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ÚSTAV EKONOMIKY

**PROPOSAL OF A STRATEGIC PLAN FOR
THE IMPORT OF A BULGARIAN PRODUCT**

NÁVRH STRATEGICKÉHO ZÁMĚRU NA IMPORT
BULHARSKÉHO PRODUKTU

MASTER'S THESIS

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Goals of the Theses

Theoretical Foundations

Current Situation Analysis

Proposals and Contribution

Conclusion

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Abstract

This diploma thesis deals with a critical analysis of the possibility of import and marketing strategy of importing the Bulgarian product Kiselo Mlyako by the company to the market of the Czech Republic. The aim of the work is to find out whether this product is suitable for the given market and whether this strategic move would be successful. The thesis describes information important for the implementation of the practical part of the work, which contains an analysis of the market and the company that would implement the strategic proposal. The work also contains a summary of information that was found from individual analyzes and recommendations that the company should undergo. Last but not least, a brief financial plan is created.

Keywords

Import, international market, analysis, company, product, dairy product, product entry.

Abstrakt

Tato diplomová práce se zabývá kritickou analýzou možnosti importu a následné marketingové strategie importu Bulharského produktu Kiselo Mlyako danou společností na trh České Republiky. Cílem práce je zjistit, jestli je tento produkt vhodný pro daný trh a jestli je tento strategický tah úspěšný. V práci jsou popsány informace důležité k provedení praktické části práce, která obsahuje analýzu trhu i společnosti, která by daný strategický návrh provedla. Práce dále obsahuje souhrn informací, které byly z jednotlivých analýz zjištěny a doporučení, které by společnost měla podstoupit. V poslední řadě je vytvořený stručný finanční plán.

Klíčová slova

Import, mezinárodní trh, analýza, společnost, produkt, mléčný produkt, vstup produktu na trh.

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Chapter 1: Introduction

With growing globalization, the companies are now looking forward to exploit the opportunities available to them to expand their operations beyond national borders. This is because increasing mobility of products across the borders due to deregulation and regional integration has opened new opportunities for the businesses. Keeping this in view, many companies in Czech Republic are entering the import and export business. This is because as deregulation occurs and national barriers to trade are deliberately being lowered, importing and selling products from other countries can turn out to be a lucrative opportunity for the existing, as well as the new businesses entering the market. Specifically, the members of European Union have put in place such policies and regulations that have facilitated the cross border movement of goods (Europa, 2020). This has created a unique business opportunity for the companies operating in these countries to consider foreign expansion strategy. Among these countries, Czech Republic is one of the countries who has become a member of European Union in last decade. In Czech, the imports have shown a gradual increase for the past few years. This can be gauged from the fact that the total imports have been estimated to increase at a rate of 3.1%, from \$137B in 2012 to \$160B in 2017 (OEC, 2020). This reflects that an opportunity for Czech companies exists as they can expand their product portfolios to import products from other countries and sell it profitably in the local markets. Recognizing this opportunity, this study aims to identify how import trends impact new business opportunities and create chances for the entry of new or existing companies into import and export business. Moreover, the study also develops a marketing strategy for the marketing of imported Kiselo Mljako from Bulgaria by Czech Company VIK Capital Group S.R.O. This chapter provides a synopsis of the background, identifies the research problem, enumerates the research aims and maps out the structure of the study.

1. Background

As regional integration continues, countries are now opening their borders for cross border trade at least for the regional countries (Veld, 2019). Czech Republic became a part of European Union in 2004 and hence, adopted the import and export policy infrastructure of European Union. This has made it easier for the new and existing companies in the country to engage in trade endeavors with other countries. More importantly, the government of the country has been actively legislating to place mechanisms that can help companies to trade across the border conveniently. In fact, the governments are taking such steps in a bid to exploit the new opportunities unveiled by the integration of the country into European Union. As a result, several policy measures have been taken to facilitate free trade in the region by lowering the tariff and non-tariff barriers. Recently, the government has attempted to successfully abolish the monopoly on the foreign trade and eliminated the price controls that impeded trade (Australian Trade and Investment Commission , 2020). With this, the government aims to eliminate other trade barriers by committing to free trade as well.

Moreover, the relations between the two countries, Czech and Bulgaria have been on highly friendly terms. Both the countries are actively seeking to deepen their economic and political ties. This can be gauged from the fact that the bilateral trade between both the countries has multiplied four times in the last decade. In 2018, the trade between both the countries reached 1.4 billion euros (Sofia News Agency , 2019). In addition to this, the leaders of both the countries have vowed to deepen the politico-economic relations by offering each other trade privileges. This is important to consider because for any business to engage in trade in a seamless manner, the relations between the home country and country from where products are imported have to be favorable. Hence, the warmth of the relations between both the countries also creates a conducive environment for the companies to engage in trading ventures.

With this, new opportunities have emerged for businesses to exploit. A unique opportunity has emerged in the Czech Republic in dairy industry as the dairy imports of the

country have been growing. Specifically, the milk yields have been reported to be growing at a feverish pace. Keeping this in view, this study aims to identify how free trade regimes and deregulation creates import opportunities for the businesses. The study aims to identify a viable marketing strategy for sale of imported Kiselo Mljako from Bulgaria and selling it in Czech Republic's markets. This will help understand how phenomena like free trade regime and deregulation can create such business opportunities that can help new and existing companies into import and export business. By undertaking this venture, the company is expected to successfully grow and expand its operations in a profitable manner.

2. Diploma thesis objective

In the recent years, the globalization and free trade regime at international level has opened up new avenues for business growth and expansion. Keeping this in view, several businesses are considering the option of expanding their business across the borders. In Czech Republic, the import of various foreign products that have high domestic demands have been on the rise. In addition to this, the general business environment of both the countries has also been perceived to be highly conducive for such ventures. Specifically, the changing politico-legal environment of these countries with respect to trade have been inducing the businesses to exploit the opportunity by engaging in trading endeavors. Keeping this in view, VIK Capital Group S.R.O has also been considering different growth opportunities. The dairy industry of the Czech Republic offers such an opportunity as demand for high quality yogurt remains high in this industry. As a result, one of the most valuable opportunity has been identified to be the import of Kiselo Mljako from Bulgaria. However, before taking any steps in this regard, it is important to first take different aspects of this opportunity into account. This is because investment decisions cannot be based solely on assumptions. Before that, a rigorous and concrete research of the macro-environment and micro-environment factors is essential. In addition to this, it is equally important to take internal capabilities and assets of the company in question into account and

identify whether they can be helpful in exploiting such growth and expansion opportunities. Moreover, the market potential has also to be estimated in this regard. At present, the VIK Capital Group S.R.O's idea of import of Kiselo Mljako from Bulgaria is based on initial assumptions only. Before the idea is materialized into reality, it is highly important to make necessary internal and external analyses so as to make more informed and effective decision in this regard. Within this context, the purpose of this thesis is to propose a marketing strategy for the imported Kiselo Mljako's introduction in Czech Republic.

3. Structure of the Study

The remainder of the study report is organized as follows. The first chapter is introduction of the work and apprizes with the objective of the diploma thesis. The second chapter provides an extensive literature review on theoretical foundations of the topic of interest. The third chapter maps out the research methodology to be followed and provides a detailed situation analysis of the internal environment of VIK Capital Group S.R.O and the general market and industry situation in Czech Republic. The chapter deals with the identification of marketing strategy that can be used by the company to launch Kiselo Mljako in Czech Republic. Finally, the fourth chapter concludes the thesis by summarizing the key points from the discussion.

Chapter 2

Theoretical Foundations

To create a better understanding of how a company can better launch the intended product in Czech Republic, it is important to first identify and elaborate key related theoretical concepts. These concepts would lay the essential theoretical ground for carrying out the required analyses in the subsequent chapters. Keeping this in view, this chapter enlightens on the function of marketing itself, major marketing strategies, industry analyses tools and techniques, foreign expansion strategies, and different marketing channels & marketing techniques.

2.1. Marketing

No business can ever exist without creating adequate level of demand for its products among the customers. Without adequate demand, companies might end up sitting on huge piles of inventory with no one to buy them. This is where marketing plays its role: it helps create a demand for the company products. As a result, marketing refers to the process of meeting the customer needs profitably. Previously, the direction of marketing process involved designing and development of a product and then finding the customers who would buy it. At present, the direction of marketing process has been reversed, where the customer needs and wants are identified first, product(s) that meet them are designed and developed and then marketed to the potential customer. In this way, customer has become the central focus of all the marketing processes.

When it comes to definition of marketing, different researchers and practitioners have proposed different definitions of marketing (Wilkie & Moore, 2007). This is because each of these adopts a different view point or perspective and scope to define the term. In fact, these definitions were largely defined by the prevailing paradigm in marketing at the time they were introduced (Brunswick, 2014). These eras in marketing are broadly divided into different eras with relationship era being the latest and current one. The chronology of previous eras in

marketing have been identified to be production era, sales era, and marketing era. The definitions proposed in these eras were greatly influenced by the prevailing paradigms in marketing.

At present, one of the most reliable and widely used definition for marketing is that given by the American Marketing Association. It has precisely defined marketing as '*an activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large*' (American Marketing Association , 2017). In this way, marketing reflects a key functional area that deals with the entire process of identifying the customer needs, designing products to meet them, developing the product, communicating the value proposition to the customers, facilitating the buying process and retain long term relationship with the customers (Liu, 2017). In other words, it is an umbrella term that involves all the perspectives and processes aimed at meeting the needs of the customers in a profitable manner.

At present, the marketing environment is characterized by the relationship era which insists on building long term relationships with the customers. It suggests that the companies must move ahead from the transactional relationship with the customers to a longer term relationship managed in a profitable manner. For this, the companies have been actively engaging in fostering long term relationships (Abbott & Stone, 2001). Customer relationship management today forms a key cornerstone of marketing strategy of virtually every organization wishful of remaining successful in long run by fostering high customer loyalty to the given company or brand.

2.2. Marketing Strategies

Generally, a strategy serves as a road map for any plan. In other words, a plan has to be translated into strategy before its objectives can be achieved. In precise words, the term strategy in general means ‘sequence of steps that can lead to achievement of some specified objective’. As a result, a marketing strategy imply a series of steps that can be adopted to achieve a marketing objective (Furrer, 2006). To put it in Kotler’s words, a marketing strategy is, “*marketing logic by which the business unit expects to achieve its marketing objectives*” (Kotler & Armstrong, 2018). Hence, a marketing strategy implies the plan intended to help a business reach its prospective customers and make them its customers that purchase its products and services, preferably in a frequent manner. As a result, a marketing strategy tends to be a forward looking approach aimed at the ultimate goal of achieving a sustainable competitive advantage for a company. Over the time, different frameworks and techniques have been proposed to devise and implement these marketing strategies. From these, three of the most popular and frequently used frameworks are being discussed below.

2.2.1. Porter’s Generic Strategies

To gain competitive advantage, Michael Porter has suggested that a company can adopt any of the four strategies identified by him. Presented in the form a matrix, these strategies have been identified and classified on the basis of the competitive scope and source of the competitive advantage (Figure 1). The scope of the strategy can either be narrow or broad, and the source of competitive advantage may come from level of differentiation being offered by a company. A brief overview of each of the strategy thus suggested in this regard is as follows.



Figure 1: Porter's Generic Strategies (Islami, et al., 2020)

2.2.1.1. Cost Leadership Strategy

Cost leadership strategy provides a company with competitive advantage in the industry by becoming the lowest cost producer in the industry. Generally, the companies with large scale operations tend to be in a better position to pursue such a strategy as their production cost per unit is low due to economies of scale (Woodruff, 2018). Moreover, it also suits the companies that provide ‘standard products’ with little or no customization and have little or no differentiation. This allows these companies to lower their production costs through economies of scale and maximize their sales by offering the product or service at a cost lower than the competitors. This is because the costs advantage of these companies gives them the leverage to compete on the basis of price. As a result, they compete in the industry by using low-pricing as the competing weapon.

2.2.1.2. Differentiation Leadership

With a differentiation leadership strategy, a company aims to gain competitive advantage through differentiation across the whole of an industry. Here, a company establishes differentiation leadership by selecting one or more product criteria that remains important to the buyers and designs and positions its products and services in ways that meet this criteria. As a result, by offering some degree of customization, the company can charge the customers a premium price, a price higher than that being charged by the competitors for similar products. This higher price enables the company to cover the higher production costs and extra value-added features' costs (Tanwar, 2013). This is based on the assumption that customers would willingly pay higher for those products and services that are customized according to their unique needs as opposed to the low cost standard products.

