is given (Pokorná, 2008).

These questions WHAT, HOW, WHO, WHEN and FOR HOW MUCH will be used to give the recommendations in the end of this thesis an easily understandable form.

4 Analytical part

In this part of the thesis, basic information on Studio Tomato s.r.o. and GreenGraffiti®
Holding BV is given. Then a price calculation of two types of GreenGraffiti most
commonly used techniques is introduced and these prices are compared with the prices
with other outdoor advertising media. The last part shows micro-analysis, PEST
analysis, Porter's five forces analysis and SWOT analysis of GreenGraffiti®.

4.1 Basic information about STUDIO TOMATO s.r.o.

STUDIO TOMATO s.r.o. is a limited company based in Olomouc in the Czech
Republic. According to the Commercial Register of the Czech Republic, it originated on
26. 2. 2008 (Obchodnirejstrik, 2008).

Subject of business (Justice, 2008):
- mediation of trade and services
- advertising activities and marketing
- photographic services
- graphic and drawing work
- publishing activities
- copying work
- production, reproduction and recording of audio or audio-visual recordings
- data processing, database services, network management
- specialized retail and general merchandize
- wholesale
- organizing and providing courses, seminars and training
- production, trade and services not included in appendixes 1-3 in the Trade Act.

Company ID: 27834646 (Obchodnirejstrik, 2008)

Share capital: 218 000,- Kč (Obchodnirejstrik, 2008)

Statutory body: Pavel Kříž (executive- 50% share)

Mgr. Vendulka Volfová (executive- 50% share) (Obchodnirejstrik, 2008)

Registered office: Kateřinská 107/5, 77200 Olomouc (Obchodnirejstrik, 2008)

Employees: 1 assistant, 1 project manager, 2 graphic designers and about 3 other employees. Together about 7 employees[2]

Websites: STUDIO TOMATO s.r.o. has no usable websites. On http://www.tomato.cz, only contact information can be found.

Logo:

Picture 4 Logo of the company (Studio Tomato, 2012)

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[2] This number of employees corresponds to the situation at the time of obtaining a license for GreenGraffiti from a Dutch partner.

4.2 Basic information on GreenGraffiti Holding BV

GreenGraffiti® is a BV (*Besloten Vennootschap)* which is a Dutch form of a private limited liability company. It is based in Netherlands in Amsterdam. GreenGraffiti® was founded in early 2008 by Jim Bowes. Since then GreenGraffiti® started to sell licenses to partners from all over the world. At the moment, GreenGraffiti® has its partners in Bulgaria, Cyprus, Finland, Germany, Israel, Italy, South Korea and Netherlands. STUDIO TOMATO s.r.o. got the license for GreenGraffiti® in winter 2010 but did not manage to sustain, so there is a vacancy for another Czech partner (Jim Bowes, 2012). In this thesis, we will deal with the question what did STUDIO TOMATO wrong, how to improve it and how to include GreenGraffiti® techniques in communication mix. The team of GreenGraffiti® in Netherlands consists of Jim Bowes, founder of GreenGraffiti®; Joost Niepoh, co-founder and managing partner; Tessa Sosnowy who takes care of marketing and communication and Isabelle Groenstege, project manager. There is also an execution team that takes care of executing the campaigns (GreenGraffiti A, 2012).

A motto of GreenGraffiti® is "Profits with principles". They believe that it is possible to provide positive communication solutions and also to lower the impact on the environment. GreenGraffiti® overcompensates its CO_2 usage by 150%, recycles as much as possible and also compensates the usage of water- for every litre of water that is used for executing a campaign, an amount is donated to the GreenAdsBlue foundation, which invests in water projects in developing countries. A percentage of revenue is also given to community projects and donating campaigns for selected non-governmental organizations (GreenGraffiti B, 2012).

Logo of GreenGraffiti® is:

Picture 5 Logo of GreenGraffiti (GreenGraffiti B, 2012)

GreenGraffiti® did campaigns for many famous brands, for example for (GreenGraffiti C, 2012):

- Coca-Cola
- Heineken
- Land Rover
- MTV
- Smart
- Sony
- Starbucks

There were also campaigns for local authorities, police, EU etc.

GreenGraffiti® offers primarily five techniques (types of advertising):

Reverse Graffiti, Chalk and Milkpaint Graffiti, Snow Graffiti, Sand Graffiti and Moss Graffiti. The most attractive solution is Reverse Graffiti.

For the purpose of the whole thesis, the term GreenGraffiti is used not only for the company but also for the group of techniques (types of advertising) it offers.

4.2.1 Techniques of GreenGraffiti® (types of GreenGraffiti® advertising)

As was stated before, there are five major techniques of GreenGraffiti®. In this part of the thesis, the techniques will be introduced and important characteristics will be stated. Pictures of each technique will be available in Appendix 4.

A few characteristics are common for all the techniques (Jim Bowes, 2012):

- 40-50 locations (places where the advertisement can be seen) in one city is enough if placed strategically. If there are more, it could cause that consumers will be annoyed by the advertisement.
- Walls are a possible surface but not recommended, because GreenGraffiti® wants to be seen as a responsible form of outdoor advertising and could be seen as vandalism if placed on walls.
- The durability of the expressions, no matter which type, is dependent on the weather, how frequented is the street etc.

- It is recommended to place 10% more expressions than ordered. If some expressions did not work out, there are still 10% more, so the client always gets what he/she ordered, sometimes he/she gets more.
- Finding the right locations is vital, therefore location scouting is highly recommended. It is expected that 4-8 locations can be pre-qualified per hour. Client has to approve the locations, which are sent to the client via Google maps. After executing the advertisements, pictures are taken and again sent to the client via Google maps, so as he/she can see all the advertisements without travelling to all the places.
- Normal template is about 150X150 cm big. Really big advertising messages can be created by putting several templates together.

4.2.1.1 Reverse Graffiti

Reverse Graffiti is created using water, template and a power washer. The advertising message is literally cleaned out of the dirt. It uses the contrast of the original surface and the dirt that has accumulated on the surface. The smoother is the surface, the better the result. For example coarse asphalt is inappropriate surface. Dirty sidewalks, bike paths and horizontal public spaces are ideal surfaces. There shouldn't be big spaces between the bricks of the pavement, which also eliminates the types of usable surfaces. For example cobblestones are not usable. It lasts minimum two weeks but can last several months, depending on how quickly gets the surface dirty again. Reverse graffiti was first used as a street art, but Jim Bowes used it as first to advertise (GreenGraffiti D, 2012). There are three options, the machinery needed can be rented, a third party (cleaning company) can be engaged or the company who has the license for GreenGraffiti® can buy the machinery, which also means to buy appropriate car (a van). GreenGraffiti® prefers Kärcher power washers (Jim Bowes, 2012).

4.2.1.2 Chalk or Milkpaint Graffiti

Chalk or Milkpaint Graffiti can be used almost on every surface. That is why it is often used where Reverse Graffiti is not possible to execute. It is also used when a client wants to use colours. Chalk paint is a type of paint that can be used to create sort of chalk board or black board on pavements, bike paths, walls or other surfaces. Milkpaint is a paint on the basis of water, it is made of milk and limestone. These advertisements

can last from one week to several months, depending on the weather (GreenGraffiti E, 2012). From the experience of GreenGraffiti®, it usually lasts much more than one week, as these paints are also used to paint furniture or walls, so they have to be durable. The paint has to be mixed in a different proportion than if it is used for walls. It has to be more liquid, as it is applied by a spray pistol. This paint is ecological and if needed can be cleaned out with a power washer (Jim Bowes, 2012)

4.2.1.3   Sand Graffiti

As the heading suggests, the advertising messages are made into or from sand again by using templates. This technique can be seen also as a complementary advertising. If the company has a campaign of Reverse and/or Milkpaint Graffiti in spring, the same template can be used to execute a campaign in summer (on the beach or sandpits) or in winter to make for example warning messages from sand on pavements covered with snow. As was stated before, pictures of these examples are available in Appendix 4. Sand Graffiti is not a technique with a long durability and is highly dependent on the weather, however, because no equipment except the template is needed, it is highly cost effective (GreenGraffiti F, 2012).

4.2.1.4   Snow Graffiti

The advertising messages are made into snow. This technique has quite similar characteristics as Sand Graffiti. It is also often used as a complementary campaign, it is cost effective but has little durability. It is often used as a campaign for authorities- for example a messages into snow are made to let people know that the surface is slippery and they should look out (GreenGraffiti G, 2012).

4.2.1.5   Moss Graffiti

This is the newest technique that GreenGraffiti® uses. These messages are made of moss and can be either vertical or horizontal. Messages can last about six months before they start to change colour. GreenGraffiti® has executed the first Moss Graffiti campaign for conscious hotels in Amsterdam.

