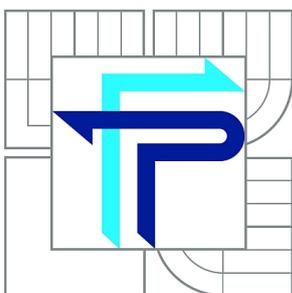


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BRNO UNIVERSITY OF TECHNOLOGY



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ÚSTAV EKONOMIKY

FACULTY OF BUSINESS AND MANAGEMENT
INSTITUTE OF ECONOMICS

MARKETING STRATEGY OF BIOLIGHT FOR THE CZECH MARKET

MARKETINGOVÁ STRATEGIE FIRMY BIOLIGHT PRO ČESKÝ TRH

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MASTER'S THESIS

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Theoretical basis of the work
Problem Analysis and current situation
Proposals and contribution of suggested solutions
Conclusions
References
Appendices

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ABSTRACT

This master's thesis is focused on developing a marketing strategy for BIOlight company, which resells light therapy devices. The company is planning to penetrate the Czech market and needs a sufficient marketing strategy. This thesis offers such a strategy, which was made according to the analysis of Slovak-Czech market similarities.

ABSTRAKT

Táto diplomová práca je zameraná na vytvorenie marketingovej stratégie pre firmu BIOlight, ktorá sa zaoberá predajom biolámp. Firma plánuje vstup na Český trh a potrebuje vyhovujúcu marketingovú stratégiu. Moja diplomová práca ponúka takúto stratégiu, ktorá bola vytvorená na základe analýzy podobností Slovenského a Českého trhu.

KEYWORDS

marketing strategy, segmentation, positioning, questionnaire, marketing mix, marketing

KLÚČOVÉ SLOVÁ

marketingová stratégia, segmentácia, pozicovanie, dotazník, marketingový mix, marketing

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podpis / signature

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1 EXECUTIVE SUMMARY

BIOLight is my own company, which successfully resells the light therapy devices in the Slovak market. The company is planning to penetrate the Czech market, therefore it needs a sufficient marketing strategy for the new target market. Thus, the main purpose of this master's thesis is to answer this query:

How a sufficient marketing strategy of BIOLight company for the new target market in the Czech republic should look like?

The first part of this thesis analyses the theoretical background of creating a marketing strategy. It refers to the position of a marketing strategy among other strategies and its unique features. The base framework for creating a marketing strategy is chosen and this part also explains step-by-step process of its development. After the process of selection and positioning, the thesis provides the theory about marketing mix with the focus on the fourth "P" - promotion factor of marketing mix.

The second part of this master's thesis is focused on the analysis of the current situation. It analyses the micro and macro environment of the company and provides useful information for the company's management about the entire environment.

The third part of this paper is mostly focused on my own proposals for the company. I suggest the process of selection and positioning and provide the analysis of Slovak and Czech market. For these purposes I used the data from the company, which was collected before entering the Slovak market. I decided to perform the same survey in the Czech market environment to find out similarities between these two markets. These data are then used in the process of segmenting the market and developing particular marketing mix. In this part of the paper I also evaluate the marketing strategy economically. I estimate the revenues in the new market and compare them with the costs for particular marketing campaign.

The last part of this thesis summarises the content and offers another proposals and suggestions for the company's management.

2 LITERATURE REVIEW

This part of the thesis analyses the theoretical background of the marketing strategy development process. The framework explains how the marketing strategy should look like and how to create the marketing strategy that will be sufficient for BIOLight in the target market in the Czech Republic.

2.1 *Strategy*

The first part of the theoretical background is focused on strategy itself. This part defines strategy and it also focuses on the hierarchy of strategies.

2.1.1 **Definition**

According to A. Chandler, who came up with one of the oldest definitions of strategy, strategy is a group of goals, ways of achieving those goals and resources needed for that. Authors like J.B. Quinn (1980) and William.F. Glueck (1980) see strategy as a homogenous and integrated plan that needs to be created to achieve company's goals.

On the other hand, there is a different approach in terms of strategy definition. H. Mintzberg (1978) identified strategy as a template (pattern) in the flood of decisions and actions which is represented in his 5P model:

- **Plan**
- **Ploy**
- **Pattern**
- **Position**
- **Perspective**

Mintzberg's strategy as a plan are instructions, how to behave in certain situations, which is designed consciously and for a specific purpose. Ploy is a part of the plan. It is a trick, which company is willing to use to confuse competitors without releasing its real goals and

interests. Pattern represents some repetition in the company's behaviour, which could be seen in company's activities. Position is a location of the company in the environment.

In other words, it is the company's market position. Author explained strategy as a perspective as an idea and culture that was accepted by the whole company and focuses the whole company on the future.

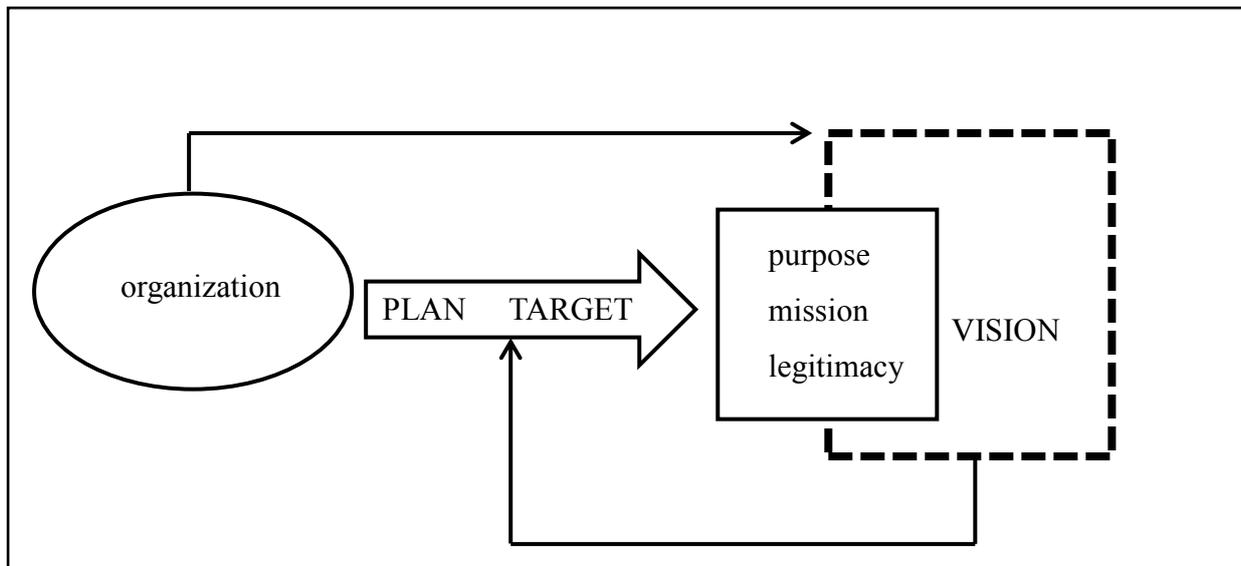


Image 1 - Strategy and vision, source: (ZICH, 2010)