2.2.1.3. Cost Focus

With cost focus strategy, companies aim to achieve a cost-leadership within a limited number of segments. As opposed to the general cost leadership strategy, this strategy aims to focus on lesser number of customer segments than those in cost leadership strategy (Islami, et al., 2020). Also, the product also remains differentiated to some degree to suit the unique needs of the targeted segments.

2.2.1.4. Differentiation Focus

Differentiation strategy requires a company to make its products differentiated in just one or a relatively small number of target market segments. With a narrow segmentation scope, the company tends to be in a better position to identify their unique needs and design products and/or services that intend to fulfill these needs. This strategy can particularly be useful in providing a competitive advantage when the competitors fail to address the unique needs of these segments. Also, it is important that the chosen segments must have a valid basis for differentiation from other customer segments. As a result, the unique features and attributes added to the product and/or service to suit the unique needs of the chosen segments tend to

enable the customers to differentiate the products of the given company from that of the competitors. This in turn becomes a source of competitive advantage for them.

2.2.2. Kotler's Competitive Strategies

The marketing guru, Phillip Kotler has identified military-type marketing strategies for competitors. On the basis of research work and studies carried out within United States of America, he concluded a list of marketing strategies by lending key terms from the terms frequently used in military science so as to give them suitable name implying the type of action involved to compete with the competitors. This classification of strategies attempts to first identify the competitive position of the given company in industry. This position can be any of these: dominant, strong, favorable, tenable, weak or nonviable. With this, Kotler has also defined the types of competitors of a company that can any of the following: market leaders, market challengers, market followers, and market nichers. This classification of type of competitors is based on their individual market position, respective market shares, brand image, resources capacities, and domination power in the industry. On the basis of this, Kotler has enlisted a different set of strategies for different competitors depending on the position of the given company itself (Jaideep, 2018). In this way, this framework attempts to suggest strategies to compete by not only keeping in view the assets of capabilities of given company, but also that of the competitors. Over the time, these strategies have proved to be effective in marketing context of other countries as well.



Figure 2: Broad Marketing Strategies for Different Competitors

2.2.3. Marketing Mix

Marketing mix refers to the collection of factors that remain within the direct and immediate control of a company to be used to influence consumers' buying behavior. E. Jerome McCarthy first introduced the 4P framework that reflect the key elements to be included in the marketing mix: product, price, promotion and placement (Dominici, 2009). The idea is to make right product available to the right customer at the right place at the right price. Together, the strategy adopted for each of these elements constitute the marketing strategy (Kotler, et al., 2005). A brief description of these elements along with their relevance to marketing strategy is given below.

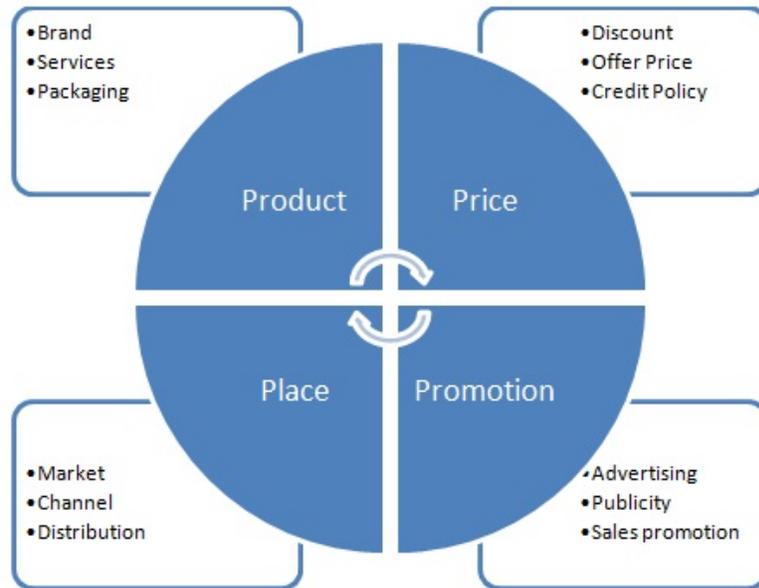


Figure 3: The Elements of Marketing Mix

2.2.3.1. Product

A product is anything that is offered by a company to the customers to meet their needs. It can either be a tangible or intangible or both – in the form a good or service respectively (Kotler, et al., 2005). This element of the marketing mix includes everything: the product design, its packaging, quality, features, attributes and a need satisfying ability. It is important that a product offered by the company must be designed and developed after due marketing research on what type of products the customers want and what kind of product features they desire. Today, the concept of product has expanded to include much more than merely the good or service being offered. It entails experience, ideas, services, norms, values and perception attached to a product.

Generally, a given product by a brand has a multistage lifecycle where it proceeds from the introduction stage to growth, maturity and finally decline. Each stage of the product

lifecycle has different strategy requirements and can expand over different time spans depending on how the company manages each and every stage of the product.

Generally, during the introduction stage, the profits tend to be negative as costs on designing and manufacturing the products are higher while sales remain zero. Once the product has been launched in the market and customers begin buying, it proceeds to the growth stage where profit soars high due to high demand for the product. The company may stretch longer its growth stage by implementing different strategies. Later, as the market becomes stagnant and potential customer segment reduce, the product enters into the maturity stage where sales remain somewhat consistent. Like growth stage, companies may expand the maturity stage to ensure all the inventory is sold before the product declines. As the demand for the product begins falling due to market stagnation, product enters decline stage where a company may decide to end it or to take it to some other market. A synopsis of different characteristics of each stage in product lifecycle and the strategies that can be adopted by companies during these stages is given in Table 1. It is important to note that the elements of the marketing mix discussed above must be decided keeping in view the stage of lifecycle where product happens to be at a given point in time.

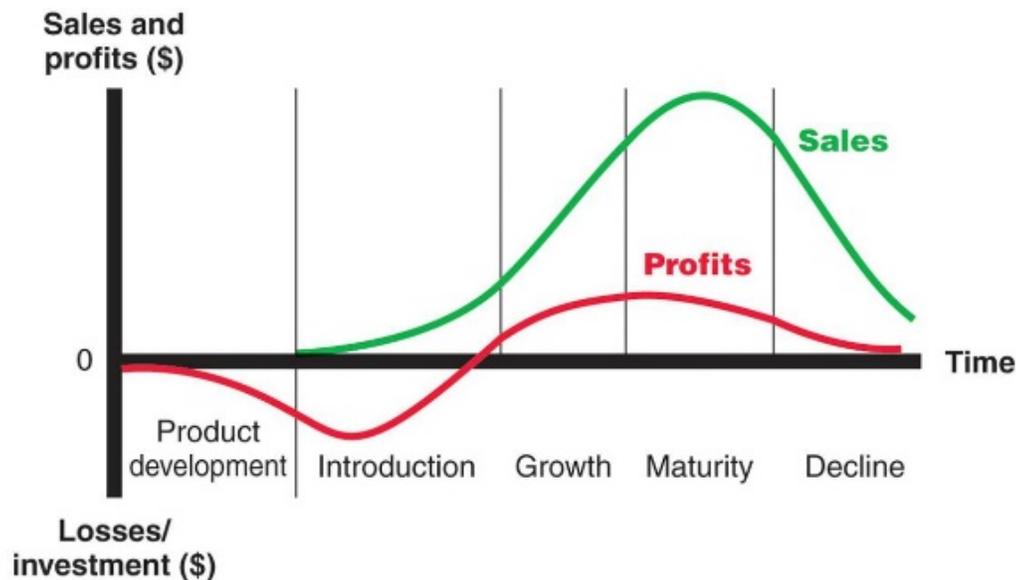


Figure 4: Stages in Product Lifecycle

	Introduction	Growth	Maturity	Decline
Characteristics				
Sales	Low sales	Rapidly rising sales	Peak sales	Declining sales
Costs	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
Profits	Negative	Rising profits	High profits	Declining profits
Customers	Innovators	Early adopters	Middle majority	Laggards
Competitors	Few	Growing number	Stable number beginning to decline	Declining number
Strategies				
Product	Offer a basic product	Offer product extensions, service, warranty	Diversify brand and models	Phase out weak items
Price	Use cost-plus	Price to penetrate market	Price to match or beat competitors	Cut price
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Go selective: phase out unprofitable outlets
Advertising	Build product awareness among early adopters and innovators	Build awareness and interest in the mass market	Stress brand differences and benefits	Reduce to level needed to retain most loyal customers
Sales Promotion	Use heavy sales promotion to entice trial	Reduce to take advantage of heavy consumer demand	Increase to encourage brand switching	Reduce to minimal level

Figure 5: Characteristics and Strategies of Stages in Product Lifecycle

2.2.3.2. Price

The pricing element of the marketing mix deals with the deciding the pricing strategy that the company must choose to price the value it offers to the customers. A price is the sum total of amount that is paid by a customer to purchase a product from the company. Of all the elements of marketing mix, price is the only element that brings the stream of revenue and profit for a company as all other elements imply costs. For this, the company can opt from different pricing strategies depending on the type of the product, level of standardization or customization and company's position in the industry and lifecycle stage of the product in question. Initially, the companies have to decide whether to charge a cost-based pricing where price is determined

by evaluating the fixed and variable costs involved and add a mark up to it to determine the price. Conversely, the companies may opt for value-based pricing where they first determine the value of the product in the eyes of the customers and then decide the price in accordance with the perceived value – the higher the value, the higher the price charged (Kotler & Armstrong, 2018). Moreover, companies may also decide the price of the product using different pricing strategies such as market penetration strategy, market skimming strategy, neutral pricing, competitive pricing, value added pricing (Kotler, et al., 2005). Each of these strategy has its own set of considerations and dynamics that must be considered before selecting a pricing strategy.

2.2.3.3. Promotion

The promotion element of the marketing mix helps a company devise strategies to introduce the value it offers to the customers. Promotion is all about letting the customers know about the value being offered by a company in the form of the given product and stimulate their buying action. Companies can adopt different promotion techniques such as sales promotion, advertising, direct selling, event sponsorship, social media marketing, interactive selling, public relations etc. (Kotler & Armstrong, 2018). Promotion strategy involves decisions about what message to convey to the customers, how to design and communicate it, what channels to use for this purpose and so on. Generally, all these decisions are made keeping in view the cognitive processes a customer goes through when exposed to such message and the subsequent stages of interest, desire and action. This helps the company create demand for the product by triggering customer's interest in the product.

2.2.3.4. Placement

Finally, it is important to make the product available to the customer at the right place. The placement element of the strategy deals with the decisions about the locations where the products should be available, the logistics to be used for transportation, storage areas for inventory, inventory management models to be adopted, buying a prominent shelf space from retailers, and so on. Generally, a company may choose from different distribution strategies that

include intensive distribution, selective distribution, exclusive distribution, and franchising (Kotler, et al., 2005). By choosing an appropriate placement strategy a company cannot only save costs, but also offer higher value to the customers.

2.3. Industry Analysis

Companies that offer substitutable products constitute an industry. The players within an industry serving the similar customer segments tend to be competitors. As a result, the competitive forces within the industry significantly shape the way a company chooses to compete. Hence, to launch a new product in the market, it is highly important to carry out an analysis of the forces that affect the industry in general, and the given company in specific.

Organizations are open systems as they not only get influenced by the environment they operate in, but also affect the environment in return. As a result, it is important to see how an organization and its marketing strategies get affected by the dynamics of key forces in its external environment. Generally, the external environment of a company is classified into two categories: macro-environment and a micro-environment. Although different frameworks have been proposed to analyze the forces in these environments that hold the potential to affect the strategic marketing choices made by companies, two of the most frequently used tools are being discussed below.

2.3.1. PESTEL Analysis

An acronym for political, economic, social, technological, ecological and legal environment, PESTEL analysis helps keep a track of the major forces in the external environment of the company that hold the potential to influence its marketing strategy (Gupta, 2013). These forces remain outside the immediate control of the company, and thus must be taken into consideration before taking any strategic decision.