4.2.1.6   Summary

As results from the information stated below, Reverse Graffiti is the most famous technique, which is very original, ecological and is one of the more durable techniques

together with Chalk and Milkpaint Graffiti and Moss Graffiti. Because Reverse Graffiti is demanding for the right surface, where Reverse can't be used, Chalk and Milkpaint Graffiti is used, which are also ecological and durable techniques and can also use colours. As complementary campaigns, Snow or Sand Graffiti can be included by using the same template as in the previous cases. These techniques are not very durable and are highly dependent on the weather, but are also cost effective and original. Moss Graffiti is the newest and very original technique, which lasts for the longest time- about six months. All the techniques care for ecology and try to advertise differently and be more original than the traditional advertising media. As these techniques try to be unconventional with a small budget, it is similar to Guerrilla Marketing. The difference is, that Guerrilla Marketing often balances on the edge of the law. This is something that GreenGraffiti® refuses. Authorities must approve campaigns or said in other words can't disagree with the campaign, techniques or GreenGraffiti as a whole. For the purpose of this diploma thesis, we will work especially with Reverse Graffiti and Milkpaint Graffiti, which are the most commonly ordered techniques.

4.3 Price calculation and comparison of the prices with other outdoor advertising media

4.3.1 Reverse Graffiti calculation for 20 applications

(Internal sources of Studio Tomato s.r.o.)

Phase	Activity	Unit	Nb. of units	Price for unit	Price	Price for unit sale	Price sale	Nb. of hours	48 ,5
Project preparation	Plan of the campaign	h	4,0	200	800	400	1600		
	Modification of the design of the template	h	6,0	300	1800	600	3600		
	Number of locations	units	**20,0**						
	Location scouting	h/picture	1,50	200	6000	400	12000		
	Plan of logistics	h	5,0	200	1000	400	2000		
	Resource plan, subcontracting, cleaning plan	h	3,0	200	600	400	1200		
	Negotiations with authorities	h	2,0	**0**	0	0	0		
	Approve the design and campaign plan with the client	h	4,0	200	800	400	1600		
	Calculation	h	2,0	200	400	400	800	22800	
Template production	Price of the template	Kč	**8 000,0**						
	Number of templates per campaign	units	**1,0**	8 000,0	8000	10400	10400		
	Gain the template	h	1,0	200	200	400	400		
	Data production for the template	h	0,0	0	0	0	0		
	Testing the template	h	1,0	200	200	400	400	11200	
Cleaning	Transport	Kč/km	**15,0**						
	Number of km	km	60,0	15,0	900		900		
	Number of working hours/team	h	10	**500**	5000	650	6500		
	Number of teams	units	1,0						
	Price for one application	Kč		250,00		325,00			
	Number of applications	units	20,0						
	Information for the team	h	5,0	200	1000	400	2000		
	Photos as evidence	h	1,0	200	200	400	400	9800	
Billing and Feedback	Invoice for the client	h	0,5	200	100	400	200		
	Feedback	h	0,5	200	100	400	200		
	Insert invoice into administration	h	0,5	200	100	400	200		
Aftercare	Evaluate customer feedback	h	1,0	200	200	400	400		
	Enter pictures to the website	h	0,5	200	100	400	200		
	% Fees to PPP projects	h	0,5	200	100	400	200		
	Check the progress of PPP fees	h	0,5	200	100	400	200		
	Send message about PPP fees back to client	h	0,5	200	100	400	200	1800	

Cleaning after campaign	Transport	Kč/km	**15,0**					
	Number of km	km	60,0	15,0	900		900	
	Number of working hours/team	h	10	**500**	5000	650	6500	7400
Other eqipement							1000	1000
Hire the places			**20,0**	**300**	**6000**	**300**	**6000**	6000
Fee Jim Bowes					**3600**	**0,06**	**3600**	

Total price   **43300**   **63600**

20300	**Profit**

Table 2 Reverse Graffiti calculation for 20 applications (Internal sources of Studio Tomato s.r.o.)

4.3.2 Milkpaint Graffiti calculation for 20 applications

(Internal sources of Studio Tomato s.r.o.)

Phase	Activity	Unit	Nb. of units	Price for unit	Price	Price for unit sale	Price sale	Nb. of hours	58 ,5
Project preparation	Plan of the campaign	h	4,0	200	800	400	1600		
	Modification of the design of the template	h	6,0	300	1800	600	3600		
	Number of locations	units	20,0						
	Location scouting	h/pic ture	0,50	200	2000	400	4000		
	Plan of logistics	h	5,0	200	1000	400	2000		
	Resource plan, subcontracting, cleaning plan	h	3,0	200	600	400	1200		
	Negotiations with authorities	h	2,0	0	0	0	0		
	Approve the design and campaign plan with the client	h	4,0	200	800	400	1600		
	Calculation	h	2,0	200	400	400	800	14800	
Template production	Price of the template	Kč	3 000,0						
	Number of templates per campaign	units	1,0	3 000,0	3000	9000	9000		
	Gain the template	h	1,0	200	200	400	400		
	Data production for the template	h	0,0	0	0	0	0		
	Testing the template	h	1,0	200	200	400	400	9800	
Execution	Transport	Kč/km	15,0						
	Number of km	km	60,0	15,0	900		900		
	Number of working hours/team	h	20	150	3000	400	8000		
	Number of teams	units	1,0						
	Price for one application	Kč		150,00		400,00			
	Number of applications	units	20,0						
	Information for the team	h	5,0	200	1000	400	2000		
	Photos as evidence	h	1,0	200	200	400	400	11300	
Billing and Feedback	Invoice for the client	h	0,5	200	100	400	200		
	Feedback	h	0,5	200	100	400	200		
	Insert invoice into administration	h	0,5	200	100	400	200		
Aftercare	Evaluate customer feedback	h	1,0	200	200	400	400		
	Enter pictures to the website	h	0,5	200	100	400	200		
	% Fees to PPP projects	h	0,5	200	100	400	200		
	Check the progress of PPP fees	h	0,5	200	100	400	200		
	Send message about PPP fees back to client	h	0,5	200	100	400	200	1800	
Cleaning after campaign	Transport	Kč/km	15,0						
	Number of km	km	60,0	15,0	900		900		
	Number of working hours/team	h	10	500	5000	650	6500	7400	
Rent the machinery						2000		3000	3000
Rent the places			20,0	300	6000	300	6000	6000	

Material Milkpaint					8000		10000	10000
Fee Jim Bowes					3846	0,06	3846	

Total price   **42546**   **67947**

25400	Profit

Table 3 Milkpaint Graffiti calculation for 20 applications (Internal sources of Studio Tomato s.r.o.)

4.3.3 Comparison of the price of Reverse Graffiti and Milkpaint Graffiti with other outdoor advertising media

Advertising media	Price for unit	Price for campaign
Billboard		**10 pieces**
Billboard capital city illuminated	17900	179 000
Billboard capital city normal	15400	154 000
Billboard out of capital city illuminated	11700	117 000
Billboard city 300 000 inhabitants normal	11100	111 000
Billboard city 100 000 inhabitants normal	10600	106 000
Billboard city under 100 000 inhabitants normal	10100	101 000
Citylight		**20 pieces**
Citylight capital city	11750	235 000
Citylight county cities	9950	199 000
Citylight other cities	7350	147 000
Ads on public transport		**4 pieces**
Ads (450*230) capital city	24000	96000
Ads (450*230) 300 000 inhabitants	20463	81852
Ads (450*230) 100 000 inhabitants	20400	81600
GreenGraffiti		**20 pieces**
Reverse Graffiti	3 180	63 600
Milkpaint Graffiti	3 398	67 946
Leaflets public transport		**50 pieces**
Leaflets capital city	314	15 700
Leaflets city 300 000 inhabitants	170	8 500
Leaflets city 100 000 inhabitants	150	7 500
Leaflets in mailbox		**15 000 pieces**
Leaflets A4 to mailbox	0,93	13 950
Leaflets -wipers		**5000 pieces**
Leaflets A5 wipers	0,76	4570

Table 4 Comparison of the price of Reverse Graffiti and Milkpaint Graffiti with other outdoor advertising media (Internal sources of Studio Tomato s.r.o.)

4.3.4 Graph comparing the prices of GreenGraffiti and other outdoor advertising media- Price per unit

Graph 1 Graph comparing the prices of GreenGraffiti and other outdoor advertising media- Price per unit (Internal sources of Studio Tomato s.r.o.)