2.1.2 Strategy variations

The common thing in all definitions are goals, which company is willing to achieve and the ways, how to achieve them. According to Zich (2010) it is necessary to take into consideration that strategies made for different purposes can vary in the following characteristics:

- **Time horizont:** long/short
- **Sources of information:** internat/external
- **Incidence:** small/huge
- **Posibility of correction:** small/huge
- **Information details:** detailed/less detailed
- **Level of certainty:** small/huge
- **Sources**
- **Decision importance**

Those different characteristics are also caused by different character of goals that company is willing to achieve. It is not possible to create a standardised formula of creating strategy, but it is necessary to adjust it to unique condition for each and every company, market or environment.

2.1.3 Hierarchy of strategies

According to Digman (1990) strategy is developed at various places throughout the whole organisation. Therefore it is necessary to provide the hierarchy of strategies to better understand the position of the marketing strategy, which will further be described in this paper.

2.1.3.1 Enterprise strategy

This level of strategy is considered as the highest, because it focuses on how the company places itself in the environment. Bowman (in Moss, Vercic & Warnaby 2000:39-40) also uses the term institutional strategy for this level. It does not have to be formally stated in the company, but it influences the relationship between company and its environment.

The opposite situation is visible in non-profit organisations, which have to develop this type of strategy, because it is a legal requirement. For this type of strategy is typical fulfilling non-financial goals (e.g company image, environmental behaviour) and according to Steyn & Puth (2000) also orientation for stakeholders.

2.1.3.2 Corporate strategy

According to Digman (1990) this level of strategies are usually financially orientated with focus on economic or technological aspects. Corporate strategy contains the decisions about merges or acquisitions, joint ventures and providing continuous growth of the company.

2.1.3.3 Business-unit strategy

Business-unit strategy is then according to Pearce & Robinson (1997) focused on a single product or a group of products. This strategy is typical for the responsibility of the

manager of particular business unit to transform corporate strategy goals into business unit environment.

2.1.3.4 Functional strategy

According to Harrison & St John (1998) functional strategy contains important decisions, which have to be done in specific functional areas. Each of these functions gives a contribution to the aggregative strategy formulation. These include marketing, human resources, information systems, research and development, etc. strategies.

Pearce and Robinson (1997) claim that functional strategy should support the above mentioned strategies – **business-unit strategy, corporate strategy and enterprise strategy**.

2.1.3.5 Operational strategy

Operational strategy is considered as the lowest level strategy, in which strategies are converted into actions. These level strategies are needed for the company to manage operational units efficiently.

2.2 *Marketing*

The next part of the theoretical background is focused on marketing and its definition. There is also a short preview of marketing history in the last part of the chapter.

2.2.1 **Definition**

One of the most common marketing definitions is the one from American Marketing Association. It describes marketing as a method how to take product to the *right customer*, at the *right time*, for the *right price*, at the *right place* thanks to the correct marketing tools.

There are two main goals in terms of marketing:

- To secure the conditions, when the certain product satisfies the needs of particular customer.

- To secure the conditions, when the company takes advantages over its competitors.

There are many other definitions of marketing. Some of them are more specific, some of them less. One of the shortest definitions is the definition by Burgess, who claims that marketing is the process that is used by the company to profitably transfer customer's needs into revenue. (41)

In general marketing is a tool, which allows creative implementation of ideas, satisfaction of customer's needs, minimization of risks and securing prosperity of the company.

2.2.2 History

Adcock, Al Halborg and Ross (2001) divided marketing history into separate periods according to main orientation into: *production, product, selling, marketing* and *holistic marketing*.

2.2.2.1 Production orientation

Authors defined this period of marketing as a production orientation and they surrounded it by 1950s. Until this time the companies tend to produce as much as they could, which was supported by high demand for a product or services on the market.

2.2.2.2 Product orientation

This period of marketing orientation is by Adcock, Al Halborg and Ross (2001) surrounded by 1960s, when companies focused on the product itself. They oriented on the quality of the product and assumed that as long as they produced higher standard products, customers would bought them.

2.2.2.3 Selling orientation

The company that is using selling orientation focuses on the sales, not on customers needs. Authors claim that companies using this orientation use to promote existing product to

ensure the highest sales possible. This model of orientation was typical for 1950s and 1960s in Western Europe.

2.2.2.4 Marketing orientation

Authors identified this orientation as the most common one, which is widely used from 1970s till nowadays. It is focused on the customer's needs and companies using this orientation try to suit new tastes of the customers. Those products are then promoted to ensure people will get known this product and possibly buy it. This orientation will be further used in this paper.

2.2.2.5 Holistic marketing orientation

Kotler et. al (2009) identified this type of marketing orientation as an approach that tries to identify complexities of marketing activities. This type of marketing orientation is typical for the 21st century and generally we can say that according to holistic approach, everything matters in marketing.

2.3 Marketing strategy

This part of the theoretical background merges two last chapters about strategy and marketing. It is focused on marketing strategy and its definition, formulation, implementation and development.

2.3.1 Definition

Marketing strategy, as a subset of strategies, is defined as an analysis of the target market with the development of marketing mix to ensure the fulfilment of the target market needs. This definition was founded by collective of Ferrell, Hartline, & Lucas (2002). We can also say that marketing strategy is a plan for placing right products, to the right market and right customers at the right time.

Marketing strategy is usually developed as a selection of appropriate strategy from all possible options.

2.3.2 Marketing strategy formulation

Market strategy formulation is typical for exploring the impact of various factors on the marketing strategy. Mintzberg (1994) claims that this area mostly focuses on what should be done in terms of marketing strategy.