Generally, the stability of the political environment is a pre-requisite for a business to continue its operations seamlessly. As a result, changes in the political environment hold the potential to affect the strategic choices of a company. This environment is important to consider because the government's actions and government policy that affect the industry and the companies operating therein. Secondly, in economic environment, it is important to consider that economic forces are key forces that influence the business operations and strategic choices. The prevailing taxation rates, inflation rate, gross domestic product, per capita income, disposable income and interest rates – all can affect the marketing strategy of a company. Thirdly, in the social environment, it is important to look for changing lifestyles, values, demographics, preferences, cultural trends to see how they can potentially affect the marketing decisions of a company. Fourthly, in technological environment, the pace of innovation within an industry and/or economy plays a significant role in determining how companies adapt their processes and strategies. Particularly, the disruptive technologies that render the existing technologies being used by a firm obsolete or ineffective. In addition to this, it is equally important to look for technological trends that shape the customer choices, connectivity and availability (Gupta, 2013). This is because the marketing strategy of a company has to be devised by keeping the technological and innovative realities in view.

The growing concern for climate, environment society, the ecological environment has become a key force driving the strategic choices being made by a company. As a result, today companies are taking sustainability and corporate social responsibility measures as a necessity

rather than a choice. In addition, there has been major shift in customer behavior as well where customers are becoming more sensitive to the social and environmental footprint of the products and services they consume. All these changing dynamics cast a deep effect on the way companies develop and implement their marketing strategies. Finally, the legal environment poses another potent force that has a direct effect on the strategic choices of a company. The legal framework prevailing in a country, the ease of doing business, general policy frameworks governing the conduct of business can deeply influence these choices (Gupta, 2013). As a result, it is highly important to take these into account when making a marketing strategy.

PESTEL analysis has been reported to be one of the most effective framework to analyze the macro-environment that hold the potential to affect the company operations and marketing strategies directly or indirectly. This is because it make the necessary information available to the decision makers at the right time so as to enable them to make informed decisions (Rastogi & Trivedi, 2016). Also, it can help companies to avoid the potential risks posed by the changing dynamics of these forces and enhance the feasibility and effectiveness of the strategy thus developed. However, this must not blind the decision makers from the weaknesses of the framework, as discussed below.

The PESTEL analysis must be used by the decision makers with caution as it is immune from serval weakness. A major drawback with the framework is that it fails to identify the interdependencies between these forces and how the simultaneous changes in several environment can cast synergistic effects (Rastogi & Trivedi, 2016). Another major limitation of the framework is that it attempts to create a picture of the external environment only, that too at macro-level. As a result, it fails to relate the change in these forces to the industry environment or the internal environment of a company (Gupta, 2013). As a result, it fails to provide a holistic picture of various forces operating at different levels that can potentially affect company's strategic choices (Singh, 2013). Nevertheless, the tool provides with valuable information about

the macro-environment that can be used as an input to the managerial decision making within the companies.

2.3.2. Porter's Five Forces Analysis

At industry level, it is important to identify the industry specific factors to create a more realistic picture of the competitive forces operating therein. When making decisions of strategic importance, one cannot merely rely on the information about the macro-environment forces. It is equally important to take industry-specific forces into account in this regard. Strategic management guru Michael Porter has identified four key forces that together determine the level of competitiveness prevailing within an industry (Omsa, et al., 2017). A brief description on these forces and how they interplay together to determine the level of competition within the industry is as follows.

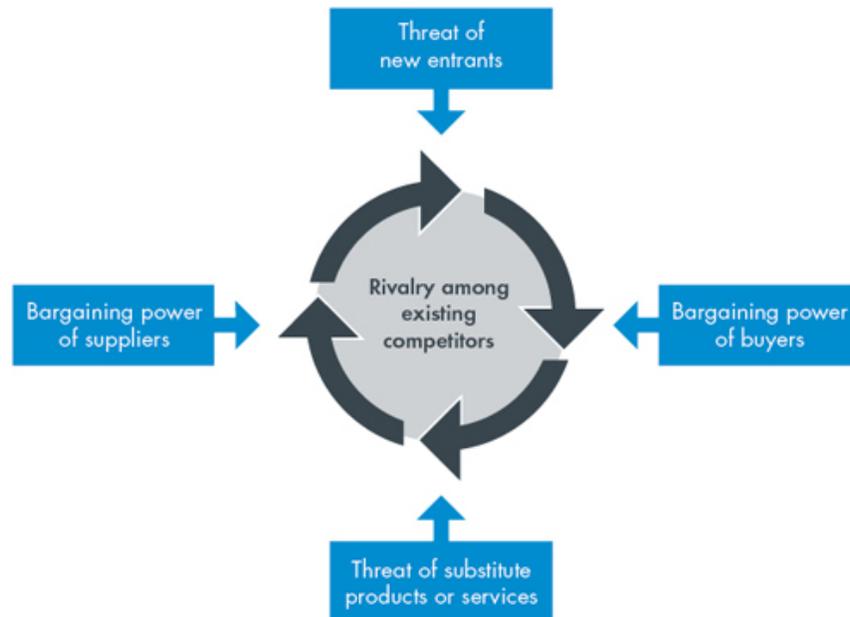


Figure 6: Porter's Five Forces Model

Bargaining Power of Buyers

The bargaining power of buyers tends to be high when the customers have a significant population, larger sizes of order, and when difference between the competitors within a country is low. In addition to this, price sensitivity, their ability to substitute, the switching costs involved in switching from one brand to another, and availability of information also determines their bargaining power. Industries where the bargaining power of customers is high, the companies are under higher pressure to take customer demands and preferences into account when designing products and marketing them (Omsa, et al., 2017). Also, higher bargaining power of buyers tends to accelerate the level of competition within the industry.

Bargaining Power of Suppliers

The bargaining power of suppliers depends on the number and size of the suppliers within an industry. The fewer the number of suppliers and the larger their size, the higher their bargaining power. Also, it depends on the level of uniqueness in supplies offered by a supplier. The capability of the focal company to substitute and the switching costs involved also shape their bargaining power. Generally, higher bargaining power of suppliers tends to accelerate the industry rivalry among the competitors.

Threat of Substitute Products

Many a times, an industry's product(s) can be substituted by products of other related industries that can satisfy the same need. This in turn affects the attractiveness of an industry. Generally, the industry is deemed to be attractive when the threat of substitute products is low. The magnitude of threat of substitute products is measured in terms of the number of substitutable products, the propensity of the buyer to adopt these substitute products, performance of the substitute product relative to the product in question, switching costs involved and the perceived level of product-differentiation. High threat of substitute products also accelerates the industry competition.

Threat of New Entry

The threat of new entry also shapes the competitive rivalry within an industry. This threat is gauged in terms of barriers to entry, level to which economies of scale can be exploited within an industry, brand loyalty of the customers, capital requirements for the entry, cumulative experience of the entrant, prevailing government policies, and the ease of access to distribution channels. When the threat of new entry into the industry is high, its competitive rivalry also tends to be high.

Competitive Rivalry

All the above discussed forces together shape the intensity of competition within an industry and determine its overall attractiveness. With high bargaining powers of the buyers and suppliers, low barriers to entry and high threat of new entry, and high threat of substitute products the competitive rivalry in an industry tends to be high. The competitors within the industry engage in cut-throat competition to secure and protect their market share.

2.3. SWOT analysis

SWOT analysis is a universal analytical technique, which can be used to evaluate internal and external factors that affect the success of the entity. The SWOT analysis is most often used as a situation analysis within strategic management. The name of this analysis comes from the initial letters of the English names of individual factors:

- Strengths = strengths, strengths of the subject
- Weaknesses = weaknesses, shortcomings of the subject
- Opportunities = opportunities, possibilities of the subject
- Threats = threats, risks of the subject

Due to the fact that SWOT analysis is universal and one of the most used techniques, it is widely applicable. It is primarily used to evaluate the entire organization, but today it is used to evaluate individual areas of organizations, products of organizations or even for personal evaluation at a job interview. (Kotler, etc., 2013)

The aim of the internal analysis is to evaluate the strengths and weaknesses of the company's internal marketing environment.

The strong point is “an advantageous feature of the company or its advantageous factor, which can be used to achieve an advantage over other companies operating in the same market.” (Cetlová, 2002, p. 18) - what makes a company good excels. These factors should be supported.

Weakness is "an unfavorable feature or factor of the company, which in relation to other companies operating in the same market reduces its competitiveness." (Cetlová, 2002, p. 18) The company should try to eliminate these negative features.

"It is necessary to realize that strengths and weaknesses are internal factors that affect the company, have an immediate impact on it and the company can influence them." (Blažková, 2007, p. 156) We analyze the organizational structure, product and its marketing mix, we compare with the competition, we find out the satisfaction of customers, employees, we examine relations with the general public, how we communicate, what is our image, financial situation and more. We evaluate these factors according to certain criteria that we set, and we can also assign them different values.

2.4. Foreign Expansion

With the growing trend of globalization, an increasing number of companies are expanding beyond their borders. With the shrinking world in terms of time and space, companies have come across new avenues of opportunities. Among these, foreign expansion has been one of the most viable one as different countries have different benefits to offer to a business. International expansion or globalization of operations entails expansion of a company's operations beyond its national borders (Kogut, 1999). Deng, et al. argue that expansion into foreign markets is highly dependent on the level of trade openness within a country (Deng, et al., 2017). Within this vein, Chen & Martin argue that the foreign expansion of a small firms is also influenced by the available domestic alternatives and prior foreign business involvement (Chen & Martin, 2001). A study on foreign expansion within Czech and Slovak Republics indicates that business relationships with local intermediaries played a significant role in facilitating the foreign market expansions in newly emerging markets (Vincze, 2004). However, the researchers agree that before expanding into foreign markets, the businesses must decide the type of expansion they intend to make. For this, one of the most widely used matrix is the Ansoff Matrix, as discussed below.

2.4.1. Ansoff Matrix

Also known as the product/market expansion grid, Ansoff matrix allows the companies to decide, plan and evaluate their strategies for growth. Introduced by and named after H. Igor Ansoff, the Ansoff Matrix help the decision makers to weigh growth opportunities and the risks associated with them. Primarily, the matrix identified for growth and expansions strategies on the basis of products and markets involved. These strategies tend to include the market penetration, product development, market development and diversification. An overview of each of these strategies is as follows.

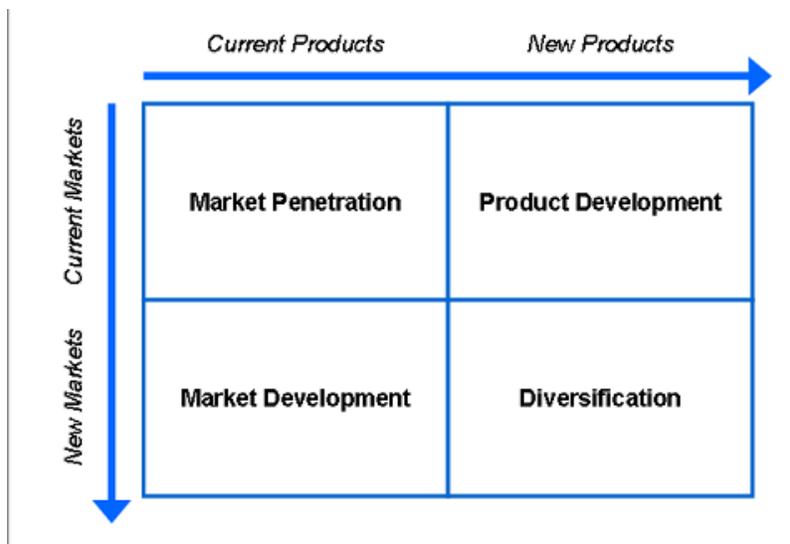


Figure 7: Growth and Expansion Strategies

Market Penetration

Firms that adopt market penetration strategy attempt to penetrate their existing markets with their existing products. This strategy is more suitable when the company aims to expand its market share in the current market. To do so, a company may opt to expand its market share by lowering the prices to increase the customer population, enhance its promotion and distribution efforts within existing markets, or by acquiring competitor (Hussain, et al., 2013). All these strategies would help the company to expand its market share by attracting new customers, or retaining the existing customers.

Product Development

Customer needs do not remain permanent over time. Rather they tend to change over time, creating pressure for the companies to develop their products according to their changing needs from time to time. Product development strategy suggests that a company develops a new product to serve the needs of the customers within its existing markets. Often, this requires the businesses to carry out extensive marketing research and enhance their business intelligence capabilities so as to 'sense' the changing needs of customers in a timely manner (Meldrum & McDonald, 1995). With product development, the companies strive to develop and expand its product range to cater to the needs of customers in the existing markets. To do so, a company should invest heavily in its research and development capabilities. Moreover, a company can also acquire competitor's product or foster partnership with them to pool the resources to design and develop a new product. Additionally, a company may also enter into strategic partnerships to serve this purpose and get access to a wider market.