4.3.5 Graph comparing the prices of GreenGraffiti and other outdoor advertising media- Price for campaign

Graph 2 Graph comparing the prices of GreenGraffiti and other outdoor advertising media- Price per campaign (Internal sources of Studio Tomato s.r.o.)

As was stated previously, the prices are given without the creative work as design etc. It is due to the fact, that this price would be the same for all the advertising media and different depending on how detailed and difficult will be the picture. For better imagination, the following example of the price of the creative work is given. This example is from the real proposal of the campaign using GreenGraffiti® made by Studio Tomato[3] (Internal sources of Studio Tomato s.r.o.).

The creative work was worth 15 000 crowns in this case.
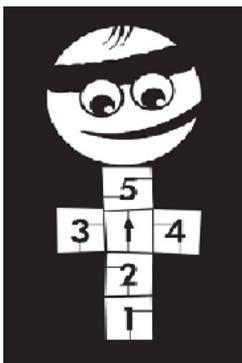
Picture 6 Example of the template from a campaign proposal (Internal sources of Studio Tomato s.r.o.)

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[3] This campaign has never been realised.

4.4 Macro-environment analysis- PEST analysis

In this part of the thesis, a macro-environment of GreenGraffiti® will be analysed. Political, economical, social and technological factors that could influence GreenGraffiti® will be given in the following text. A table which shows the results of the PEST analysis is available at the end of this chapter.

4.4.1 Political factors

At the beginning, it is worth mentioning that the Czech Republic is seen as a developed and politically stable country. According to the World Bank, the political stability index for 2009 was 0,919, which signalizes a high political stability (Docekalova, Strakova, 2010). In this paragraph, we will focus mainly on the laws and restrictions that could affect GreenGraffiti® in the Czech Republic.

The main pillar is the Act on Advertising Regulation nb. 40/1995 Sb. which contains comparative advertising, tobacco advertising, the main principles of advertising and its distribution, containing the sanctions for violation of the law etc. (Cenia, 2010). As majority of restrictions come from the EU, it should not influence GreenGraffiti® in a negative way, as the license comes from Netherlands which is also a part of EU. What's more, GreenGraffiti® itself has many regulations that are given in the Users manual which are even more strict than the law, in order to be a responsible advertising. Some regulatory provisions on advertising are also mentioned for example in Consumer Protection Act, Commercial Code etc.

Besides above mentioned, there is an effective form of auto regulation in the Czech Republic, aimed primarily on the ethical principles of advertising, which is an area that is often difficult to legally sanction. For this purpose, the Advertising Council was founded (Zeman, 2004).

In connection with GreenGraffiti®, it is worth mentioning that 8.2.2012, an amendment to the law was approved by the House of Representatives which relate to billboards. This amendment says that there will be no billboards on Czech roads and highways in a five years period (CT24 A, 2012). There are of course some exceptions for the owners of motels, restaurants etc. near the highways and roads, but what is important, is the fact, that billboards will be regulated and this fact is an opportunity.

What is very important and shouldn't be omitted is the fact, that if GreenGraffiti® campaign is to be approved, it is in hands of local authorities. This means it depends on

the authorities of the chosen city. If more cities are chosen for the campaign, it has to be approved in all these cities in order not to gain a negative media attention or a fine for violating local regulations. The problem is that different cities have different regulations and as GreenGraffiti® is a new form of advertising media, they usually don't know how to classify it. Authorities are also very conservative and suspicious. This is reflected by the fact that when Studio Tomato s.r.o. did a research with about 20 cities in the Czech Republic, the majority of negotiations came off badly, the rest weren't sure and just about 3-5 cities (including for example Olomouc) were willing to approve GreenGraffiti® in their town. This is also complicated by the fact, that in big cities as Brno or Ostrava, there are different authorities for different parts of the city, so the bureaucracy to get the approval is even more difficult (Internal sources of Studio Tomato s.r.o.).

4.4.2   Economic factors

Growth of the Czech economy was stable in the long term and without significant fluctuations in external and internal imbalances, with the exception of the monetary crisis in the second half of the 90's. In recent years, however, the Czech economy virtually stopped near the average level of economic and monetary union in Europe, as demonstrated by the performance parameter of GDP per capita in purchasing power parity (PPP). In fulfilment of the Maastricht criteria is not a problem, however, Czech Republic has lost its competitiveness. The competitiveness of the Czech economy has fallen over the past sixteen years, mainly due to higher prices of labour. Its growth was highest among the EU27 (Němeček, 2012).

Important economic indicators:

average gross wage- 24 126 Kč

inflation rate- 2.8%

GDP growth (decline)- (-0,7)

According to the 2011 research of Admosphere which monitors advertising spending in the pricelist prices, advertising market in 2011 shows signs of recovery and price-list value of advertising space, which was ordered by companies in November, rose by about two percent to 52.33 billion crowns. Growth is driven by television and outdoor

advertising, yet other types of advertising have fallen. The television commercial advertising is of a value of 26.3 billion crowns, which means a growth of 14%. Increase, according to Admosphere data, shows also outdoor advertising, which compared with last year in the pricelist prices improved by 14% to 2.9 billion. Total advertising revenues for all types of media except the Internet in the Czech Republic in 2011, according to Kantar Media companies went down by 2.5 %. The steepest decline hit television advertising, while more money went to advertising in newspapers and magazines, radio stations, movie theatres and also in outdoor advertising (ČTK B, 2012).

4.4.3 Social factors

Czech Republic has 10 507 566 inhabitants, of which 51% are women, 49% are men. Population older than 50 years made 36 % of the population in 2008. The median age of inhabitants in 2011 was 39,6. The population of the Czech Republic is aging (ČSÚ, 2012).

People in the Czech Republic are fed up with advertising. 4/5 of people are traditionally most fed up with advertising in commercial TVs as Nova and Prima and the number of people unsatisfied with the amount of advertising on the internet is also rising. There will be more about this theme in the micro-environment analysis. The attitude of Czech people to advertising is rather pragmatic, even if they are annoyed with the amount of advertising and they don't trust the advertised information, they recognize, that advertising is a part of modern society and enables the existence of different media and the plurality of opinion. 43% of people admit that they take into account advertising when they are shopping. More often there were women, people aged 15-44 with gross household income of over 40 thousand crowns (Factum Invenio, 2011).

What is more, Czech customers care for ecology, an EU research says that 62% of Czechs care for the impact of the goods on the environment when they are buying something (Europa, 2009).

4.4.4   Technological factors

These days, it is impossible for the economy to grow without a development of technology. Particularly important is information and communication technology (ICT), due to its overlap with other economic sectors and its role as efficient infrastructure for business operations and technology. Technological progress in ICT has led not only to a reduction of communication costs, but also expanded the number of goods and services that can be traded internationally, and allowed fragmentation of production between countries. Therefore, access to and use of ICT is seen as essential component of the level of technological environment of the economy.

Technological environment is closely tied to the ability to create innovative technologies and putting them into practical use. Along with the ability of innovation, it is the ability to adapt production process, which will be essential to the success of competition in the 21 century.

For the perception of technological development is crucial, if companies operating in the country have access to advanced products and inventions and are able to use them. Global Competitiveness Report ranked the Czech Republic to 32nd place. The benefits of CR in this area are especially among WEF Technology Transfer (15th place). Worst rated on the contrary is the access to the latest technology (46th place) (Businessinfo, 2011).

In the field of advertising, technological development played and still plays a significant role. The communication messages are not only written on billboards, in press etc., there is also a possibility to use internet or big TV screens which can show different advertisement every minute. Advertisement can be sent via email or sms, it can come through social networks and there are more possibilities coming with each new technology.

4.4.5 Table with results of PEST analysis

	Factor	Threats	Rating of the relevance of the threat (1-10)[4]	Opportunities	Rating of the relevance of the opportunity (1-10)[5]
External environment PEST analysis	Political	Conservative authorities	8	Amendment to limit billboards	3
	Economic	Lost in competitivness of the CR	1	Growth of outdoor advertising market	5
	Social	People don't believe to advertised messages	3	43% of people take into account ads when they are shopping	2
				62% of Czech customers care for the impact of the product/service on te environment	6
	Technological	Slow access to the latest technology	2	Quick technology transfer	2
			14		**18**

Table 5 Results of the PEST analysis (Author's work)

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[4] 1= The threat is low and could not affect GreenGraffiti significantly

10= The threat is high and could affect GreenGraffiti significantly

[5] 1= The level of opportunity is low, this opportunity will not affect GreenGraffiti significantly

10= The level of opportunity is high and could affect GreenGraffiti significantly

4.5 Porter's five forces analysis

Porter's five forces will show current strength of GreenGraffiti® and also the strengths of a future moves. The five forces are the power of suppliers, the power of buyers, competitive rivalry, the threat of substitution and the threat of new entry. A table with results of the analysis is shown at the end of this chapter.