Armstrong (1982) then assumes that there are two important factors in the process of creating marketing strategy. The first factor is that marketing strategy should be complex with all important information and the second one is that it should be flexible – ready for possible changes.

Many authors like Mintzberg (1981) or Steiner (1979) identified the crucial importance of information in the process of developing strategy. Simultaneously Grant (1991) claims that strategies should not only encompass the information about possible options but also information about strengths, weaknesses and opportunities.

2.3.3 Marketing strategy implementation

This part of marketing strategy research focuses on the implementation of desired marketing strategy in the company. Noble & Mokwa (1999) claim that this stage of marketing strategy research is more about implication of implemented marketing strategy on the financial performance of the company.

2.3.4 Development of marketing strategy

For the purposes of this paper I use Dolan's (1997) framework for marketing strategy development, which can be seen in the picture below

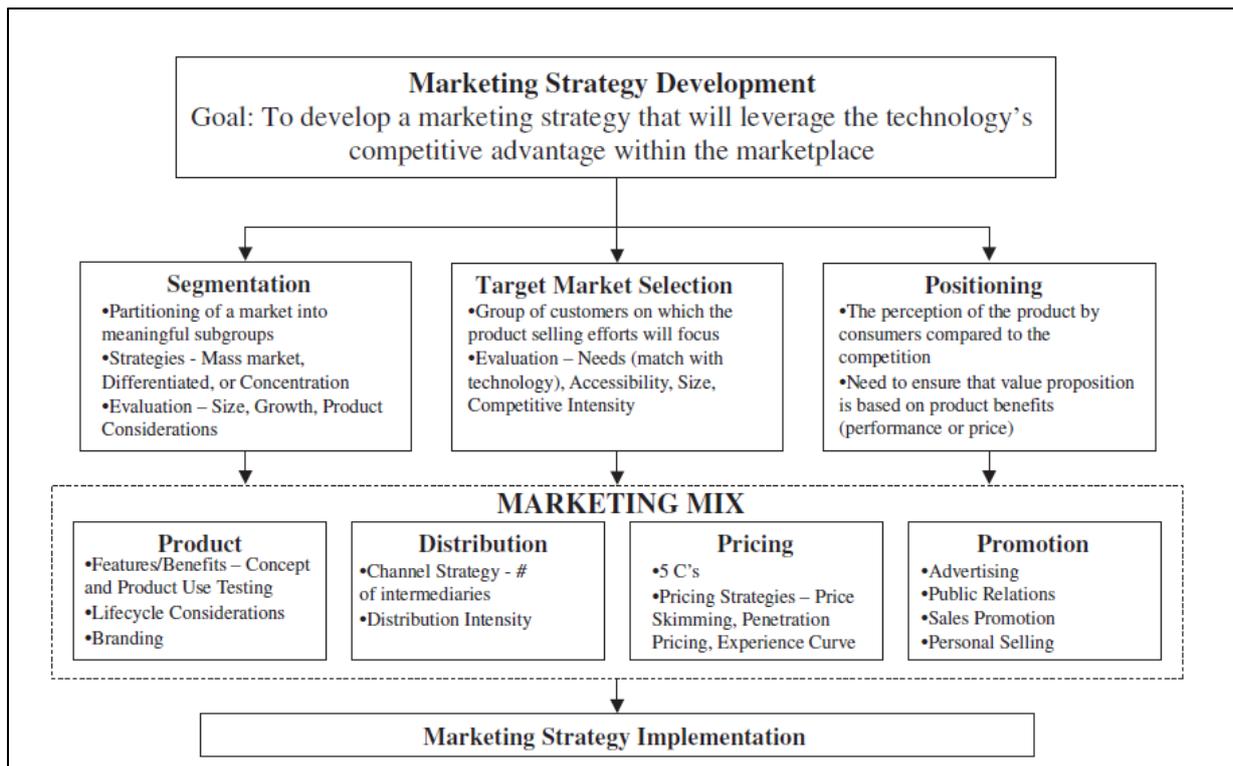


Image 2 - Marketing strategy development, source: (DOLAN, 1997)

2.3.4.1 Segmentation

Lodish et al. (2001) defined segmentation as a process of dividing market into meaningful segments according to specific attributes of each group of customers. Marketing strategies thus can be better adjusted for particular group of customers according to their specific needs. Dolan (1997) identified three most common types of market segmentation: *mass marketing*, *niche marketing* and *differentiated marketing*.

- **Mass marketing**

This type of segmentation is used when the market is treated as a whole and it is not divided into smaller subsets. Companies using mass marketing suppose that the whole market – all possible customers have the same needs and requirements thus they can use one marketing mix for the entire market.

This type of segmentation is typical for the companies, which try to focus on one product or technology. This is quite risky approach and most of the companies use the strategy

of spreading risk – not relying just on one particular product, but they produce or sell the wide range of products. Therefore Ferrell et al. (2002) claim that just very few firms tend to use this type of segmentation.

- **Niche marketing**

Niche marketing is also called a market concentration strategy. This type of market segmentation is mostly used by start-up companies because of fewer resources available. Companies therefore focus on one particular subset of the market and try to use as much information about this segment to ensure profitability of this marketing strategy.

The smaller segment of the market means less profit but companies using niche marketing tend to be the leaders in the market and they compensate the smaller market size with high market share. Bearden et al. (2004) researched that companies that use this type of market segmentation are more innovative than others and they try to use non-price techniques to compete with their competitors.

The advantages of this strategy is that it does not require much resources, but on the other hand there is a significant risk involved, because if the company's strategy fails, there is no other way to make it up.

- **Differentiated marketing**

This type of market segmentation stays between above mentioned ones. Companies, which use this type of market segmentation, divide market into homogenous parts according to common needs and requirements of the customers. Company therefore has to create a unique marketing mix for each and every subset of the market because of different characteristics of those subgroups.

Ferrell et al. (2002) explain that this strategy is mostly used by medium or large organisations, because they have enough resources to produce a range of products and create unique marketing mix for each market segment.

Process of segmentation requires a few criteria, which have to be met to complete this process efficiently. Bearden et al. (2004) identified those criteria as *measurability*, *substantiality*, *accessibility* and *stability*.

- **Measurability**

Measurability is important because it is necessary for a company to be able to predict a true potential of the market segment.

- **Substantiality**

The second term – substantiality is important because the company needs to ensure that the market segment will be substantial enough to reach enough profit, because it needs to cover the expenditures invested into product development or a marketing campaign.