Market Development

Firms that take their existing product to a new market tend to adhere to market development strategy. With this, a firm may choose to take its existing products to new geographies, customer segments, or regions. However, this strategy can serve well only when the given company has proprietary technology to be leveraged to enter the new markets or when the

product being taken to the new market has a high demand there, or when the consumer behavior in the new market is somewhat similar to that in the existing markets. As a result, a company may opt to grow itself by taking its existing products to new market. Often, companies also choose this strategy when their products enter into a decline stage in the existing market. Instead of wrapping it, the company may decide to take to the new market where it is initial stages of product lifecycle. The expansion into the new market may be domestic, regional or international.

Diversification

Finally, the diversification strategy suggests that firm should develop new products for new markets. This strategy remains highest in risk among all the growth strategies as it involves both, product development as well as market development. The diversification thus undertaken can either be related or unrelated. A related diversification occurs when business develops a product that is related to its existing product portfolio (Ansoff, 1957). This in turn can create synergies among the existing and new products that mitigate the risk associated to this strategy to some extent. However, sometimes company may choose to undergo unrelated diversification where it develops and introduces a new product into the market. However, this strategy remain higher in risk than the related diversification strategy as it does not provide potential synergies between the existing products and the new product.

2.5. Marketing Channels and Techniques

Communicating the value to the customers is the cornerstone of any marketing strategy. This is because promotion of the product is essential to inform the customer about the product, elaborates its features and stimulate demand for it among the customers. For this, marketing communication implies transmitting a message to the customer about the product in an effective manner. Effectiveness is the key here as merely delivery of the message to the customer is not enough, it is equally important to get it heard in a way that favors the marketer. In other words, such communication should position the product favorably in the minds of the customers. For this, marketers like Kotler often insist on first understanding the cognitive processes involved and then designing and then communicating the marketing message to the customer. Often, marketers use the AIDA (Attention, Interest, Desire, and Action) model to design and communicate marketing messages to the customer. In cases, where the product is an innovative one, marketers may choose innovating adoption model that suggests the cognitive processes to include awareness, interest, evaluation, trial and adoption. Sometimes, firms may opt Hierarchy of Effect Model that envisages the cognitive processes to include awareness, knowledge, liking, preference, conviction and purchase (Figure 8).

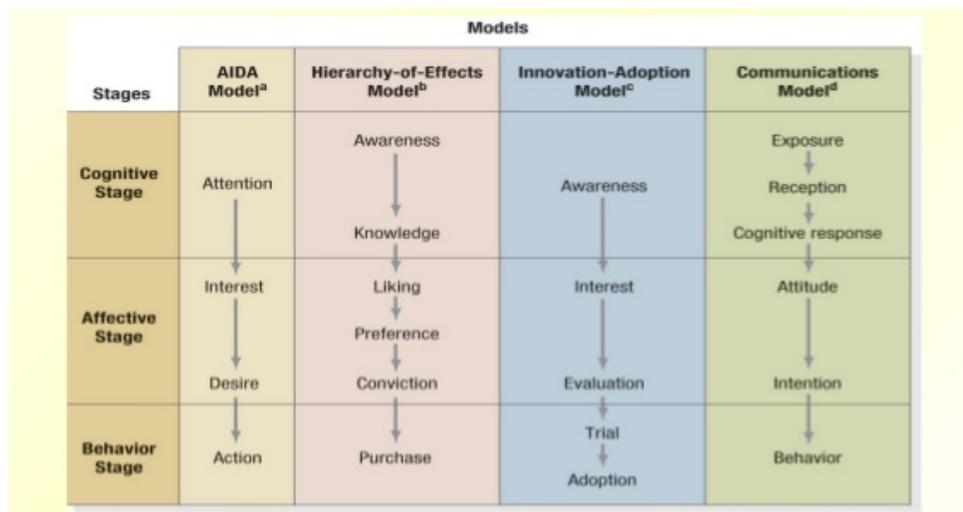


Figure 8: Micro-Models of Communication Processes (Kotler, et al., 2005)

Once the marketers develop and understanding of the cognitive processes involved in customer buying behavior, the next stage is to design the marketing message. The message has to be designed and communication in ways that do not create a cognitive dissonance within the minds of the customers. Rather, it must aim to position the product/brand favorably in the minds of the customers. In addition to this, it is equally important that all the communication, channels used must deliver a consistent message. For this it is important that businesses must carefully plan their marketing communication channels (Batra & Keller, 2016). In other words, they must adhere to integrated marketing communications that incorporate different communication channels, but deliver a unified and consistent message and build a uniform brand image among the customers exposed to each of these. Generally, marketers have to choose from ten different types of communication channels, as shown in Figure 9. Keeping the imperativeness of these channels in view, a brief overview of some of the frequently used channels and techniques is as follows.



Figure 9: Marketing Communications Mix

2.5.1. In-Store Marketing

At present, the companies actively chase the opportunities to interact with their customers in real world settings. As a result, popular emerging trend in marketing has been that of in-store marketing. The in-store marketing is the practices of promoting a product at the point of purchase by actively engaging in communication process with the customer (Fam, et al., 2011). Such promotions may include bundled offers, expert advice, product demonstrations, product samples, and special discounts. For this, the communication may be a unidirectional one as in the case of advertisements on shopping carts, aisles or shelves. Sometimes, the communication process may be bi-directional where marketers or trained company representatives actively engage in two-way communication with customer, inform them about the product and also collect their feedback. Similarly, sometimes companies make use of digital pop-screens or offer in-store entertainment to garner customer attention towards the intended marketing communication. With this, in-store marketing also allows the marketers to grab the attention of the customer at the point of sale, and gauge the dynamics of how they evaluate the product during the purchase process. While identifying the in-store factors that can play a role in this regard, Chandon, et al. have identified the number of store facings, shelf position, and pricing to be the key factors that facilitate in-store marketing (Chandon, et al., 2007). Such interaction with the customer in real-world, within the store setting allows the companies to communicate value to the customers in a more effective manner.

2.5.2. Social Media Marketing

The rise of social media in recent years have provided another opportunity to the businesses to connect and communicate with the customers. The prevalence of social media platforms and their penetration into the social life has transformed them into new marketing weapons. With increasing social media users, the companies are also ensuring their presence online to ensure they remain everywhere where their customers expect them to be. With the help of in-built data analytics tool, these social media platforms help the companies reach their

customers with higher level of precision. This is because social medial platforms like Facebook have such data profiles of users that help them better reach the target customers. In addition to this, social media marketing also allows the companies to keep a track of the progress, success, and engagement of ad campaigns. With the help of these platform, companies can get access to user generated data such as online comments, product reviews, and experience sharing which helps the companies to get better insight into customer behavior and adapt company products and services accordingly.

The opportunity lies in social media marketing for companies as social media users are on an unprecedented rise. At present, it has been estimated that nearly 45 percent of the total human population uses social media. Among these, nearly ninety percent of the users reach out to the brands and online retailers. Facebook, Twitter, Youtube and Snapchat remain top social media sites being used by the users. Figure one shows the major social media platforms being used by the users.

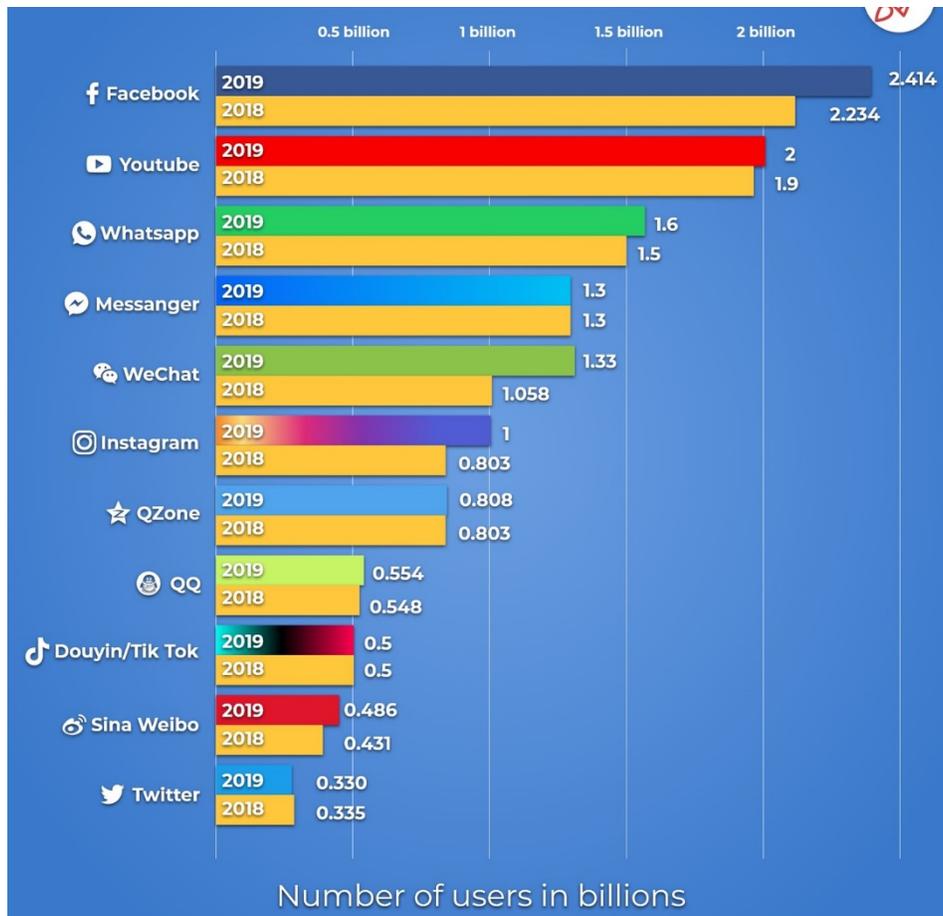


Figure 10: Number of Users on Popular Social Media Platforms (Boradband Search, 2020)

Two of the most important phenomena that deserve a special mention in this regard tend to include consumer's online brand-related activities and electronic word of mouth. Companies can get access to the customer's brand related activities such as the brands they search out for, time they spend on different brands' pages, type of information they search for and so on (Subramanian, 2018). By carefully analyzing these activities, marketers can configure customer expectations more precisely, and develop their products and services accordingly. In addition to this, the consumer-to-consumer interactions on social media platforms also need a careful monitoring and handling. This is because of the power that a customer's word of mouth about a product has (East, et al., 2007). Generally, customers tend to be highly attentive to, and

considerate of other customers' feedback about their experience with a brand. As a result, product reviews by customers is gradually becoming an important source of information within the consumer buying process. A positive word of mouth in turn can turn out to be highly opportunistic for a brand as it has more convincing power than the company's campaigns, especially when it comes from opinion leaders. However, a major challenge that marketers confront is the effect of negative word of mouth. Studies show that a negative word of mouth tends to be dissuading for customers with whom negative word of mouth has been shared that the extent to which a positive word of mouth can be persuasive (Kutay, 2013). Hence, while social media has offered a unique opportunity for marketers, it also poses a renewed set of challenges that must be carefully managed to avoid social media campaigns from backfiring.

2.5.3. Interactive Marketing

Earlier, marketing communication was predominantly a unidirectional one with minimum input from the customer. However, the advancement in technology and its penetration into human society has expanded the communication spectrum to include more interaction with the customers. Ideally, interactive marketing entails such marketing initiatives that have largely been stimulated by the customers' behaviors and preferences. As a result, this marks a significant transition from campaign-based marketing to interaction-based marketing. With this marketing technique, marketers establish one-to-one marketing practice where major focus is on the customer's preferences and choices and make practical effort to fulfill them. The interaction technique may range from visual storytelling and personalized content to two-way communication with the customer (Shankar & Malhotra, 2009). The ultimate goal of such marketing efforts is to engage the customers, identify their preferences, and strive to serve these preferences in a profitable manner. However, it is important that before pursuing interactive marketing efforts, it is important to gain access to the individualized customer intelligence. By doing so, the marketers would be in a better position to interact with the customer without creating any cognitive dissonance or discomfort for the customer. Handling interactive marketing

can be highly tricky, as it has been reported to be directly linked to customer satisfaction and customer perceptions about a brand (Dushyenthan, 2012).