4.5.1 The power of suppliers

The power of suppliers is great, because there are not many suppliers, who provide power washers in a required quality and just a few firms providing Milkpaint paint. There is a chance to switch between different companies that do laser or water cutting, but these should be near to the place of business, because of the travelling costs, so this also limits the number of possible suppliers to minimum. In the case of hiring a cleaning company or a company to paint the advertisements, it is similar. They are quite many of them, but just a few have the needed equipment and are willing to take such a specific order. In the case of substitutes for supplier's goods and services it is as follows. No other machine can be used to do the power washing, the choice is just among buying it, renting it and hiring a firm as was stated before. Cutting of the template can be done only by water or laser cutting and Milkpaint can be replaced with Chalkpaint. This also increases the power of suppliers. In the case of hiring a cleaning company, switching suppliers will be also time consuming and thus costly. Purchases of GreenGraffiti® from its suppliers also don't make a substantial part of the production of the suppliers. *It results from this subchapter, that the power of suppliers is high.*

A solution could be to make a partnership with the suppliers and thereby reduce their power. This is the way that GreenGraffiti® acts in Netherlands, it has its important suppliers as for example Kärcher as partners.

4.5.2 The power of buyers

There are many possible buyers in the market, as can be seen later in the text in the micro-environment analysis. The buyers can be either advertising/media agencies who will offer GreenGraffiti® to companies or companies themselves. This fact lowers the power of buyers. The advertising/media agencies however are well informed about the market, and so are big companies. This fact increases the power of buyers.

GreenGraffiti® is a unique product, which again reduces the power. Of course it can be done also by a different company, but not with the knowledge and the good name of the company GreenGraffiti Holding BV. The buyers can switch to another advertising media with any problem, which finally again increases the power. It results from this subchapter, that there are some factors that increase the power of buyers and also some factors that reduce the power of buyers, so for the purpose of this thesis, the *power of buyers is stated as medium.*

To reduce the power of buyers, it is vital to increase their loyalty.

4.5.3 Threat of new entrants

It is an advantage for the company that will do GreenGraffiti®, that it will gain the license for this type of advertising. However, there are not any significant legal barriers to enter the advertising market. As was mentioned before, the costs to switch suppliers are low and the start up costs for an advertising agency don't discourage new entrants. The products are not unique (all the advertising agencies offer the same advertising media) except for the GreenGraffiti®. *It can be said, that the threat of new entrants is high for the advertising market, but because of the license, and the brand image, it is low for GreenGraffiti.*

4.5.4 Threat of substitutes

All types of advertising media or even other parts of communication mix can be seen as substitutes of GreenGraffiti®. It is an advantage of GreenGraffiti®, that according to the price comparison, it is one of the cheapest options and there is also the fact, that people are fed up with the most traditional types of advertising as TV spots or billboards and the amendment that reduces billboards on roads and highways. GreenGraffiti® also has additional benefits. Company using GreenGraffiti® advertising will be seen as a responsible company, as GreenGraffiti® overcompensates its carbon footprint, donates GreenAdsBlue foundation and does community projects. As was stated previously, it is easy to switch products, but the aim of GreenGraffiti® is to build customer loyalty. GreenGraffiti® is also a differentiated product.

As in the case of the power of buyers, there are some factors that increase the threat and some that reduce the threat of substitutes. *The threat of substitutes is medium.*

4.5.5   Rivalry among competitors

There is a huge amount of competitors on the advertising market. The growth of the industry is slow, although there was a recovery of the market in 2011 and as was stated previously, to switch the products is easy, this increases the competitive rivalry. However, GreenGraffiti® is differentiated and there is no pressure of high exit costs. What is also very important, the majority of the rivals can also become customers or even partners of GreenGraffiti®, so it is up to the firm that has license for GreenGraffiti® to turn its rivals into satisfied customers. *The rivalry among competitors is medium.*

GreenGraffiti® is differentiated enough from the other types of advertising media, it can focus on customers that care for ecology and as was stated before, it has to build customer loyalty to reduce the rivalry.

If other types of advertising media or of a communication mix were seen as competitors of GreenGraffiti®, it is worth mentioning, that GreenGraffiti® is innovative and 71% of managers think that it is important to search for new media (Mather, 2007), it cares for ecology and 62% of Czech customers care for the impact of the goods/services on the environment when they are buying something (Europa, 2009). It is also one of the cheaper types of outdoor advertising media. What's more, GreenGraffiti® can also support a traditional campaign, not only compete with it.

4.5.6 Table with results of Five forces analysis

Industry environment Porter's five forces analysis	Power of suppliers	High
	Power of buyers	Medium
	Threat of substitutes	Medium
	Threat of new entrants	High for advertising market
		Low for GreenGraffiti as a type of advertising media
	Competitive rivalry	Medium

Table 6 Results of Five forces analysis (Author's work)

4.6 Micro-environment analysis

As follows from the theoretical part, micro-environment analysis involves stakeholders that could influence GreenGraffiti® and affect costs, quality and overall success of the business. A table which shows results of the micro-environment analysis in brief is available at the end of this chapter.

As customers are the key to sales, micro-environment analysis in this thesis will begin with this interest group.

4.6.1 Customers

Who are customers of GreenGraffiti®?

Answer to this question has three parts, depending on the point of view.

- Firstly, advertising agencies, media agencies and graphic studios who could be interested in GreenGraffiti® in order to offer it to their clients (that means to order GreenGraffiti® from a company that has the license for GreenGraffiti®). This group of customers need to offer something new to their clients, something that is non-traditional, modern and will attract a lot of attention. They will offer GreenGraffiti® to their clients usually as a support to traditional campaigns consisting of traditional advertising media as TV, radio, billboards, citylights etc. It results from the study of communications group Mathers, that advertising agencies focus no more only on TV spots and other types of traditional media, but search for new types of effective communication with customers. The structure of marketing budgets is changing in the direction from traditional media to alternative forms of communication (Mather, 2007).

- Secondly, companies that are looking for a new way to be advertised to clients (these are usually customers of the previously mentioned group). This group is also looking for something non-traditional. Big companies will use GreenGraffiti® to support traditional campaigns, small companies will use it alone as a low-cost and original way to attract customers (that is why is GreenGraffiti® very similar to Guerrilla Marketing). This group will also contain responsible companies that care for ecology and community. However, it must be taken into consideration, that even if Czech managers have big expectations and are aware of the benefits of alternative advertising, they are still very conservative. 71% of managers think that searching new media is vital,

but only 13% intensively search for them. This is due to the fact that managers don't have time for searching new media (Mather, 2007). This is a chance for above mentioned advertising or media agencies to offer alternative forms as GreenGraffiti®. You can see a graph which shows a frequency of use of marketing tools in the Czech Republic and a graph showing the importance of new advertising media in Appendix 5.

- And finally, final consumers- people who will see these advertisements on streets and will be affected by them. This group is a target group of the above mentioned companies. This group is fed up with traditional advertising and prefers alternative, innovative forms. According to Factum Invenio, 83% of people are fed up with advertising on Nova TV, 78% on TV Prima, 46% of people also think that there is too much advertising on billboards (Factum Invenio, 2011). A graph that shows these facts is available in Appendix 6.This group also contains people, who care for ecology, healthy life-style and community programs. They want advertising media that will be considerate to environment made by a responsible company. According to a research done by Eurobarometer in 2009, 83% of EU citizens care for the impact of the goods on the environment when they are buying something. Although Czech citizens ended on the last place with 62%, it is vital to mention, that it is still more than a half of the Czech citizens, which is a considerable group (Europa, 2009).

4.6.2 Suppliers

Some of the suppliers are the same for all the types of GreenGraffiti®, some of the suppliers differ. Common for all the techniques are the cutters who will make the templates. The company can choose either laser cutting, or water cutting, both work. Because GreenGraffiti® will be a small customer with amounts of cutting just for the templates (usually just one or two templates for one campaign is needed), it is better to choose smaller cutting company and make the relationship more like a partnership.

When speaking about Reverse Graffiti there could be more possibilities, depending on which way will the company that have license choose. The machinery for water cleaning (power washer with about 190 Bar) can be either bought or rented, depending on the amount of orders. In both these cases, GreenGraffiti® prefers Kärcher

machinery. Kärcher is also a responsible company and its equipment is examined by all the partners of GreenGraffiti®. It is also possible to hire a cleaning company. In this case it is vital to choose one cleaning company, because the process is not easy and it would bring additional costs and could cause other problems if the process was explained to different company for every campaign.