- **Accessibility**

Another important factor is accessibility, that reflects the degree to what the market segment can be accessed by the company.

- **Stability**

It is also important to consider stability of the market segment and decide whether the needs stay homogenous or heterogeneous over the period of time.

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After deciding which market segmentation strategy a company will use, it is necessary to distinguish market segments efficiently. There are many factors that can be used in this process. For the purposes of this paper I will use the factors mentioned by Boone and Kurtz (2006) who recognised geographical factors, demographic factors, psychographic factors, cultural aspects, desired benefits and brand loyalty as the most important ones.

- **Geography**

According to geographical differences companies can divide market into smaller parts, e.g. city, area, country, etc. It can also reflect distances or size of the area and distinguish urban and rural regions.

- **Demography**

Demographical factors are usually considered as very easy to measure, according to McDonald and Dunbar (2004). The most important factors are gender, age, race, education, employment or the level of income.

- **Psychographic factors**

Psychographics factors determine the lifestyle of the individual. We can distinguish market according to values and personal preferences.

- **Culture**

Cultural aspects can further be divided into smaller parts, according to *religion* or *nationality*.

- **Desired benefits**

Different customers have different needs. This approach can be used in market segmentation as well. It is very common to segment the market according to desired preferences of the product.

- **Brand loyalty**

Customer can also be divided according to their loyalty to the brand. Companies can develop different marketing strategies for the loyal customers as well as non-loyal.

Authors also mentioned factors that influence B2B concept, not only B2C. For this type of relationship there are different factors, which influence market segmentation. In this case it is not necessary to divide market according to the characteristic of a particular person. Wind and Cardozo (1974) mentioned industry type, business size, organizational type, and usage rate or product application as the most important ones.

For the purposes of this paper it is more important to focus on B2C concept, therefore business-to-business segmentation bases will not further be analysed.

2.3.4.2 Target market selection

Another step of marketing strategy development is target market selection itself. After company successfully divide market into potential segments, according to desiderative criteria, it is necessary to pick the right market segment to perform the marketing strategy and develop the marketing mix for this particular segment.

Thus, this type of marketing strategy development is crucial for the company, because it needs to consider, whether the desired market segment will bring prospective value for the company or not. Lodish et al. (2001) claim that besides above mentioned factors, it is necessary to take into consideration another important factor – *current* and *future* competition.

There are many factors, which need to be considered, therefore there is no simple answer for target market selection. Managers always need to find the best possible way to market their products.

2.3.4.3 Positioning

After target market selection process it is necessary to perform positioning of the product. Boone & Kurtz (2006) defined this as the process of differentiating the product in the mind of customers. The crucial aim of positioning is to place the product in the mind of the customers, to make them feel that the product is something different. They need to feel that the particular product is better, more interesting and more seductive than the competitor's one.

The important part of this process is finding the competitive advantage. Kay (1994) defined competitive advantage as the ability to perform more in the same market, derived

from the attributes and resources. This means that competitive advantages is something that helps customers differentiate the product from competitors, which can be done by different attributes, increased performance, technology, lower price, etc. Barney (1991) identified technology as one of the most important factors in terms of gaining competitive advantage and claims that this technology should be protected and hard to be copied by competitors.

There are a few positioning strategies, that can be used. Positioning strategies *against a competitor, away from a competitor, benefits, product attributes, product categories and users.*

- **Against a competitor**

This type of positioning strategy represent the situation when the company is trying to directly attack the competitor. This usually means a direct comparison or a claim that praises for particular product in comparison with the competitor's one.

- **Away from a competitor**

Positioning strategy that is oriented away of the competitor is less aggressive that the strategy focused against a competitor. This type of positioning strategy reflects an effort to get attention by creating the opposite of the competitor's product.

- **Benefits**

Benefits oriented strategy is focused on highlighting the benefits of our product and showing off the customers what is the additional value for them, in case they buy our product. This strategy is very close to product attributes positioning strategy.

- **Product categories**

This positioning strategy is typical for its joining products from different categories. It picks the product from one category and highlights the benefit, which the customer will get from the different category.

- **Users**

Positioning strategy focused on users can be very effective. It reflects the fact that users have different needs and requirements, therefore it is focused on their specific characteristics.

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Positioning as well as segmentation is *dynamic*. It is not a situation that reflect the static conditions, but it need to be permanently inspected. It is necessary to get a constant feedback, thus to be ready to adjust the marketing mix according to special condition changes.

This also reveals the problems connected with measurement of positioning. For this purposes there are many survey techniques available as well as statistical techniques. Most common technique to measure positioning is a graphic technique - *perceptual mapping*.

2.4 *Marketing mix*

Marketing mix as a term was firstly introduced in 1960 by Professor Jerry McCarthy. The whole concept of marketing mix consists of 4 subparts – product, price, place and promotion, therefor it is also known like 4P. Marketing mix was modified by numerous authors since his first introduction by McCarthy (1960). Some sources consider Borden (1964) as the author of the whole concept, but he used fourteen different marketing tools in his model, not 4P's.

The most known author who made marketing mix really popular was Philip Kotler, who emphasized that segmentation, targeting and positioning are necessary processes, that need to be done before marketing mix creation.

One of the most known definitions of marketing mix was introduced by Kotler and Armstrong (2004) and it refers marketing as a set of tactical marketing tools, which allows adjusting supply according to the needs and requirements of the target market.