Chapter 3

Analytical part

VIK Capital Group was established in 2016 in Olomouc, Czech Republic. The company was doing business across many different areas. Firstly, the company started to produce its first product VIK Ice cream. The ice cream was BIO quality product with marketing strategy based on data, that people in Czech Republic would like to buy ice cream of great quality. This product was success, unfortunately the company stopped producing it after two years due to high costs. After some time the real estate business was added to the main focus of the company and became one of the most important parts of the company's revenue. Real estate business was aimed to rent high end equipped apartments in Brno and Olomouc in the Czech republic. These apartments are mainly rented to foreign students and people who are coming to work to the Czech Republic. Later on, the company was partly focusing on trading products from China to Europe. (Vik Capital Group, 2020). RuchneeCzech was one of the products and from February to May 2020 main import products were face masks, respirators, protective gloves and antibacterial gels to medium and large companies. (RuchneeCzech, 2020) However the situation of the COVID-19 pandemic, made the company to be focused more on Europe trading afterwards, as the logistics were more and more restricted and collapsing, therefore the idea of importing new product from Bulgaria has started.

The product which was chosen to import from Bulgaria is Kiselo Mlyako. Bulgarian yogurt is mainly connected with good health and longevity. The main ingredient which makes it so special is bacteria *Lactobacillus Bulgaricus*. This bacteria is proved to be effective against diarrhea, beneficial to stimulate the immune system, prevent colon cancer and produce bioactive peptides that can control the blood pressure. Later studies discovered that Kiselo Mlyako in larger amounts should be recommended to prevent and cure Parkinson's disease. The bacteria

Lactobacillus Bulgaricus is producing D-lactate, which is enhancing survival of neurons defective in Parkinson's disease. (Petrova & Petrov, 2020)

As there are many companies in Bulgaria, which are producing Kiselo Mlyako, the process of choosing was based on personal opinion and knowledge. The company chosen for these purposes is company Harmonica. Harmonica was established in 2016 in Bulgaria, however it all started in 2006, when three friends - Maggie, Meto and Lyubo began cooperation with two organic cow farms in Bulgaria. They started to produce yoghurt, but later on they continued with more and more products. Quickly they realized, that the biggest problems of ecology of humanity are biodiversity, climate change and pollution. The agriculture and food production are at the beginning of it all. With the mission of changing this, they continued to cooperate with more local farmers and shops. These days, Harmonica is exporting in more than 20 countries all over the Europe, Middle East and Asia. (Harmonica, 2020)

3.1. Research Methodology

Research methodology provides a road map on how to carry out a research study. It is important to delineate it so as to ensure that the research efforts are steered in the right direction throughout the study. Keeping this in view, key highlights of research methodology adopted for this study are outlined below.

3.1.1. Research Design & Approach

Research design intended to be used for the study is a mixed one. The study will utilize both qualitative as well as quantitative data to suggest a viable marketing strategy for the launch of Kiselo Mljako in Czech Republic. In addition to this, research approach adopted would be exploratory research. This approach has been chosen keeping in view the purpose of the study that is to explore and suggest a marketing strategy for the launch of intended product.

3.1.2. Data Collection and Analysis

The data used to carry out the analysis and arrive at the suggested marketing strategy is secondary in nature. The study collates available data on the topic of interest from diverse set of sources to explore the prevailing context and identify the opportunities and risks involved in the marketing strategy. Primarily, the data has been collected from books, journal articles, newspaper, websites, government reports, and company reports. The content data gathered from these sources is then analyzed to identify and propose a suitable marketing strategy for the intended product launch.

3.1.3. Limitations of the Study

Like other research studies, this research study is not immune from certain limitations. It is therefore important that the findings of this study should be generalized cautiously. Keeping in view the time and budget constraints, the study relies on secondary data available on the topic of interest. Since such data is primarily collected to serve other purposes, it may not uniquely fulfill the need of the current study. Another associated limitation is that access to the private data was restricted due to privacy concerns or other reasons, limiting the data set to the publicly available data only. As a result, the findings of the study are based on the publicly available data. Finally, the findings of the study offer least generalizability as they have been suggested within context of the chosen organization only.



Figure 11: Harmonica's Kiselo Mlyako and other products (Harmonica, 2020)

3.2. General market and industry situation in the Czech Republic

The Czech Republic is a country located in Central Europe. The country shares borders with countries as Poland, Germany, Austria and Slovakia. Slovakia and the Czech Republic used to be Czechoslovakia in the past, therefore the relationships between these countries are very close. People are speaking very similar languages and a lot of people are working or studying in the other country. The Czech Republic is divided into three regions historically. These are Bohemia, Moravia and Silesia. The capital city is Prague and the population is more than 10.5 million people. The country is a member of the European Union since 2004 and a member of NATO since 1999. Because both countries Bulgaria and the Czech Republic are members of the EU and Schengen area, importing and exporting between those two countries is less complicated. (Czech Foreign Ministry, 2016)

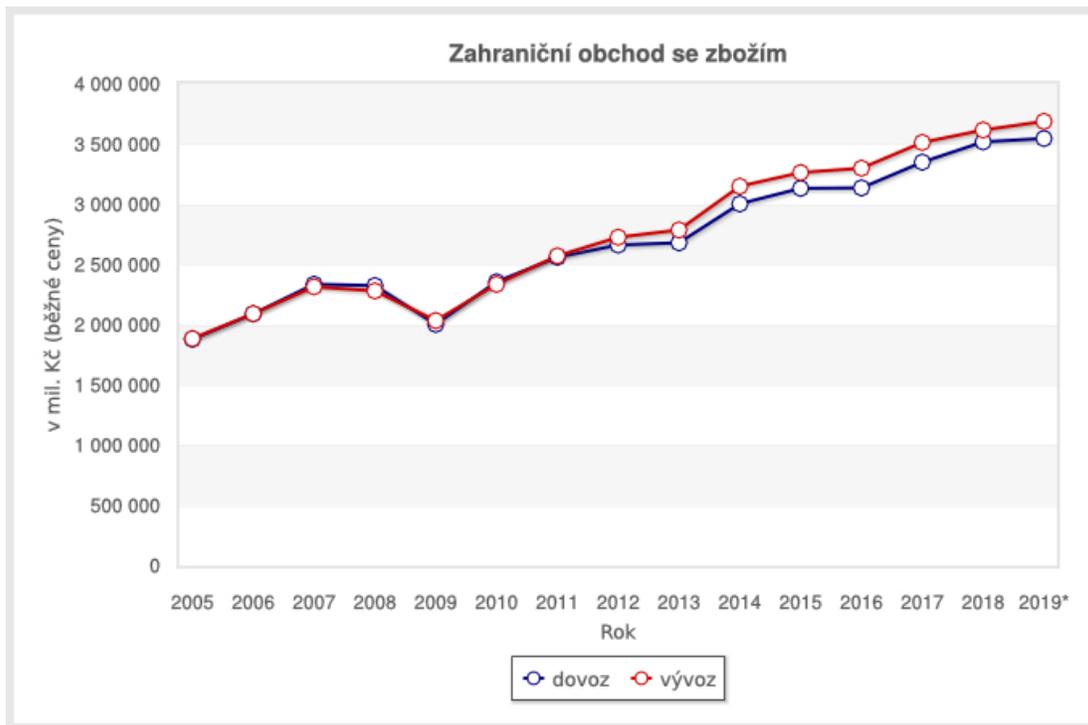


Figure 12: Foreign trade in goods (CSZU, 2020)

The Czech Republic is already importing a lot from Bulgaria. As shown on the graph, since 2015, the import amount in USD has grown. The country is actually growing constantly in both - export and import every year as shown in graph.

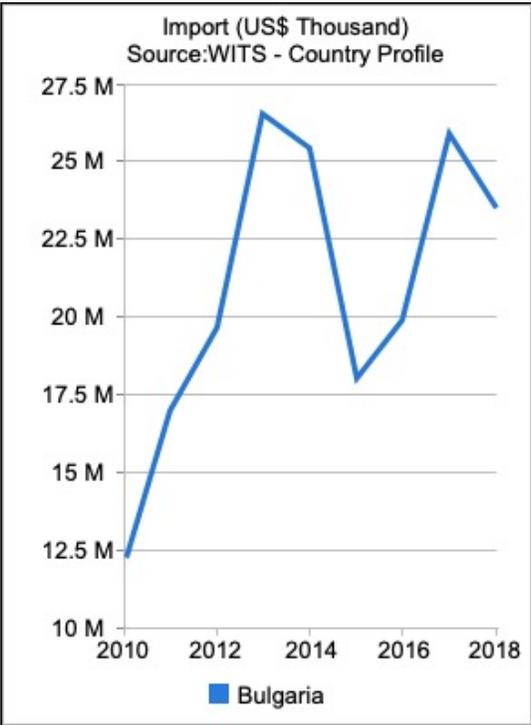


Figure 13: Import in USD from Bulgaria to the Czech Republic in years 2010-2018 ((WITS, 2020)

In the Czech Republic there are currently permanently living 12 279 Bulgarian. Bulgarian community is sixth biggest in number of permanently living foreigners. (CSZU, 2019)

Consumption of milk and milk products in the country is slowly increasing since year 2010 and peaking in 2015. Since then, it is again slowly decreasing in consumption per person. However, as shown in graph, the consumption is still sixth highest in 30 years in year 2018.

Graf 3 SPOTŘEBA MLÉKA A MLÉČNÝCH VÝROBKŮ
Consumption of milk and milk products

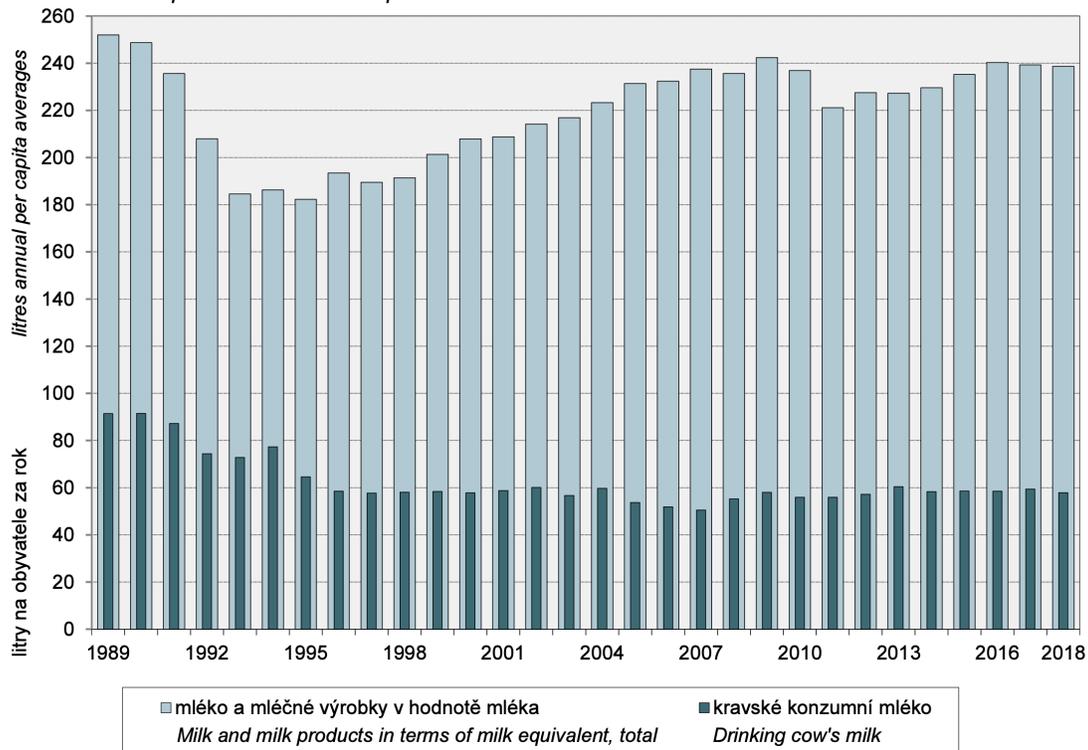


Figure 14: Consumption of milk and dairy products in the Czech Republic in years 1989-2018 (CSZU, 2020)

3.2.3. PESTEL analysis

To provide more detailed view on Czech market and industry situation, the PESTEL analysis was created. PESTEL analysis will be aimed to show political, economic, social, technological, ecological and legal environment.