When speaking about Milkpaint Graffiti, only a few companies do these types of paint. The preferred company for milkpaint is a U.S. company The Old Fashioned Milkpaint co. which has its partners also in Europe (Germany, GB, Netherlands etc.). As in the case of Reverse Graffiti, there is also some equipment needed. The equipment can be bought, rented or as in the previous case a company can be hired.

GreenGraffiti® will not be a big customer of these suppliers. That is why it is better to form long-lasting relationships that will be more like partnerships.

4.6.3   Competition

For the purpose of this thesis, we will consider all advertising agencies, media agencies and other companies that offer other types of advertising media than GreenGraffiti® as a competition. So the potential customers (group 1 from the previous text) are also potential competition. It depends on whether these companies will add GreenGraffiti® as the part of their offer or not. If we look at the problem in a detail, also all advertising media are the competition of GreenGraffiti® as customers will decide whether to choose GreenGraffiti® or other type of advertising media. Advantages and disadvantages of different types of advertising media are explained in theoretical part and a comparison of the prices for different outdoor advertising media is given in the previous chapter.

There are about 1500 subjects that state that they are advertising agencies in the Czech Republic. According to Association of communication agencies (AKA), the number of advertising and communication agencies in the Czech Republic is decreasing which is an international trend. The number of independent consultants and creative teams is, however, increasing. In any event, the number of competitors is high (Vysekalová, Mikeš, 2010, p. 163).

4.6.4 Employees

As the license for GreenGraffiti® is not owned by anyone in the Czech Republic at this moment, this is just a hypothetical part. It is worth mentioning that one-person is not sufficient to take care of the project in the Czech Republic because the situation with authorities. Employees should be provided with the right training (vision and goals of GreenGraffiti®, techniques, technical parameters, community projects etc.) on the subject of GreenGraffiti®. They could be motivated with a fixed salary and also % from a campaign they manage to realize.

4.6.5 Media

Founders of GreenGraffiti® know that a positive media attention is very important. It is important to let media know about the community projects (cleaning playgrounds etc.), that GreenGraffiti® is an ecological alternative to traditional advertising, about GreenAdsBlue foundation etc. The possible media are television (in the form of regional broadcasting or news), press (newspapers, regional press or press focused on advertising, marketing, communication, ecology etc.). The message that should be given to public is that GreenGraffiti® is a responsible form of advertising media which cares for ecology and community and is also innovative.

4.6.6 Authorities

GreenGraffiti Holding BV insists on making good relationships with local authorities. This is due to the fact that it doesn't want to be seen as a Guerrilla marketing that is sometimes balancing on the edge of the law, but want to have permission for the campaigns. It is true, that Dutch authorities are much more accessible to the idea of GreenGraffiti®. This is reflected by the fact that GreenGraffiti® Holding BV hardly ever has to pay for renting the places. The one reason is that Dutch authorities care more for environment and also GreenGraffiti Holding BV cooperates with local authorities on different community projects. It cleans playgrounds for children, uses Reverse or Milkpaint Graffiti to make games for children on the pavement etc. Czech authorities however, are very suspicious. Studio Tomato wanted to do a commercial campaign first, to make some money to do the community projects. This approach, however proved to

be inadequate because Czech authorities didn't have the trust in GreenGraffiti® because they couldn't imagine how will the campaign look like and didn't know how to classify it, so they didn't want to approve the campaigns in many cases (author's work).

4.6.7 Table with results of Micro-environment analysis

Customers	**Advertising agencies:** About 1500 subjects, search for new types of effective communication with customers
	Companies: looking for something non-traditional, responsible companies
	Final consumers of the advertised goods/services: fed up with traditional advertising, 62% of Czechs care for the impact of goods/services on environment
Suppliers	**Cutters:** watter or laser cutting, small companies, partnership
	Bought machinery for cleaning: Kärcher is prefered
	Rented machinery for cleaning: Kärcher is prefered
	Hired cleaning company: Small companies, partnership
	Milkpaint: U.S. company The Old Fashioned Milkpaint
	Bought machinery for painting: painting pistol
	Rented machinery for painting
	Hired painting company: Small companies, partnership
Competition	**Advertising agencies:** 1500 subjects
	Other advertising media
Employees	**3-4 people team at the beginning**
Media	**TV:** Regional broadcasting, news
	Newspapers: Regional press, Economic newspapers
	Magazines: specialized (Marketing and Media etc.)
Authorities	Conservative and suspicious, need for community projects to convince them

Table 7 Results of Micro-environment analysis (Author's work)

4.7 SWOT analysis

At first a simple SWOT matrix is given, then some of the points are further explained.

4.7.1 SWOT Matrix

Strengths	Weaknesses
• GreenGraffiti Holding BV • Uniqueness • Responsible form of advertising • Low price • Situated on sidewalks	• Limited durability • Dependent on the weather • Not all surfaces work for Reverse Graffiti
Opportunities	**Threats**
• Amendment to reduce billboards on roads and highways • Czech customers are fed up with traditional types of advertising • 71% of managers think that it is vital to search for alternative types of advertising • Advertising market shows recovery	• Authorities are conservative • Only 13% of managers actually search for alternative media

Table 8 SWOT Matrix of GreenGraffiti (Author's work)

4.7.2 Explanation of some of the points from the SWOT Matrix

Strengths

- GreenGraffiti Holding BV- By this point is meant the goodwill of the company GreenGraffiti Holding BV, also the option to benefit from the client base of all the existing partners who have license for GreenGraffiti® in different countries.

It is more likely that a company will choose GreenGraffiti® in the Czech Republic, when its branch in some other country was satisfied with the campaign. Also all the information is shared among all the partners, so the company doesn't have to discover everything from the beginning. It is also easier to negotiate with common suppliers (Kärcher, The Old Fashioned Milkpaint co.) as a group of companies with the license for GreenGraffiti®.

- Responsible form of advertising- This was repeatedly mentioned in this diploma thesis, but because the vision of GreenGraffiti® is „Profits with principles", it is an important point. There is no need to use paper to create the advertisements, the carbon footprint is overcompensated by 150% and the usage of water is also compensated via GreenAdsBlue foundation. Paints used to create Milkpaint and Chalkpaint Graffiti are friendly to the environment and removable with a power washer if needed. GreenGraffiti® not also cares for the environment but also for the community. That is why GreenGraffiti® advertising was used in community projects by GreenGraffiti® partners from different countries.

- Low price- it results from the comparison given in this thesis, that the only campaigns using outdoor advertising media that are cheaper than GreenGraffiti® are different Leaflets campaigns.

- Situated on sidewalks- this is an interesting but important point. For example, billboards are situated in the air, so you can easily overlook them, if you don't look around. Citylights are situated on bus stops, so you have to stand on a bus stop to see the advertisement. In case of TV ads, you need to watch the TV in the right moment to see the ad but you can also change the program. The GreenGraffiti® advertisements are on the pavement and because every pedestrian has to look at the ground not to stumble, pavement is an ideal surface. Nearly everybody has to walk, even if just from the bus stop or parking lot to work, to the market or to walk a dog etc. If the advertisements are placed wisely, this can be a big advantage.

Weaknesses

- Limited durability, dependent on weather, not every surface is ideal: This point was explained in the chapter about GreenGraffiti Holding BV. The provider of

the advertising media cannot guarantee for how long will the advertisements last on the places. According to GreenGraffiti® in Netherlands it is usually about one month in the case of Reverse and Milkpaint, but depending on the type of the surface, amount of people that will walk over the ads and the weather, it could be a shorter or a longer period. That is why GreenGraffiti® is not ideal solution for long-lasting campaigns, but rather to surprise customers with something innovative.

Opportunities and threats

All points mentioned in the quadrants of opportunities and threats were explained in the part of micro-analysis and macro-analysis.

5   Recommendations

There are some facts resulting from the analysis that could cause problems. As was mentioned several times, authorities are conservative and suspicious about GreenGraffiti® and refused to permit a campaign in many cases. The fact, that only 13% of the managers, as mentioned above, really search for the new solutions, even if they claim, that it is important, could also indicate conservatism of Czech managers. As results from the Porter's five forces analysis, the power of suppliers is high. And finally, there is also the fact that GreenGraffiti® techniques are dependent on the weather, durability is hard to guarantee and Reverse Graffiti is not suitable for every surface. Advice how to start the GreenGraffiti project will be given in the following part of this thesis and recommendations to these potential problems will be given as a part of this advice so as to give Studio Tomato s.r.o. or another companies interested in a license for GreenGraffiti® advice on how to proceed to make the project successful. The following subchapters are affected by the theory describing the steps in project planning. The questions „HOW?" and „WHO?" are given together, because for the purpose of this thesis, it enables better intelligibility.