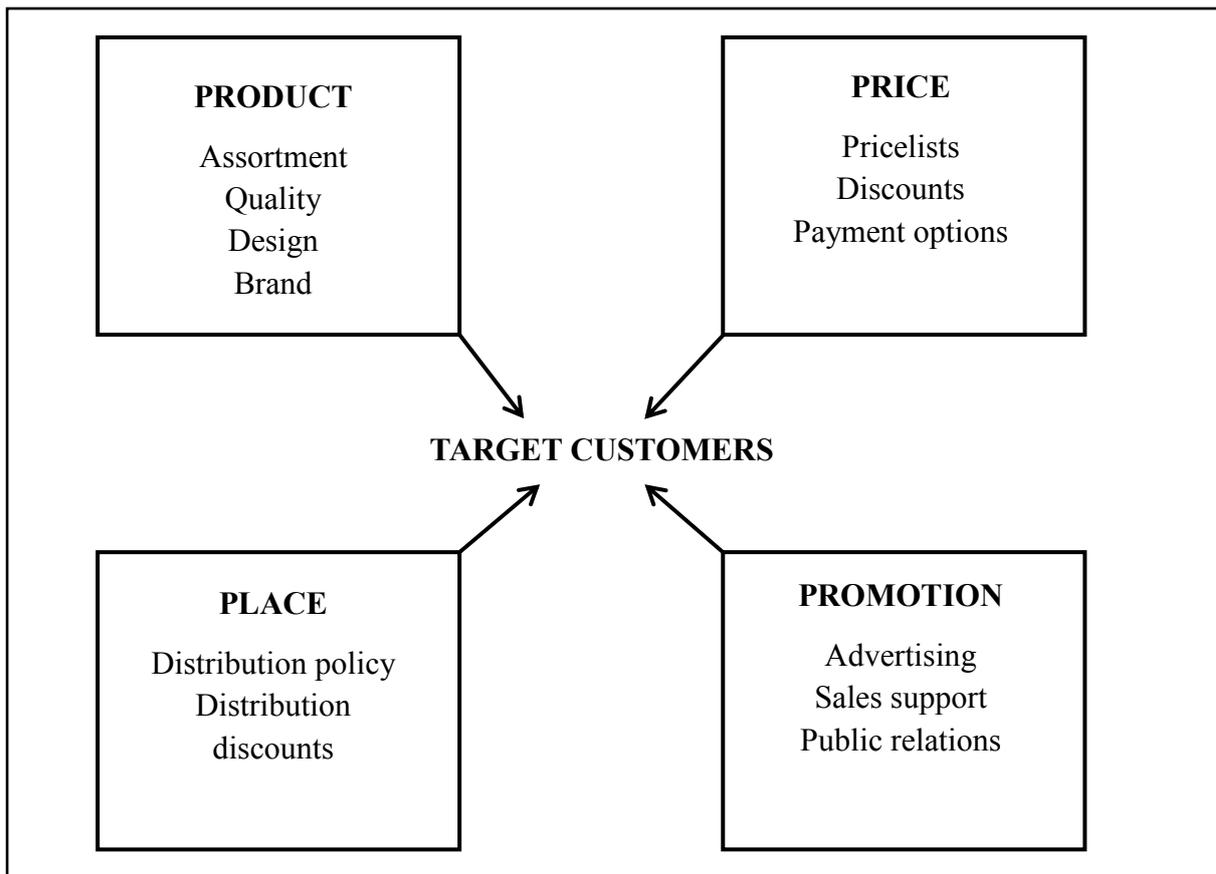


Image 4 - Marketing mix, source: (KOTLER & ARMSTRONG, 2004)

Therefore marketing mix represents all processes, that company does to increase demand for the product. 4P can be divided into:

- **Product**
- **Price**
- **Place**
- **Promotion**

2.4.1 Product

“A product is anything that can be offered to a market that might satisfy a want or need.”
(KOTLER & KELLER, 2009)

A product is the most important part of marketing mix. It symbolises not only an article itself, but a service as well, therefore we divide products into 2 main parts: *Tangible* and *Intangible*.

Tangible products represent physical objects, such as electronics, clothing, etc. On the other hand intangible products are not touchable, e.g. insurance, loans, etc. Whether products are tangible or intangible, Kotler (2006) claims that they all should be viewed in 3 levels as it is expressed in the picture below:

- **Core product**
- **Actual product**
- **Augmented product**

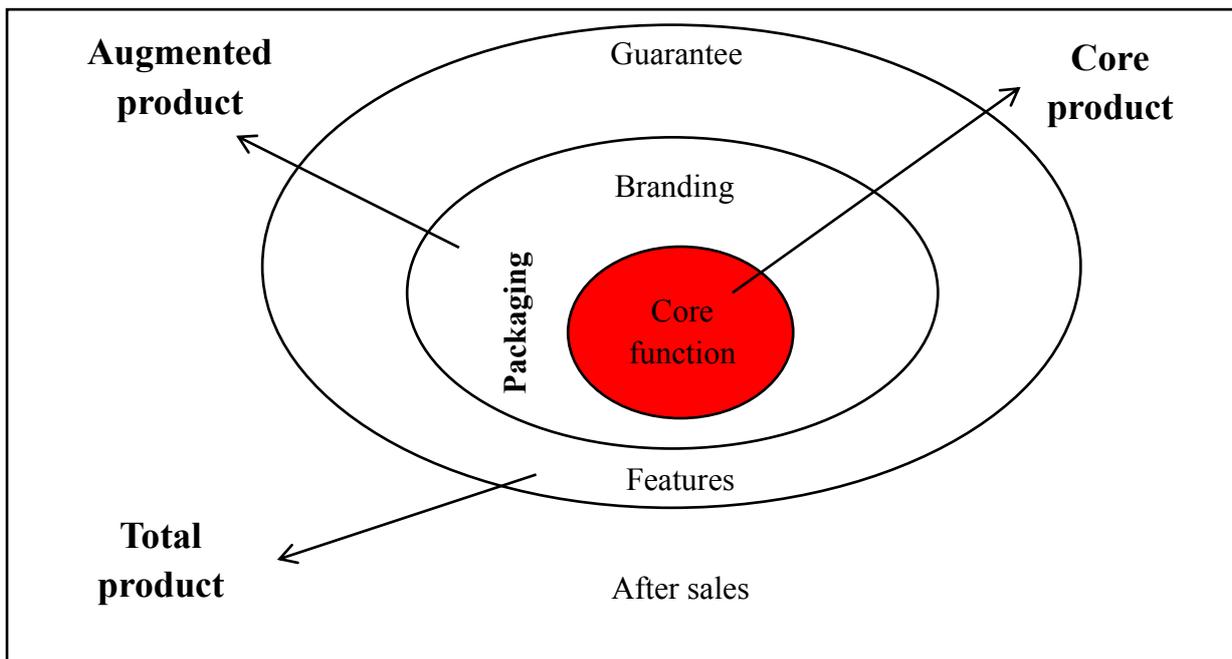


Image 5 – Product's layers, source: (KOTLER, 2006)

2.4.1.1 Core product

The core product represents the basic of the product. It is the core function of the product that remains the same whether the customer buys our product or competitor's.

2.4.1.2 Actual product

Actual or total product represents not only core function of the product, but it implements another factors, that influence customers, e.g. branding, different features, packaging, design etc. Companies use these factors to differentiate their products from competitors.