Political

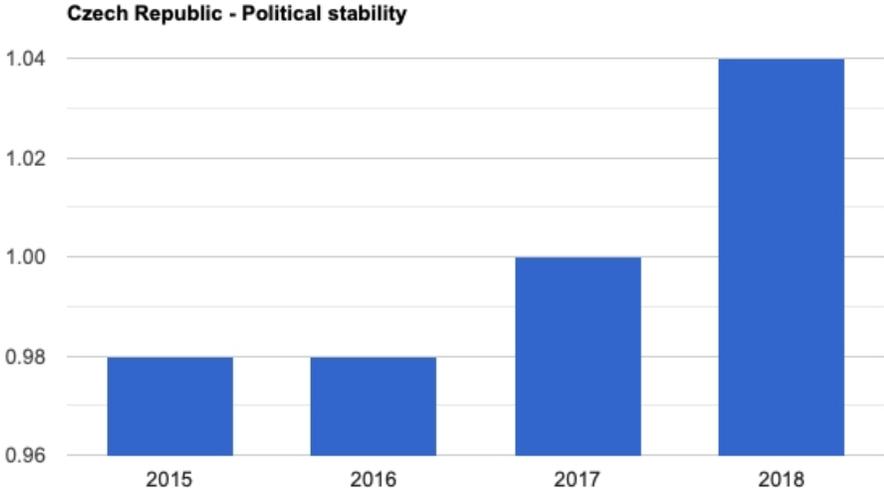
Political situation in the Czech Republic could be called stable. The country is parliamentary, democratic and pluralist republic. President of the country is Miloš Zeman since 2013 and the prime minister is Andrej Babiš since 2017. (vlada.cz, 2020) There were series of public protests against the government of Andrej Babiš in 2019 after he was accused of a fraudulent use of European Union subsidies. These charges were initially dropped, however this decision was overturned by the Czech Supreme State Attorney at the end of 2019. The president is pro-China oriented as well as the mayor of the capital city Prague. Some of their steps boosted investments in the country from China as well as tourists. (FreedomHouse, 2020)

According to the Global Economy, the country is ranked 23rd in global political stability ranking and 10th in European political stability ranking. With Bulgaria being on 71st place in global and 27th in European ranking, it is quite well combination for business trade opportunities. (theGlobalEconomy, 2019)

As we can see on the graph below, Czech political stability is getting stronger. Therefore, doing business in this political stable country is easier.

The country is part of the European Union, which means, that EU standards and norms are mostly conformed. Technical standards of some of the food products are adopted from EU as well. The Czech Republic is an open economy and does not have many barriers to trade and investment. (PrivacyShield.gov, 2020)

For the company VIK Capital Group this factor is one of the most important. Bulgaria and the Czech Republic are both in EU, therefore there are not many restrictions or barriers. Both of the countries had corruption problems in high politic places in past, however both of them are very stable and perspective for trading relationships.



Source: TheGlobalEconomy.com, The World Bank

Figure 15: Czech Republic Political stability (The World Bank, 2019)

Economic

Economy of the Czech Republic is growing thanks to strong domestic demand, growing tax revenues and exports. Jobs are created sustainably. The GDP continues to grow as well alongside with others. However, as IMF stated in the latest forecast in April the 14th this year, due to the COVID-19 pandemic situation, the GDP of the country is expected to fall to -6,5% this year and get back to 7.5% in 2021, when the global economy will be recovering. (IMF, 2020)

The economy of the Czech Republic remains to be in the top of the most developed countries in Central and Eastern Europe. However, it is vulnerable to external factors because of being dependent on exports and inflow of foreign direct investment. (Market Research Reports, 2017)

In year 2019 the Central Bank of the Czech Republic continued the expansionary policy by raising the policy interest rate to 2%. Czech government continued spending on health, pensions and disability benefits and the indicators stayed to be healthy. Actually the government gross debt fell to 31.6%, which is one of the lowest in EU. This should continue at least till year 2021 as IMF states. Moreover, the inflation rates are estimated to be lower in 2020 and 2021, from 2.9% to 2.1% in 2020 and by 0.1% in 2021. (Santander, 2020)

In 2019, the unemployment rate was expected to fall to 2%, but this will be affected by the COVID-19 situation. By expectations of IMF, the rate will increase to 7.5% this year and decrease again in 2021 as the post-pandemic situation will be probably stabilized. (Santander, 2020)

One of the main sectors in the Czech Republic is Agriculture. This accounts for 2% of GDP in 2019 and employs 2.8% labour force. The automotive industry is one of the main industries in the country as well as one of the main exports. Companies such as Škoda, Toyota and PSA are main parts of the industry. Lastly, services are accounting for the biggest part of the GDP, which

is 54.2% and employs almost 60% of the active population. The tourism is rising up every year, mainly in Prague area. (GlobalTrade.net, 2020)

The GDP will be rising up and other aspects are providing optimistic scenario for the company. However, the GDP is decreased because of the pandemic crisis. On the other hand the economy will be back to normal in few years and people will probably continue with their shopping habits of buying healthy food. Czech Koruna to Euro is stabilized and if it will not be, company can always sign a contract with fixed exchange rate so the differences will not be accounted.

Social

The Czech Republic has population of approximately 10.7 million. The proportion is 51% for women and 49% men. The average life expectancy is 79.5 years, which puts the country on 31st place ranked globally. (the World Bank, 2019) There were 5.3 million employed people in 2019. Social progress ranking of the country remain the same for last two years on 24th place globally. This ranking shows, that country is quite well developed. (Social Progress, 2020)

The most of the Czech people (4.77 millions) are in the age group 46 and more. The second is group of the age between 18 and 45 years old (3.93 millions) and the last group where people below the age of 18 are, accounts 2 millions people. (CZSO, 2020)

Czech people used to be quite conservative, however in the past years they are more open to the world trends. There are not many barriers for businesses, therefore it is not very complicated to start one. For Kiselo Mlyako it means, that people may be open to try the product and also like it, as the healthy food is beginning to be important to people nowadays. The greatest group of people is at the age of 46 and more, therefore, there is bigger chance, that these people will buy the product, as they used to buy it at the times, it was sold in the country.

Technological

The Czech Republic is historically one of the important countries in scientific area. Inventions and researches are made by cooperation between universities, Academy of Science and other, specialized centers. Czechs are also known for very important inventions such as contact lens, the Semtex plastic explosive, polarograph or separation of blood types. (Czech Hospital Placements, 2016)

The gas consumption is almost double the electric consumption. Most of the gas is imported from Russian company Gazprom through Ukraine. The rest is mostly imported by Norwegian companies. Electricity is produced with 30% by nuclear power.

For the company there are not many technological aspects, which could be accounted. On the other hand, the scientifically proven facts about the bacteria in the yoghurt could be beneficial.

Environmental

The company is going to import BIO product from company Harmonica, which is oriented and very focused on being ecological. The Czech Republic is ranked 20th in the Environmental Performance Index. This index is including performance in air pollution, climate change, pollution emissions, ecosystem services and many others. (EPI, 2020) The country itself is having many ecological projects. One of them is The New Green Savings Programme of the Ministry of the Environment. This program is focused on energy savings of the houses and buildings. The New Green Savings Programme supports constructions of low energy, environmental friendly and efficient used houses. The program is aimed to reduce the production of gas emissions. (Nová Zelená Úsporám, 2020)

Legal

The legal system of the Czech Republic is mostly in line with European Union system. Through the years it was going through process of harmonization with the legal system of European Union, therefore there are not many challenges for the VIK Capital Group purposes of importing

Kiselo Mlyako. Company should be aware of EET system, which started in 2016 as well as Czech legislations for dairy products. The legislations and restrictions for dairy products are very strict, however the company is focusing mainly on resell to supermarkets and internet food delivery stores, so these restrictions are mostly deferred to them.

Summary of PESTEL analysis

For better clarity of the analysis, brief summary is offered.

The political situation in the Czech Republic is perceived as stable as well as the situation in the Bulgaria. Throughout the years, there were some instabilities in both of the countries, however these are mostly overcome. Great benefit of importing or exporting between those two countries is the fact, that both of them are part of the European Union as well as Shenzhen area. Therefore doing business between them is almost free of obstacles.

In the question of economical situation, there are many unknown matters recently, as the COVID-19 situation is still not completely over. However according to predictions mentioned in the PESTEL analysis, the GDP of both countries is on rise and the situation should settle back to normal in few years. Because of fixed exchange currency between Bulgarian Lev and Euro, the possibility of fixing exchange currency rate between Czech Koruna and Euro in the contract is one of the best and very recommended options.

The Czech Republic is country with 10.7 million people and the biggest age group are people above 46 years. Kiselo Mlyako is healthy product and it is scientifically proven to be very beneficial for digestion, Parkinson's disease and many others. Most of these health problems are crucial for older generation, therefore it is expected to be group, which the company would be focused on.

Technological aspect of the analysis is mainly focused on the scientific proven facts around Kiselo Mlyako benefits. The company itself is not producing the product, therefore most of the aspects are taken care by the company Harmonica. The logistical challenges are caused by importing diary product, which has to be constantly in low temperature environment. As well as others, this would be taken care of by company Harmonica firstly, because the company is experienced in exporting their products across the European countries.

Environmentally the Czech Republic is advanced and many projects focused on environment problems are currently in process. Kiselo Mlyako of Harmonica company is produced in harmony with nature and environment. They are cooperating with local farms and carefully pick every one of them.

The final aspect is the legal. As mentioned above, both of the countries are members of the European Union, therefore most of the restrictions and laws of trade are in line with the European Union law. This offers easier and more clear view on the obstacles of this business opportunity.

3.2.4. Porter's Five Forces Analysis

To understand the competitors and potential threats across the suppliers, buyers or competition, the Porter's Five Forces Analysis was created. This should show the attractiveness of the industry as well as possibility to be threatened.

Bargaining Power of Buyers

Yoghurt industry in the Czech Republic is quite competitive and buyers can choose from a variety of products. This could mean, that the price of the product should have been low, however the bio yoghurts and farm yoghurts are relatively expensive. Kiselo Mlyako is also special because of the bacteria *Lactobacillus Bulgaricus*, which can be main reason to buy the product.

Bargaining Power of Suppliers

Suppliers power to bargain is not very high. Kiselo Mlyako is very popular product in Bulgaria and there are many companies, which are producing it as well as exporting it. However, there are not many suppliers which are able to deliver as well designed and quality product as Harmonica can. The power is discussable and it really depends on the buyers behavior and export ability of exporting and delivering quality product.

Threat of Substitute Products

Kiselo Mlyako is sold on the Czech market in small e-shops and shops. Anyways, it is not sold in bigger retail stores. Substitution for this product could be any bio yoghurt even normal yoghurt. This means, that there are variety of products which can substitute Kiselo Mlyako by Harmonica.

Threat of New Entry

Because of lack of restrictions to import product from Bulgaria, the threat of new entry is very high. Big companies which are already in food industry can easily start importing similar product or Bulgarian companies can start to import by themselves. Kiselo Mlyako is currently offered in some internet shops, but the price is high and there is almost no promotion.

Competitive Rivalry

Competition in the Czech Republic is currently almost negligible as only few internet shops are offering this product. Some of them are not even offering the yoghurt itself, but powder which is used with milk to create the yoghurt by yourself at home. Prices are set quite high and the marketing is created poorly.

The buyers can eventually buy any other BIO yoghurt, which is the biggest competition. There are a lot of competitors who sell yoghurts of BIO quality in the Czech Republic. The prices are set at the similar price range as would the Harmonica's yoghurt be.

As mentioned before, the competition is mostly small internet shops and substitutes. Table of the main potential competitors was created to point out who could be threat and would be substitution for Kiselo Mlyako.

Brand	Description	Price	Threat
Bulgarica	The company is creating the yoghurt in the Czech Republic and uses actual bacteria Lactobacillus Bulgaricus. The product is sold on e-shop.	<i>High</i>	<i>High</i>
Hollandia Selský jogurt	This brand is quite popular, yoghurt is ranked high and quality is good. The company is big and it is sold in supermarkets.	<i>Normal</i>	<i>Normal</i>
Olma Selský jogurt	Olma is popular company in the Czech Republic. Yoghurt is normal quality, but the price is low. It is sold in supermarkets.	<i>Low</i>	<i>Low</i>
Madeta jihočeský jogurt	This product is of normal quality again and low price. It is sold in supermarkets.	<i>Low</i>	<i>Low</i>
Jogurt Clever	This product is of normal quality again and low price. It is sold in supermarkets.	<i>Low</i>	<i>Low</i>
Activia Danone	This product is of normal quality again and low price. Activia made a lot of marketing activities in the past and present as well. It is sold in supermarkets.	<i>Low</i>	<i>Low</i>
Kunín Selský jogurt	Kunín products are popular and they are good quality. It is sold mainly in supermarkets.	<i>Low</i>	<i>Normal</i>
Jogurt z Valašska	Jogurt z Valašska are popular and higher quality, then other supermarket yoghurts.	<i>Low</i>	<i>Normal</i>
Local small producers and farmers	Yoghurts sold on farm markets are mostly very high quality and high price as well. Customers are looking for higher quality. These products do not have good marketing and are not sold in big quantities.	<i>High</i>	<i>Normal</i>

Figure 16: Competitors Table Summary (Created by author, 2020)

Summary

The bargaining power of buyers is mainly influenced whether they prefer yoghurt of BIO quality or not and whether there are more options of Kiselo Mlyako from various companies in the future.