5.1 WHAT should be done?

There are following steps that need to be done when starting with the GreenGraffiti® project:

1. Getting the license for GreenGraffiti® from GreenGraffiti Holding BV
2. Building the team of 3 people responsible for further process
3. Training of the team, providing necessary information
4. Finding suppliers (for machinery, paints, cutters etc.)
5. Ordering Milkpaint from one of the partners of Milkpaint in Europe
6. Surface scouting- finding suitable surfaces for Reverse Graffiti
7. Testing of techniques- testing different techniques on different surfaces
8. Buying the machinery which proved to be suitable during the testing
9. Translating web pages from English to Czech language
10. Presentation for authorities
11. Communication with authorities
12. Community project
13. Communication with media
14. Presentation for customers
15. General calculations for campaigns
16. Finding potential customers
17. Contacting advertising agencies
18. Contacting companies
19. Doing first campaigns
20. Measuring the efficiency of the campaigns

5.2 WHO will do it and HOW it should be done?

A vital step is to build a competent team that will take care of GreenGraffiti® project. As was stated before, one person is not sufficient to take care of the project as in case of Studio Tomato s.r.o. Minimum three employees should take care of GreenGraffiti® full-time, at least at the beginning, when the training is needed and the basic organization, testing, calculations and contacts with clients, suppliers etc. should be done.

There will be three positions, which will be, for the purpose of this thesis, named:

- Technical support
- Authorities support
- Customers support

These positions will include different responsibilities and will have to deal with some of the problems that result from the analyses. The positions will be described below and the recommendations how to solve the problems will be given.

All the positions, however, will be provided with a basic training on GreenGraffiti®, its vision, techniques, partners, campaigns, common suppliers, technical parameters of the machinery, suitable surfaces etc. All three employees will read User's manual and all the important internal literature regarding GreenGraffiti®. Once a week there should be a meeting, where all the employees will comment on the state of the project, share experiences and submit a proposal of further steps. All the three employees will take part on testing and executing first campaigns.

5.2.1 Technical support

This employee will be responsible especially for finding and contacting potential suppliers, he/she will request calculations and choose fitting suppliers, find out which surfaces are suitable and organize testing, find suitable machinery, test colour density and removability of Milkpaint, order Milkpaint, control deliveries, take care of web pages etc.

In the previous parts, it was mentioned, that the machinery could be either bought, rented or a company could be hired for doing the work. This thesis gives a recommendation to rent the machinery at first to test, if it fits for the purposes of GreenGraffiti®, then the machinery can be bought. Of course, the company should have

suitable car (a van) for the transport of the machinery and the barrels for water in case of Reverse Graffiti.

This position should deal with following problems resulting from the analyses:

5.2.1.1 *The power of suppliers is high*

To reduce the power of suppliers, the company should make partnership with its suppliers. For example, Kärcher is one of the suppliers, that is on the web-pages of GreenGraffiti® listed as a partner.

Another recommendation is, in the case of the common suppliers, to act as a group of buyers. Not just as GreenGraffiti® CZ, but agree on acting as a group with other companies that have the license and thus gain a greater bargaining power.

Some of the bargaining power of suppliers can be also reduced by investing in buying the machinery after testing and not to rely on a cleaning or other companies.

5.2.1.2 *Durability of GreenGraffiti® and its dependence on the weather and surface*

At first, the client has to be made acquainted with the fact, that GreenGraffiti® is not suitable for long-lasting campaigns. The durability of Reverse Graffiti can't be influenced by the provider. It depends on the surface, weather and on how quickly gets the surface dirty again. However, the aim of GreenGraffiti Holding BV is not to make long lasting advertisements, but innovative advertisements that will bring attention and ads which are cleaned out of a dirty sidewalk are very original. Where the surface is not suitable for Reverse Graffiti, because it is too rough or not dirty enough, Milkpaint Graffiti can be used instead. The durability of Milkpaint can be extended by using stabilizer, this is however jus for long lasting advertising (several months to year) and must be mixed in a proportion to be removable with power cleaner afterwards.

Customers should be told, that the uniqueness of this alternative type of advertising media is not in the durability, in addition, the more time will be the ads on the pavement, the less amazement they will cause. And as GreenGraffiti® is usually used to amaze people with something new, there is no need for the ads to last several months.

5.2.2 Authorities support

This employee will be responsible for the presentation for authorities, communication with authorities, community projects, presentation of GreenGraffiti® for authorities, proposing and executing campaigns for authorities and will also be responsible for the communication with media, police etc. The main aim is to present GreenGraffiti® as a responsible form of advertising and thus to convince authorities to permit campaigns. This person will have to solve the following problem:

5.2.2.1 Authorities are very suspicious and conservative

GreenGraffiti Holding BV suggests to work on the relationships with authorities, to cooperate with them and to ask for permission when doing a campaign, even if there are no laws concerning for example Reverse Graffiti in a particular country. Authorities in the Czech Republic are suspicious and deal with the fact, that cities are overcrowded with different types of advertising. It is important to use the reputation of GreenGraffiti Holding BV.

1. Firstly it is important to stick to advice of the Dutch partner and to do *community projects* at first. There are more ways how to do that. Two examples are given below.

    - Cities often don't have money to clean all the dirty playgrounds. If a company with the license for GreenGraffiti® offers to clean a local playground and catches the attention of local media, authorities will have more positive attitude to GreenGraffiti® campaigns.

    - Another popular solution by other partners of GreenGraffiti® is to make games for children on sidewalks using Reverse Graffiti or Milkpaint Graffiti. I would recommend Children's day, the last day of school etc. This also revive the old games for children and stimulates them to exercise, which will also, when interpreted in a right way by local media, make a positive attention and will help in negotiation with the authorities. What's more, authorities will have an example of how the advertisements look like and will not be so suspicious any more. Another option is to offer a campaign to authorities for the price of costs (for example to make citizens aware of the thieves on bus stops etc.).

2. Always contact media when doing community projects. Authorities will have more positive attitude to GreenGraffiti®, if media have a positive attitude to GreenGraffiti® and not only authorities, it will also have a positive effect on community and potential customers.

3. Another recommendation is to make a personal contact with the authorities every time, if possible. It is more likely that the company will convince the authorities, when it could explain all the advantages in person and answer all the questions of the official. Email can cause a misunderstanding. At least at the beginning, when authorities are not used to this type of advertising media, a personal contact, good presentation and the ability to offer something in return will play a vital role.

4. Explain to the authorities that if they approve billboard or citylight campaign, it will usually last for several months, GreenGraffiti® campaign will last only about a month, so the city will not be overcrowded with ads for a long time and stress the fact that GreenGraffiti® is a responsible form of advertising and combine it with the fact, that the city will also look as responsible.

5.2.3 Customer support

This employee will be responsible for finding and addressing potential customers, creating presentation for customers, making calculations for the different campaigns, creating proposals of campaigns to different clients etc.

The main aim is to stress the fact, that GreenGraffiti® is new and unique form of outdoor advertising, which cares for the impact on the environment and community and thus to make the customers choose GreenGraffiti® among other types of advertising media.

The following problems result from the analyses:

5.2.3.1 *Advertising agencies are potential customers as well as competition*

This employee will have to figure out, how to turn competitors into customers. The fact, that advertising agencies look for new types of advertising supports the intention of GrenGraffiti®. Advertising agencies should be addressed before addressing all other potential customers, because this will reduce competition and the advertising agencies

will offer GreenGraffiti to their client-base. In this case, it should be stressed, that it is a <u>unique advertising media, which is low-cost</u>. The fact that it cares for the environment is an additional benefit. The amendment to reduce billboards will also increase the demand of advertising agencies for alternative forms of outdoor advertising. The presentation for advertising agencies should be well prepared and there should also be a personal contact if it is possible (at least with the big clients). For the advertising agencies, also some loyal programs can be done to reduce the power of buyers (for example, if the agency manages to do campaigns in certain amount of money, it will gain a discount for the rest of the year).

5.2.3.2   *Managers don't have time for searching new forms of advertising*

As was stated before, 71% of the Czech managers think that it is important to search for new types of advertising media. However, only 13% really search for them. The managers claim, that they don't have time for searching new advertising media.

1. The problem could be solved by the previous paragraph. If the advertising agencies will offer a complete solution using GreenGraffiti® as a part of the campaign, or just GreenGraffiti® for the smaller companies who look for low-cost advertising, managers will not have to look for new solutions by themselves, but the solutions will be given to them by the advertising agencies.