2.4.1.3 Augmented product

Augmented product is the highest level of the product section. It contains also something “more”. Usually there are after sales services, extended guarantee, delivery options or installations which are used as special services that are offered with the product itself.

In terms of product it is necessary to analyse assortment of products, quality, design and brand.

2.4.2 Price

Price is a very specific factor of marketing mix. The reason for that is that it is the only factor that generates revenue. Other three factors can be considered as costs. The unique position of pricing is highlighted because of easy customisation of price and ability to see the consequences immediately.

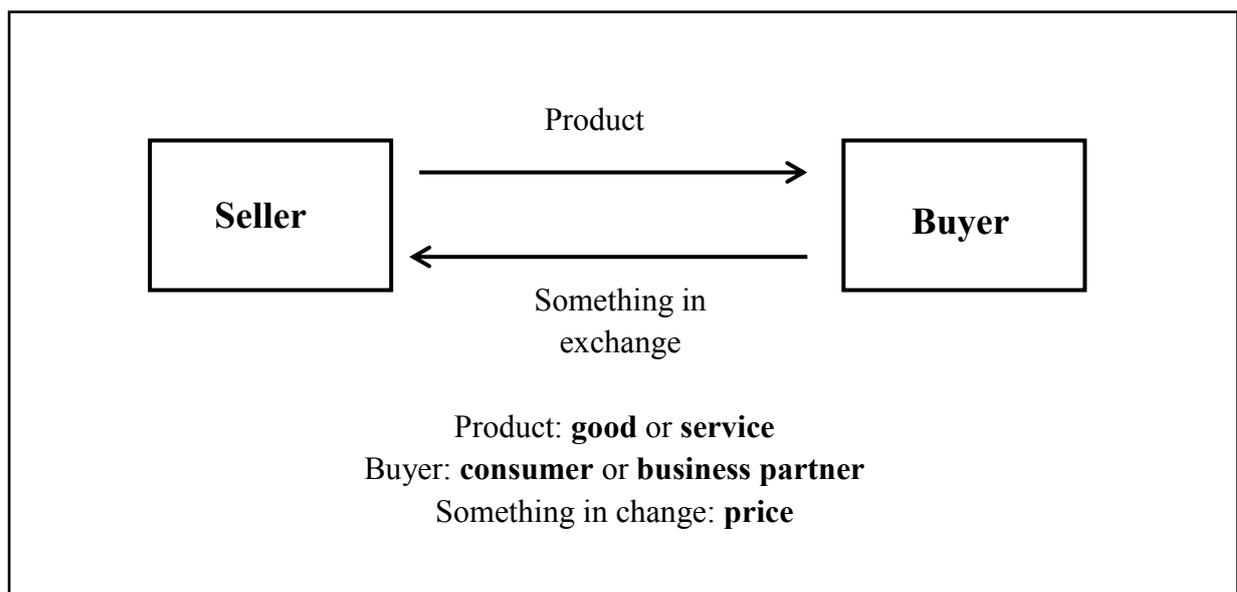


Image 6 - Exchange process, source: (BEARDEN et al., 2004)

Bearden et al. (2004) identified 5 important objectives, that should be taken into consideration when creating pricing strategy. Pricing strategy should establish a product quality image, frighten the competitors, maximize profits, ensure the growth of sales and market survival.

To gain these objectives, there are many strategies, which can be applied. Noble & Gruca, (1999) mentioned 3 pricing strategies – *price skimming, penetration pricing and experience curve pricing*.

- **Price skimming**

Price skimming strategy reflects the situation, when marketers set the price higher at the beginning, but then the price is declining over time. This situation is very common for the products, which have a great competitive advantage over the competitors. After adaptation of competitors the price is falling down.

- **Penetration pricing**

The second strategy – penetration pricing explains the opposite situation in the market. Marketers using this pricing strategy set the prices low to stimulate the market at the beginning. They want to attract customers because of lower prices and keep their loyalty after changing prices.

- **Experience curve pricing**

The third pricing strategy – experience curve pricing is very similar to the second penetration pricing strategy. It is also typical for lower pricing when entering the market, but it takes advantage of reducing costs due to gained experience, therefore it profits by reducing costs, not changing prices.

2.4.3 Place/Distribution channels

This part of marketing mix looks for the connection between a producer and a customer. The definition by Kotler (2001) explains distribution as the processes of physical movement of products (transport, stock management, etc.), changes in ownership and other supporting processes.

A distribution network usually consists of:

- Manufacturers

- Distributors
- Specialised businesses (supporting processes)

Processes in a distribution network:

- Sale and purchase
- Warehousing
- Transport
- Financing of transportation
- Risk sharing
- Gaining marketing information

Building a reliable distribution network is an important process that hinges on many factors, including product itself, market, distributors and competitors. Vysekalová (2006) identified 2 main strategies in terms of distribution – *push* and *pull* strategies.

- **Push distribution strategy**

The focus of the seller is to sell as much as he can to the nearest partner in the distribution path. Therefore a manufacturer tries to sell as many products as he can to the distributor.

- **Pull distribution strategy**

This type of distribution is mostly focused on the target customer. The seller tries to stimulate the customer as the last part of the distribution path, by different marketing techniques.

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Kotler (2001) also identifies several distribution paths in the market that can be divided into these four types:

- Manufacturer – customer (direct distribution and marketing)
- Manufacturer – retail – customer
- Manufacturer – wholesale – retail – customer

- Manufacturer – agent – wholesale – retail - customer

Each distribution path has its own advantages and disadvantages, therefore it is crucial for the company to choose the correct distribution strategy to successfully compete with the company's competitors.

2.4.4 Promotion

Promotion is the last element of marketing mix. Kurtz (2010) identified 3 main objectives of promotion as *presenting information to customers, continuous increasing demand for the product* and *product differentiation*. Generally promotion consists of four main tools:

- Advertising
- Public relations
- Sales promotion
- Personal selling

All of these tools are sometimes labelled as promotion mix.

2.4.4.1 Advertising

According to Kotler (2001) advertising is a paid form of non-personal presentation of a product or a service. The most important aims of advertising is stimulating sale of products, increasing brand loyalty, or creating image of products. The author also identified 3 main types of advertising – *informative, convincing* and *reminding*.

- **Informative advertising**

Informative advertising is focused on creating the first impression of a product and create demand for it.