Supplier of Kiselo Mlyako in Bulgaria has bargaining power, however, it is not critical. In Bulgaria, the competition across producers of the yoghurt is considerable. The main benefit of the one of Harmonica, is the design, quality and exquisite focus on environment.

In the threat of substitute products part of the analysis, it is mentioned the possibility of customers buying any other yoghurt. The threat is set on High level, because most of the people buy cheaper variants of the yoghurts. Mostly it is because of big companies, who are more cost effective and do not focus on quality, but quantity.

The market always adapts to demand and supply. If the product release is successful, there is considerable chance of new entrants. Since the competition is always a threat and bigger companies could add this product to their portfolio of dairy products, the threat is set to high.

Lastly, the competitive rivalry is set on high level as well. The competition in the dairy industry in the Czech Republic is quite large, therefore, the challenge is to try to be first one to offer product of such quality.

Porter's dimension	Threat
Bargaining Power of Buyers	<i>Normal</i>
Bargaining Power of Suppliers	<i>Normal</i>
Threat of Substitute Products	<i>High</i>
Threat of New Entry	<i>High</i>
Competitive Rivalry	<i>High</i>

Figure 17: Porter's Five Forces Analysis Summary (Created by author, 2020)

3.3. SWOT analysis

For better understanding of the possible threats or opportunities and to highlight strengths and weaknesses, SWOT analysis was created.

Strengths

VIK Capital Group is small company, however it is trading internationally successfully. To have such partner as Harmonica for importing Kiselo Mlyako, it would mean, that there is good possibility of successful start of business. Previous businesses of the company VIK Capital Group are including importing goods from China, Poland and Slovakia. The company had launched quite successfully product VIK Ice-cream in past which is BIO quality ice-cream with high quality ingredients. The company has been importing goods in larger amounts in past for some of its customers in the Czech Republic. The experiences gained in previous businesses can be used in importing new product - Kiselo Mlyako.

Weaknesses

Even though older generation does know Kiselo Mlyako, the younger mostly does not. Therefore marketing strategy should be aimed differently on this segment. This could mean, that the knowledge of health impact of this product should be propagated. Because VIK Capital Group is small company, it is not possible to make big investments in propagation. Company is also quite new to the dairy industry, so this can be another obstacle.

Opportunities

Harmonica is not producing only yoghurts but also many other products as cheese, oil, vinegar, coffee and many others. This could be great opportunity in the future to offer customers variety of products. As well as the Czech Republic, Slovakia could be other potential market to expand with this product, because these countries are very similar and share a lot of history. In the Czech Republic there are quite a lot of Bulgarians staying permanently or temporary. (Czech Statistical Office, 2019) Because of this, there will be most likely potential buyers at the start. Another great strength could be, that older generation already knows about Kiselo Mlyako, as it was quite popular during communism in the Czech republic. At last, Kiselo Mlyako is very healthy product and there are various studies across all the countries, proving it. Therefore, popularity of it should be increasing, as Czech people are seeking healthy and BIO products more and more often.

Threats

Possible threat could be unsuccessful marketing strategy or fact, that people do not like the product. Sample testing could be done firstly, to find out, if people would or would not like it. If people will like the product and it would be success, another bigger competitors could start to import the product. This would mean possible threat, because big companies have more experience and can do greater investments or lower the price.

Strengths	Weaknesses
<ul style="list-style-type: none"> • The company is experienced in international business trades • Harmonicas is quite strong brand globally • Both of the companies are focused on high quality products 	<ul style="list-style-type: none"> • Greater investments cannot be made • Relatively new to food industry • Marketing has to be started from beginning as the product is not very popular • Possibility of unsuccessful marketing
Opportunities	Threats
<ul style="list-style-type: none"> • Company can retail more Harmonicas' products later on • Expansion to Slovakia as well • Cooperation with more brands to offer more products • Older generations are already used to eat Kiselo Mlyako • There are a lot of Bulgarians in the Czech Republic • Popularity of healthy food is increasing 	<ul style="list-style-type: none"> • People will not want to try the product or will not like it • Competitors can start import Kiselo Mlyako as well • Younger people do not know Kiselo Mlyako • Customers are not satisfied with new product

Figure 18: SWOT analysis table (Created by author, 2020)

3.4. Proposals and marketing strategy

This chapter will be aimed on proposing goals, marketing strategy and possible solutions for import of the Kiselo Mlyako by VIK Capital Group.

Company VIK Capital Group is small company, therefore investments must be made. Most of the investments would be by the owner and other potential investors, who would become parts of the project. The company is oriented on quality services and products.

The product is very specific and unique in a way of benefits to health of people. Therefore, the marketing should be mainly focused on these specifications.

People are more often seeking after healthy products, without worrying about their health. Kiselo Mlyako is offering this and Harmonica's is offering also great quality for good price. The other aspect is visible quality and attractiveness of the product. Customers tend to buy product based on its design as well. Therefore the Harmonica's product was chosen, as the design of the yoghurt is attractive. Harmonica is proud on their products which are made from prime ingredients from local farmers.

Because the product is not the only important thing, the customers relationship with the company and brand itself must be active and built up. Customers will always appreciate the communication and effort to listen to them and learn from propositions.

Another important part of the company are employees. As well as customers, it is important to listen to them and let them share their ideas. Company should be always evolving as well as its customers and employees.

In this chapter firstly the goals will be introduced. Secondly, segmentation process will be pointed out, to separate individual segments for marketing strategy. The next part will focus on marketing mix, which is very important part of every marketing plan. As well as the marketing mix, the Porter's Generic strategy will be introduced and used to get better view on what strategy

use. Lastly simple financial budget will be created to propose the financial plan for starting the import from Bulgaria.

3.4.1. Goals of the company

As stated before, VIK Capital Group is focused on quality services and products mainly. Goals of the company are united with this vision. The product itself is in line with the goal of the company, as it is high quality product and the focus is mainly on clean design lines and precise choice of every aspect influencing quality of it.

First goal is to start successfully the import of the product and bond with at least one company for retail. Having first partner in the Czech Republic would mean constant flow of the money and possibility to expand in more companies or supermarkets.

Secondly, company would invest in more marketing, so the product could be better sold. Expansion should continue and the more investments should be found as well, so company does not struggle with cash flow.

In long term, the goal would be to offer variety products oriented on healthy, bio quality products, not only from Bulgaria. However, another long term goal is to expand to Slovakia, where the conditions are very similar and the market as well.

3.4.2. Segmentation

The market needs to be segmented into homogenous groups, which are characterized by their needs, age, financial potential and buying behavior. This process should offer the company to focus on the groups differently and use various strategies.

In this example there is need to segment the market based on these criteria:

Demographic Market Segmentation

1. Age
2. Income

Psychographic Market Segmentation

1. Values
2. Lifestyles

Behavioral Market Segmentation

1. Purchasing habits
2. Spending habits

Geographic Market Segmentation

1. Location (region)

Based on the data received from survey done in May-June 2020, graphs were made.

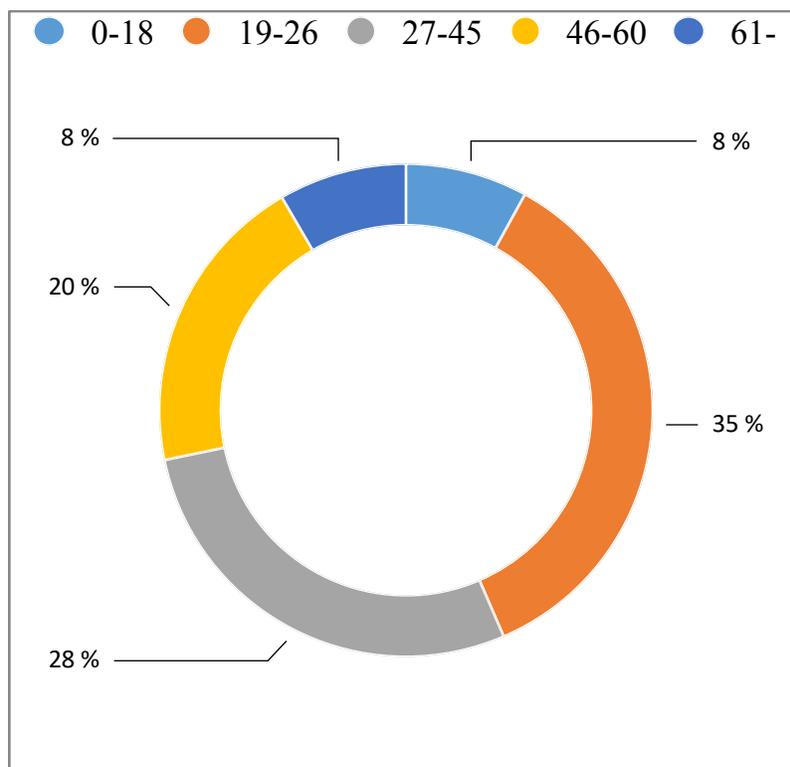


Figure 19: Data collected from survey - Age groups (Created by author, 2020)

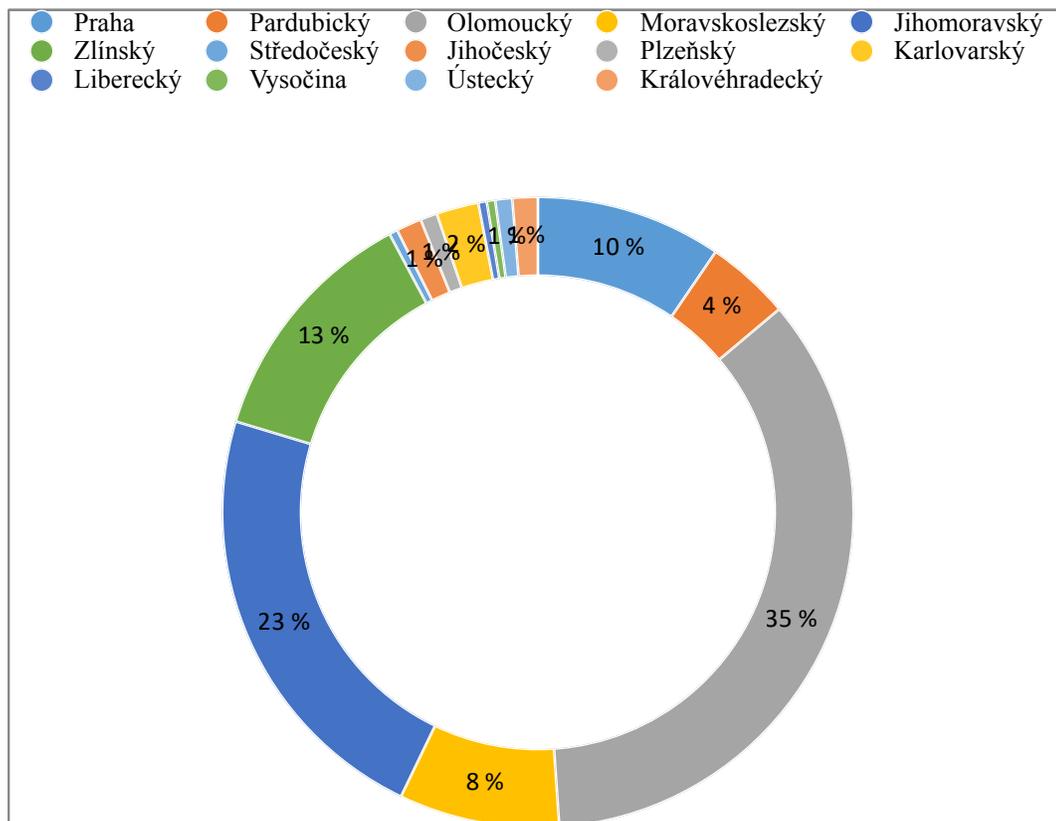


Figure 20: Data collected from survey - Location/Regions (Created by author, 2020)

Based on these data we separated the groups based on their age and region of living in the Czech Republic. Because of the easier possibility to obtain data from younger generation on Facebook, the data are filled up mainly by this age group.