2. Managers of the companies, that used GreenGraffiti® as a part of their campaign in the past, in one of the partner countries, should be addressed directly by GreenGraffiti® CZ. They will have more trust in GreenGraffiti® if the company had a positive experience with GreenGraffiti®.

3. Also in this case, it should be stressed, that it is a <u>unique advertising media, which is low-cost</u>.

5.2.3.3   *Czech customers don't believe the advertised messages*

If the campaign is to be successful, the final customers of the advertised goods/service have to believe the advertised message. The first argument is that even if they don't believe the messages, 43% of the customers take into account advertising when they shop. The recommendation is to build trust of the final customers as in the case of the authorities, do community project, gain positive media attention. <u>In this case,</u>

the fact that it is a responsible form of advertising should be stressed and the fact that it is innovative is an additional bonus.

5.2.4   Measuring the efficiency of the campaign

This was the last but not least point of the tasks that need to be done when starting with the project. Measuring the efficiency is mainly under the direction of the companies that order GreenGraffiti® campaigns and that it is why it is not a part of the thesis. However, the company that has the license for GreenGraffiti® should do its own simple survey to get some data that could serve to convince clients that it is the right type of advertising media for them. I would recommend to leave complex research on the companies and to classify a simple measuring into one of the campaigns. For example, there will be advertisements done by GreenGraffiti® techniques for a restaurant in one city. The text will invite the citizens of the city to take a photo with the advertisement and come to the advertised restaurant, where they will get either discount or some other benefit. The number of citizens that will come to the restaurant with the photo will show the efficiency of the campaign. This will be a shared responsibility of all three members of the team.

What is more, this type of an interactive campaign would be original for the Czech clients. When a similar campaign was done for Domino's Pizza in the U.S.A. in the past, the campaign was very successful (GreenGraffiti C, 2012).

5.3 WHEN?-Time schedule for GreenGraffiti®

(Author's work)

	01	02	03	04	05	06	07	08	09	10	11	12
Getting the license			X									
Building the team				X								
Training				X								
Finding suppliers					X							
Ordering Milkpaint					X							
Surface scouting					X							
Testing of techniques					X	X						
Buying machinery						X						
Translating web pages						X						
Presentation for authorities					X							
Communication with authorities					X	X	X	X	X	X		
Community project							X					
Communication with media							X	X	X	X	X	X
Presentation for customers					X							
General calculations for campaigns					X	X						
Finding potential customers					X	X						
Contacting ad. agencies						X	X	X	X	X	X	X
Contacting companies							X	X	X	X	X	X
Doing first campaigns								X	X	X	X	
Measuring the efficiency									X	X	X	X

Table 9 Time schedule for GreenGraffiti® (Author's work)

5.4 FOR HOW MUCH?- Economic evaluation

The prices are in Czech crowns (Author's work).

		2013	**2014**	**2015**
remuneration team	20000*3/month	60000*9 months[6]	60000*12 months	60000*12 months
	60000	540000	720000	720000
power washer		35280	0	0
paint pistol		3000	0	0
other equipment[7]		5000	0	0
van[8]		80000	0	0
admnistrative equipment[9]		2000	2000	2000
community project[10]		10300	10300	10300
travelling costs[11]		6000	4000	4000
total costs		**681580**	**736300**	**736300**
profit from campaigns[12]		265200[13]	1458600[14]	1723800[15]
profit/loss for year		**-416380**	**722300**	**987500**
total profit for GG			**305920**	**1293420**

Table 10 Economic evaluation (Author's work)

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[6] They are employed just for 9 months the first year

[7] Other equipment- power for the machinery, barrels fot water, bucket for mixing the paint etc.

[8] Used van- about 150000 mileage

[9] Administrative equipment- stamp, letterhead, business cards etc.

[10] Only costs relevant for the community project

[11] Especially for authorities support

[12] There must be all the remuneration costs and the costs which rely to work of the employees further added to the profit from the calculation, as the costs for the employees would be counted twice. The profit is after adjustments is 44200 for Reverse. For the purpose of this calculation, we count with all the campaigns being Reverse Graffiti, as the profits of Reverse and Milkpaint do not differ significantly.

[13] We count with 6 simple campaigns of 20 expressions each.

[14] We count with 6 simple campaigns, 3 campaigns in 3 cities and 3 campaigns in 6 cities

[15] We count with 3 simple campaigns, 6 campaigns in 3 cities and 3 campaigns in 6 cities

6 Conclusion

GreenGraffiti® is an alternative advertising media, which includes several different techniques as Reverse Graffiti, Milkpaint and Chalkpaint Graffiti, Sand Graffiti, Snow Graffiti and newly also Moss Graffiti. The idea to use these techniques to advertise comes from a Dutch company GreenGraffiti Holding BV, which claims that it is possible to make business and also lower the impact on the environment. The vision "Profits with principles" shows that it is a responsible company. GreenGraffiti Holding BV sells licenses to companies in different countries and this is how Studio Tomato s.r.o. from the Czech Republic got the license in winter of 2011. However, Studio Tomato didn't manage to get GreenGraffiti® to a Czech market and thus lost its license for several reasons. Only one person was responsible for GreenGraffiti®, which is not enough to run this project, so one of the recommendations is to set a team of three employees- Technological support, Authorities support and Customer support. Studio Tomato s.r.o. also refused to follow the instructions of the Dutch partner and didn't do any community project first to make an impression on the authorities, so the authorities were suspicious, because they have never heard of GreenGraffiti® and couldn't imagine how could the campaign look like.

It results from the analysis and from the economic evaluation, that GreenGraffiti® could be successful on the Czech advertising market in certain conditions and thus companies can make it a part of their communication mix. As results from the analysis, advertising agencies search for new ways how to advertise to offer them to their clients. Also managers of companies are aware of the importance of searching for alternative forms of advertising. As was mentioned, 71% of managers agree that it is important to look for new possibilities, but also claim, that they don't have enough time for this, so only 13% of them really take time to do that. This could be an opportunity for GreenGraffiti® to offer a complex campaign to these companies, or to offer it to advertising agencies, who will offer it to their clients as an alternative solution. The fact that advertising agencies and managers are searching for alternative advertising media can be caused by the fact, that people tend to be more and more fed up with the traditional and the most commonly used advertising media as TV, internet or billboards. What is also important is the emphasis on environment that, with 62% of people taking into consideration the impact of the purchased goods/services on

the environment, can't be overlooked. The amendment to remove billboards from roads and highways is also a big opportunity, as advertising agencies and companies will need a substitute for the billboards. In addition, as was mentioned in PEST analysis, advertising market showed signs of recovery in 2011 and outdoor advertising recovered most. These facts support the opinion that GreenGraffiti® could positively reach Czech customers and become a part of a communication mix of Czech companies.

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Appendix 1- Advertisement in newspapers

An example of the advertisement in the newspapers Public Adviser weekly

(Mediaknowall, 2012)

The Publick Adviser,

WEEKLY

Communicating unto the whole
Nation the feveral Occafions of all perfons
that are any way concerned in matter of Buying and
Selling, or in any kind of Imployment, or dealings
whatfoever, according to the intent of the OFFICE
OF PUBLICK ADVICE newly fet up in
feveral places, in and about *London* and *VVeft-
minfter*.

For the better Accommodation and Eafe of
the People, and the Univerfal Benefit of the
Commonwealth, in point of
PUBLICK INTERCOURSE.

From Tuefday May 19 to Tuefday May 26.

In *Bartholomew* Lane on the back fide of the Old
Exchange, the drink called *Coffee*, (which is a very whol-
fom and Phyfical drink, having many excellent vertues,
clofes the Orifice of the Stomack, fortifies the heat with-
in, helpeth Digeftion, quickneth the Spirits, maketh the
heart lightfom, is good againft Eye-fores, Coughs, or
Colds, Rhumes, Confumptions, Head-ach, Dropfie,
Gout, Scurvy, Kings Evil, and many others is to be fold
both in the morning, and at three of the clock in the af-
ternoon.