- **Convincing advertising**

This type of advertising is important in competition, because these types of advertisements usually compare products and try to convince customers to buy particular product rather than the other one.

- **Reminding advertising**

This type of advertising is important for already established product on the market. Its main purpose is to remind customers about the product and strengthen their feelings about the purchase of particular product.

There are many forms of advertising. As long as BIOlight company is an online seller, advertising in the Internet is very important. We can divide online advertising into several categories: *search engine optimization, pay-per-click campaigns, social media, bulk emails*, etc.

- **Search Engine Optimization (SEO)**

SEO is one of the fastest growing businesses in online space and it has a unique and important position for businesses in Slovakia and Czech Republic as well. Today SEO becomes an inherent part of internet marketing. (44)

The most important aim of search engine optimization is to get particular website to highest places in search engines, using as many keywords as possible.

Another important factor besides increase of number of visitors, right targeting as well. It is necessary to use correct targeting to provide good quality visitors, that influences conversion ratio¹.

Search engine optimization is a very changeable discipline, it is always in development and it always changes and adapts to the latest news from web searching field. There are two

¹ Conversion ratio – change of regular visitor of a website to paying customer

basic terms in terms of SEO. These two terms divide search engine optimization into two parts: *on-page* and *off-page optimization*.

- **On-page optimization**

On-page optimization means that websites are adjusted directly to cause better results in search engines. Most important factors for on-page optimization are the factors in the table below. (44)

Table 1 - On-page SEO factors, source: (44)

On-page SEO
- correct usage of (x)HTML language
- elimination of possible negative factors
- sufficient internal linkage of a website
- better navigation for target user

- **Off-page optimization**

On the other hand off-page optimization focuses on indirect methods of influencing the results on search engines. The most important factors for this kind of optimization can be seen in the table below.

Table 2 - Off-page SEO factors, source: (44)

Off-page SEO and marketing services
- registration to Internet catalogues
- linkbuilding
- publishing PR articles
- web promotion

Search engine optimization tries to gain an advantage for website by using factors, that have been discovered as relevant in terms of search optimization. There is no public algorithm that is used in every search engine, therefore it is crucial for SEO consultants to develop a SEO strategy and analyse the results. It is a continual process of development, that needs to continue permanently.

- **Pay-Per-Click (PPC)**

Internet advertising called Pay-Per-Click (PPC) is one of the easiest methods, how to attract targeted visitors or potential customers to a website. The basic principle of this type of promotion is that the company (advertiser) does not pay for the advertisement until a visitor actually click on it. This means that advertiser actually pays only for those people that the advertisement worked for.

Main advantages of PPC campaigns are:

- Most effective form of advertising (price / output), more effective than any other type of promotion
- Quickness – campaign can start in just couple of clicks
- Measureability – advertising in TV or radio is hardly measurable, on the other hand, PPC is measurable very efficiently (41)

2.4.4.2 Google AdWords

Google AdWords is the system for publishing advertisements near real Google search results and also on other websites of Google partners (Google AdSense). It allows advertisers to buy highly targeted advertisements, paid for clicks or according to amount of views. It allows to start campaign without any budget limitation. (47)

Google AdWords advertisements are published above real search results or on the right hand side. Another place for Google AdWords advertisements is on websites of Google partners. These advertisements are always signed as Google Adwords advertisements.

2.4.4.3 *Etarget*

I will focus on Etarget more deeply than on Google AdWords, mostly due to the fact that Etarget is more common and better adjusted for Slovak and Czech market. It is very similar advertising form like Google's one and allows advertisers to reach those visitors that will really be interested in advertisers products and services.

Example: a billboard in the city will be visible for thousands of people. However only couple of those will be really interested in products advertised. An advertiser has to pay, but he does not know, whether it will be visible for those people who are really interested in advertisers products.

The situation in the Internet is different. We can easily find out what are people looking for, what are their needs and requirements. They use search engines to look for the information they need. If an advertiser publishes the advertisement for the visitors who search the web for particular product or service, there is a lot bigger chance, that this visitor will click on such advertisement and possibly becomes a customer. And this explains the basic principle of pay-per-click systems generally.

If a visitor is not interested in such advertisement, he simply does not click it and an advertiser will not unnecessarily for the visitor that will never buy such a product. Therefore Etarget allows advertisers to publish advertisements only to those people who are interested in products offered. Therefore this type of promotion is often called directly targeted advertising.
(41)

Etarget system allows an advertiser to directly edit all settings of an advertisement. Simultaneously it allows to specify a budget of the campaign, maximal prices for each click for particular keywords, create and edit campaigns and advertisements and also analyse the results in synoptic views and statistics.

The main advantage of this system is its widely used distribution network in Slovakia and Czech Republic. Advertisements are connected with the search results in search engine (e.g. Zoznam.sk or Seznam.cz) or the content of particular website that the advertisements are published at.

Etarget advertisements are sorted according to maximal price for click (specified by an advertiser), according to relevance (more relevant advertisements are higher) and according to quality of particular advertisement. The higher an advertising is displayed, the higher price he needs to pay.

This system of advertising (Etarget) does not work only in Slovakia and Czech Republic. Etarget advertisements are widely used in other European countries as well: Hungary, Romania, Serbia, Bulgaria, Croatia. (46)

2.4.4.4 Advertisements on Facebook

Facebook is a social network that widely influenced many people and it is being used by millions of people every day. Facebook stores detailed information about its users, e.g. name, surname, birth place, birth date, etc. These information are then used for targeting relevant advertising for Facebook advertising programme. Advertisers then can set up the campaign and publish advertisements that are highly relevant for particular group of visitors. They can restrict to display the advertisement only to selected area or town. That is very useful for local business owners. (40)

2.4.4.5 Bulk advertising emails

This type of promotion is widely used and almost all Internet users have already had a chance to read such an email. The basic function of this advertising form is to create a PR article that is sent out to many email addresses. According to Slovak and Czech legislation, advertisers however can not send out their promotional emails to any email addresses, without approval of a recipient.

Therefore it is necessary to use the services of a specialised company that deals with this kind of marketing. These companies have their own databases of email addresses and approvals of its recipients, thus they can send out advertising emails of their partners. These companies then use their databases and send out bulk emails for some reward.