In other part of the survey, people responded, that 193 out of 262 respondents are shopping online instead of shopping in supermarkets.

The company needs to know, if people are already shopping yoghurts and if they are actually interested in buying healthy products. In the survey it was found, that 251 respondents are buying yoghurts and also 243 people are considering whether to buy healthy product or not while shopping. Only 8 people responded, that they do not prefer healthy products.

In the last part of the survey, people were supposed to answer, if they already know product Kiselo Mlyako and if yes, they were asked, whether they like it or not. There were 118 people who know the product and 116 responded, that they do like Kiselo Mlyako.

Based on the collected data, it was found, that mainly older generation knows this product. This could be justified by the fact, that older generation used to buy this product when visited Bulgaria or when it was sold commonly in the Czech Republic.

Summary

Firstly, the segment of people of the age 46 and more is created. The focus is on addressing those, who are interested in healthy products, BIO quality products and their income and spending habits belong to the higher level - means they do spend more and their income is higher than majority of the people in the country.

Second segment is focused on the group of people who are under 27. This segment is focused on health, fitness lifestyle. They care about the food they eat as well as about the quality of it. It is mostly influenced by Instagram influencers and general focusing on the health last couple of years.

3.4.3. Marketing mix

To specify the product, price, place and promotion, the marketing mix was created. This tool is very popular in business and marketing plans and refers to four broad levels of marketing decision.

Product

As mentioned before, the product quality is main goal of the company. However, the process of the product preparation is covered by company Harmonica. Therefore, the product design, quality and packaging cannot be influenced a lot by company VIK Capital Group. In this case, the relationship between these two companies is major.

The product process which includes branding, services, returns, managing product through the life cycle and managing logistics of the product from the company's warehouse to the purchaser is mainly covered by the company VIK Capital Group. This is possible to be maintained with today's modern technologies, good management and professional staff.

The customers have to obtain the product in the best possible quality. Because the product is BIO quality and is focused on clean, ecological way of producing it, the customers have to be informed about this properly.

Price

Price is key factor for the company. It has to be competitive and the pricing policy should be chosen based on various factors. As there are only few competitors with this product, the price could be settled relatively high with good margin. However, possible competition of substitution products has to be taken into account. Therefore choosing price should be done carefully

The product is BIO quality, healthy and produced by local Bulgarian farmers. This variable is aiming the price in higher level yoghurts. People are not afraid to pay more for products with these characteristics. The main purchaser would be most likely online store Rohlík. This would mean, that price policy has to be settled with both Harmonica and Rohlík companies.

Place

Place is very important factor in every company's decisioning. Locations, where people can buy the product should be chosen carefully. Company would focus on addressing companies such as Rohlík, Sklizeno or other specialized shops on healthy products. These two companies were chosen based on personal experience and contacts, which were gained in past business with ice-cream.

Distribution of the product from Bulgaria would be taken care of by company Harmonica. In the Czech Republic, company has to make a contract with local logistics company firstly. Later on, possibility of own distribution should be discussed.

Main distribution challenge is to secure low temperature environment in the delivering vehicle. This could influence the price of the product, because the trucks with such conditions are much more expensive to obtain as well as the operation of it. The product has short expiration date because of the bacteria and as it is yoghurt. This problem is often overcome by adding conservatives to the product, however, the quality is lowered. Harmonica company is adding minimum quantity of the conservatives to get stable high quality product. However some of it still needs to be ensured, as the distribution from one country to other takes time. Kiselo Mlyako has to be offered to the customers with at least 7-14 days expiration date, this can be ensured with fast logistics management.

Promotion

As the product is not made by the company, nor sold to final customer, promotion is one of the major factors. Advertising of the product has to be balanced appropriately with the budget.

The message of the product is to eat healthy and to let people know, that on the market is product with scientifically proven benefits on the human.

Company will consider promoting the product not only online on social platforms as Facebook, Google or Instagram, but offline as well. As the older generation is used to this type of

promotion, the sample testing in shops, advertising in local places and sales advertising in shops papers can be maintained.

However, the company wants to spread general awareness across all of the age groups. Instagram is one of the main platforms nowadays and with connection to Facebook, it provides great opportunity to aim the promotion campaign on segments chosen by the company. Lastly, the Google and Seznam advertising offers aimed advertising as well, therefore it will be considered as one of the main promotion tools.

3.4.5. Proposal of marketing strategy

Throughout the first years, the company's most important goal is to get stable position on the market. Loyal customers will provide at least some stability to the company and because of that, their satisfaction must be fulfilled. The product is of high quality and that is what the company wants to advertise and to preserve.

The company should be focused on the retail supermarkets, whether offline or online. Because of the survey made, it was found, that younger generations prefer online shopping, therefore company Rohlík or Košík are main goal to establish business relationship with for this segment. Rohlík is more preferable, because of previous experience, as well as its popularity in the country. The company provides sections with specialized products, farm products and BIO quality products, which is suitable for Kiselo Mlyako. However, older generations prefer offline supermarkets, therefore the option of establish connection with company as Sklizeno is considerably important to satisfy this segment. Sklizeno is popular in the country for its offer of various farm, BIO and high quality products. Their shops are across whole country in most of the bigger cities. Company can use some of offline marketing in stores. Sample testing and leaflets with information about benefits of the product are highly recommended.

As the process of marketing strategy is long-term, goals should be settled in short terms. Because of the unique characteristics of the Kiselo Mlyako product, it is recommended to use it as an

advantage. Both of the segments mentioned in this thesis can be addressed by this advantages of the yoghurt.

Internet is one of the most effective options to aim the advertising campaign on potential customers. Facebook, Instagram and Google are the main platforms used worldwide, however, the Czech Republic is quite special at this, because Czech platform Seznam belongs to the top used platforms as well. Social media as Facebook and Instagram are recommended to use because of their popularity and relatively low cost. Because Instagram is part of the Facebook company, it is even more user friendly and company can operate the campaigns and advertising through one system. It is recommended to cooperate with influencers as well, to spread awareness of the Kiselo Mlyako among people on social media. Google and Seznam are both search engines which offer companies to advertise through them, as well as appearing on customer's searches, to invite him to the webpage.

The webpage of the product should be mostly informative and offer customers and visitors informations about the product, process of production and benefits of eating it. Design of the webpage is major, as well as simplicity to orient.

3.4.5. Estimated costs of marketing strategy

Costs of the proposed marketing strategy are mostly related to the advertisement, spreading awareness of the product and capital for the purchases of the goods. This will be separated in three cost related parts.

Firstly, the initial capital needs to be increased. The costs of first purchases are high for such a small company as VIK Capital Group is, therefore, potential investors will be included in the company, to maintain easier distribution of money for important processes. This capital will be determined after more consultations with the supplier and purchasers, because the amount needs to be more precise.

Second part are offline advertising processes. This includes in-store leaflets and sample testings. For the samplings the cost is variable and depends on how many stores will have this option. Estimated cost is 5 800 CZK per one store. This is calculated on the assumption of paying 100 CZK per hour, 8 hours a day for one week to a part time job employee. The rest are costs of the product used on the samples. The cost of the leaflets is again variable and depends on how many stores would offer this option. Approximately the cost would be 1 000 CZK per one store. Because the leaflets need to be designed, the cost of 4 000 CZK needs to be included as well.

Lastly, the cost of online advertising, which is the major for the company. The estimated cost related to creating webpage is 100 000 CZK. This includes services related to the creation of it such as graphics, analysis, multiple languages, access to analytics of the Google and connection with social media. Costs of social media and search engines are approximately 70 000 CZK per year, however first three months are recommended to be increased in the intensity and investment as well.

As mentioned before, major focus would be on the social media and search engines, because of its relatively low cost and higher effectiveness. It is recommended to cooperate with influencers, but it is not necessary. However, if the company would include this option in the marketing

strategy, the estimated cost of such marketing is 50 000 CZK. This would provide promotion by few posts on Instagram or an article on popular page on Facebook. This form of promotion is highly recommended in the beginning of releasing new product on the market.

Channel	Estimated cost
Offline advertising	
Samplings	5 800 CZK/store
Leaflets	1 000 CZK/store
Design of leaflets	4 000 CZK - one time
Online advertising	
Webpage	100 000 CZK - one time
Social media	40 000 CZK/year
Search engines	30 000 CZK/year
Influencers	50 000 CZK - one time

Figure 21: Table of estimated costs (Created by author; 2020)

Chapter 5

Conclusion

The work has elaborated on the topic of importing yoghurt product from Bulgaria to the Czech Republic by company VIK Capital Group. The company wanted to find out, whether the idea of importing Kiselo Mlyako is profitable and possible to handle or not. Therefore, proposal of strategic plan was created.

This diploma thesis was divided into four chapters. In the first chapter, the thesis was introduced and goal of it was settled.

In the second chapter the theoretical foundations were described. The chapter described marketing, marketing strategies individually, industry analysis as well as SWOT analysis. Moreover, the analysis of Porter's five forces and PESTEL analysis were described in this part of the thesis.

Third chapter was dedicated to analysis mainly. Firstly, the research methodology, data collection and limitations of the study were described. After that, analysis of the general market and industry was created. At this part of the thesis, the PESTEL and Porter's analysis were created in order to better understand macroeconomic factors. As mentioned, the political situation is stable, moreover it is ranked relatively high in the world ranking. The GDP of the Czech Republic is getting higher every year, however since the COVID-19 pandemic crisis major fall is recorded. This crisis has great impact on trading situation across the whole world, anyway, the situation should be getting better. In ecological factor, it was pointed out great awareness of the problem and actual focus of both companies on it. Because of the European Union membership of both of the countries, there are not many restrictions whether in law, or borders.

In Porter's analysis, the threat of substitute products was ranked as the highest one, as the dairy market is very competitive. The product is different from others, therefore, the competitiveness is relatively high. As mentioned, possible threat of new entry is important factor to be taken in account. Because of great power of the dairy oriented giants, this threat is major. The product is specific by its design and high quality oriented on the chosen ingredients and farmers in the area in Bulgaria, which could be competitive advantage of the company.

In the chapter, the SWOT analysis was created to point out company's strengths, weaknesses, opportunities and threats. Because of previous businesses of the company VIK Capital Group, experiences were gained in the marketing as well as in the dairy industry. Another strength of the company is, that the focus on the high quality of the products and services by this company is incredibly high. The Harmonica company is focused on the high quality as well, therefore the relationship of these companies could be potentially successful. However, the company lacks of capital as well as experts. This could be great weakness of the company and in combination with the other threats mentioned in the analysis, the business could be fatal.

The thesis is proposing marketing strategy and describing the process throughout the release of the product in the Czech Republic's market. Firstly the goals of the company were pointed out and mentioned how the goals of the company are in line with the product. Secondly, segmentation was created to find out on who the company should be focused mainly. Because of the survey created, the company has better view on the segments which could be very beneficial in the aimed advertising on social media.

As mentioned, marketing is main part of the company as well as of the thesis. The marketing mix was created to get more detailed view on product, price, place and promotion. Main problem for the import and the distribution of the dairy product is expiration. The solution is adding conservative to the product and great logistics management. The promotion is well described and solutions for it are recommended by author and described more detailed in the proposal of the marketing strategy.

Marketing strategy recommended by the author is to focus on two segments mentioned in the thesis. These two segments are very different and the marketing and advertising tools effective to them vary. However, it is mentioned how to focus differently on them in the thesis. Thanks to the low cost and great effectiveness of the social media and search engines, advertising on Instagram, Facebook, Google or Seznam is relatively cheap and beneficial for the company. This should have good impact on sales of the product in relation of the segment, where younger generation is included. Because the older generation is more focused on the offline marketing, in-store propagation and contact with them in the real world, the second segment was created separately. The solution is mentioned to be sample tastings and leaflets in the stores, where the product would be sold. This should be effective and it is recommended to be used by the company.

Because the main goal of the thesis was to find out whether the product is suitable for the Czech market and whether it would be successful and optimal for such market, the author came to conclusion, that releasing Kiselo Mlyako would be very challenging, however successful and suitable for the market.

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