Appendix 2- Poster advertisement

Poster advertisement from First World War period (Mediaknowall, 2012)

Appendix 3- Outdoor advertising

Table showing different types of outdoor advertising and their characteristics
(Lichtenthal, Yadav, Donthu, 2004)

Billboards	Street Furniture	Transit	Alternative*
Bulletins: Largest, most practical form of outdoor media located primarily on major highways commanding high density consumer exposure mostly due to vehicular traffic.	**Bicycle Racks**: Advertising positioned on structures designed to shield parked bicycles. Can be strategically positioned near places of interest to derive maximum benefit.	**Airport Terminal Displays:** Available in variety of formats throughout the terminals in both departure and arrival areas. Airport displays serve well to target the elusive business or leisure traveler.	**Airborne Displays**: Large format panels towed by aircrafts. Skywriting is also a popular form of airborne display.
8 Sheet Posters: Located mainly in urban neighborhoods and secondary arterials viewed by both vehicular as well as pedestrian traffic.	**Bus Bench Advertising**: Silk-screened posters attached to the back of bus benches. Used to reach pedestrian as well as vehicular traffic.	**Exterior Bus Posters**: Posters fixed outside buses provide mass exposure and build up frequency as bus travels to different area	**Digital Displays**: Often internet enabled provides weather, news, entertainment etc. and targeted advertising.
30 Sheet Posters (Paper): The largest poster format that is located mainly in commercial and industrial areas on primary and secondary arterials. Delivers messages to both resident and commuter traffic and is used to build reach and frequency	**Bus Shelter Panels**: Uncluttered and backlit to provide 24 hr. visibility to both pedestrian and vehicular traffic in high circulation areas of metro markets.	**Interior Bus Cards**: Fixed on frames above passenger seats. Longer viewing times allow for greater copy to be carried on these.	**Blimps or custom inflatable**: Airships that carry corporate messages or custom designed cutouts meant to attract attention.
Wrapped 30 Sheet Posters: Essentially extensions of 30 sheet posters (paper) that offer a larger surface area than 30 sheets bleed posters.	**Convenience Store Displays**: Located at the entrance of supermarkets designed for point of sale influence.	**Subway or Rapid Transit Rail Systems**: Available in various forms like backlit posters, entrance displays and now even in tunnel advertising.	**Carton & cup Advertising**: Advertising on coffee cups, pizza boxes etc. that places the message directly into the "hands" of the consumers.
Square Wrapped Posters: Stacked or squared 30 sheet or 80 sheet posters that draw attention due to their vertical format	**In Store Displays**: Located within the supermarkets they come in various formats including TV monitors, backlit displays, shopping cart panels and so on.	**Taxicab Advertising**: Displays fixed on the roof or trunks of taxicabs provide high recall rates. "Fully wrapped" taxi displays are also becoming popular.	**Postcard Advertising:** Consists of postcards displaying individual messages. Postcards are available for free in places like restaurants, cafes etc.
Spectaculars: Large and non-standard structures custom designed to gain maximum attention. Frequently imbibe the best of technologies and designed by special design teams. Examples include Times Square in New York City or the "Strip" at Las Vegas.	**Kiosks**: Free standing information (like newsstands) or telephone kiosks. Primarily meant to reach pedestrian and vehicular traffic in densely populated areas.	**Truck-side Advertising**: Provides billboard sized alternatives on major metro markets the road along market-to-market routes. Available as mobile billboard displays and fleet displays.	Stadium & Arena Displays: Available in various formats like scoreboards, replay screens, courtside etc. Provides captive audience plus possibility of TV exposure.
Wall Murals: custom designed painted or stuck directly on walls using pressure sensitive vinyl they encompass a wide variety of shapes and sizes.	**Sidewalk Posters**: Located at subway stairwell in New York City.		**Trash Receptacle Panels:** Patented format has up to four sides on round or rectangular trash receptacle.
	Pedestrian Panels: Backlit bus shelter size showcases located on inner perimeter of sidewalks.		**Parking Meters**: Three laminated posters affixed to parking meters.
	Shopping Mall Displays: Strategically located at entrance of shopping malls could be 2,3 or 4 sided.		**Vending Cart Umbrellas:** Advertising on umbrellas on outdoor food vending carts.
	One Sheet Posters: Framed posters at the front of stores.		**Gas Nozzle Advertising:** Durable plastics over gas nozzle.

Appendix 4- Techniqes of GreenGraffiti

(GreenGraffiti, 2012)

Reverse Graffiti

Milkpaint Graffiti

**Moss Graffiti**

**Snow Graffiti**

Sand Graffiti

Appendix 5- Marketing tools

This graph shows the frequency of use of marketing tools by Czech managers (Mather, 2007)
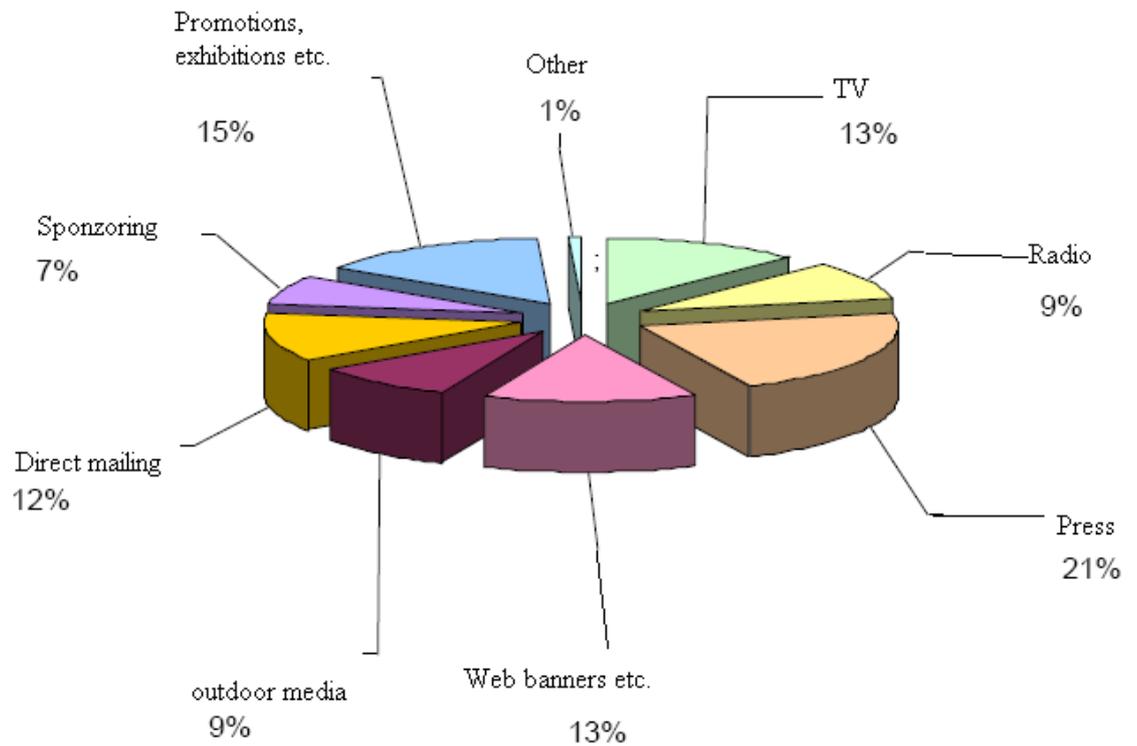
This Graph shows the importance of search for new advertising media according to the Czech managers (Mather, 2007)
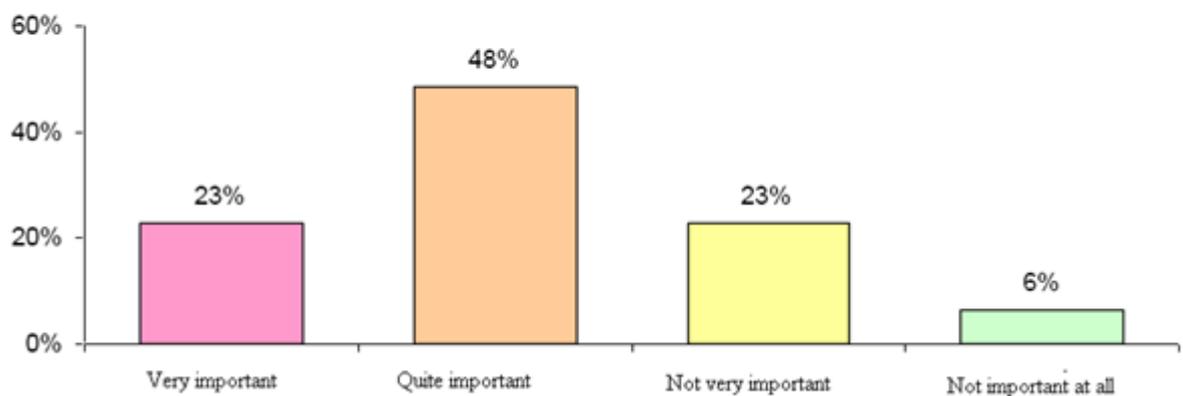
Appendix 6- Intensity of advertising

This graph shows the perception of the intensity of advertising in traditional advertising media(Factum Invenio, 2011)

Perception of the intensity of advertising in traditional advertising media (N=1020, v %)