Most used email marketing services:

- <http://www.mailissimo.sk/>

- <http://www.linea-directa.sk/>
- <http://www.rozposielanie-emailov.sk/>

Prices for such services differ from one company to another, therefore it is necessary to compare particular services and use that company that will fit our needs not only with price, but quality as well.

Generally, prices are usually set around 300,-€ for 100 000 emails, but they can differ distinctly according to services provided. (42)

2.4.4.6 Public Relations – PR

Public Relations as a term is not very strictly defined. Kotler (2001) explains PR as a group of programmes that are focussed on promotion of the company, image of the company or the products themselves. Public Relations then is that kind of company's influence on public, which is necessary to maintain good relationships between company and public. One of the most important factors in PR is trustworthiness.

The main aim of PR is creating the space for understanding of company's activities and reducing negative responses to these activities from public.

There are many forms of public relations. The most common ones are:

- Press releases
- Interviews in media
- Charity, sponsoring
- Annual reports

2.4.4.7 Sales support

According to Kotler (2001) sales support is a pack of stimulating tools for short-term duration to increase demand for particular product or service. This is also known as *sales promotion*. Main tools that are used as sales promotion are:

- Price discounts
- Freebies
- Presents
- Competitions
- Guarantee
- Programms for faithful customers
- Cash back
- Etc.

2.4.4.8 *Personal selling*

Direct marketing as well as personal selling are usually those activities that create the direct contact with the target segment via telephone (telemarketing), post offices, Internet, etc. Kotler (2001) defined direct marketing as an interactive marketing system that is used by one or more media to achieve measurable feedback from customers or to create transaction from every place.

There are many forms of direct marketing. The most common forms are *personalised* or *non-personalised direct emails* or *telemarketing*.

2.5 *Marketing research*

This part of the theoretical background of this thesis is focused on performing marketing research. The basic information about marketing research and questionnaires are provided, thus I will be able to perform and analyse it further in practical part of this master's thesis.

2.5.1 **Questionnaire**

Questionnaire is the main tool for gaining information and analysing particular market. It is a group of questions, that respondent needs to answer to provide successful analysis. It is crucial in terms of creating a questionnaire to prepare and formulate the questions that are relevant and easy to measure, but simultaneously a respondent has to feel that his answers are important and he has to have enough space to express his own ideas and opinions.

Questionnaires usually begins with contact questions that allow researcher to categorise particular respondents to groups. All questions should be simple, intelligible and a respondent should not feel embarrassed when he does not know the correct answer. It is crucial to choose the correct form stylization and order of questions, because all these things can markedly affect the answer. Questions should also be divided into *open* ones and *closed*.

- **Open questions**

These questions allow a respondent to express his own opinions and ideas, but they are very hard to analyse.

- **Closed questions**

On the other hand, closed questions ar very easy to analyse, but the do not offer that information like open ones.

2.5.2 Questionnaire creation

The whole procedure of creating a questionnaire can be divided into several parts. Příbová (1996) divided this process into:

- Creating a list of information that a questionnaire should provide
- Setting a form of gaining information
- Specifying of target segment
- Constructing of relevant questions
- Creating the whole questionnaire
- Pilot study

2.5.2.1 Creating a list of information

In this phase of a questionnaire creation it is necessary to think about what information we want to gain. We need to build on the basic aim of the research and questionnaire, because in this phase we can cut off unnecessary questions that could lead to needless costs of the whole process. On the other hand we can forestall the mistake with loosing any important information by forgetting a particular question.

2.5.2.2 Form of gaining information

Setting up the correct form of gaining information is the second part of creating a questionnaire. It is necessary to consider if we will gain the information via post services (letters), personally, or via email or telephone. Every form has its advantages but disadvantages as well.

For example gaining information by post office is a good way how to achieve information from people who are really interested in research query. On the other hand other types of gaining information are more useful for gaining information from less interested people, because it takes a lot less time to get this information.

2.5.2.3 Specifying of target segment

This part focuses on choosing the correct group of people, who will be respondents and answer the questions. This is very important for creation of questions to use particular stylization and language that is comprehensible for particular group of people.

2.5.2.4 Constructing of relevant questions

There are two main factors that need to be considered when creating question in a questionnaire:

- *What is the function of that question in a questionnaire?*
- *How to formulate that question, so it will be able to take particular information?*

In this part it is necessary to focus on choosing right vocabulary and stylization, so questions can bring particular information. It is also crucial to formulate question differently if a researcher need to focus on a small differences in answers or it is enough to analyse general categories of answers. All these factors affect the process of creating questions for a questionnaire.

2.5.2.5 Creating the whole questionnaire

Each and every questionnaire has its own structure and dynamics that helps to keep a respondent interested. This is also very important to take into consideration the size of the whole questionnaire. It is also crucial to choose the correct order of all questions in a questionnaire and use ramification to keep the whole questionnaire structured and simple.

2.5.2.6 Pilot study

The last part of the process of creating a questionnaire is a pilot study. This process tests the whole questionnaire on a small sample of people and helps to identify possible problems. It is necessary to perform this test on people who have nothing common with the questionnaire itself and are open-minded about the research query. The main purpose of a pilot study is to find imperfections that could lead to influencing final information.

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After creating a sufficient questionnaire it is necessary to start getting responds. There are many ways of getting responds from respondents. Most common ones are personal, via telephone or internet. Getting responds especially via Internet is very common these days and offers a wide range of possibilities with analysing source data.

If a researcher decides to use different method, it is usually harder to analyse these data, because they need to be counted and processed manually. If a researcher gain these data via Internet, sophisticated software can do most of that work and analyse data automatically. (KULČÁKOVÁ, 1994)

3 ANALYSIS OF CURRENT SITUATION

3.1 Company's overview

BIOLight Company started its activities in 2011 and its main focus was to resell light therapy devices to the Slovak market via its internet store. The company identified a huge potential in this kind of alternative therapy, mostly because of healthy-life trend that is very actual these days. At first the company started to resell the devices of one brand and worked as an affiliate partner for the main distributor in Slovakia.

After a successful start of business the company decided to extend its offer by supplying more products for customers and allows them to choose the right product for them. The company wanted to build a specialised internet store that would offer a wide range of products of light therapy. The company started to focus on services and a customer, because it is crucial in the business like that. We created a forum for visitors, for adding comments, ideas, advices about light therapy and devices. We also created a blog with news and articles about this type of treatment. We tried to offer all information that could customers possibly need at one place.

This customer oriented strategy testified in a success on the home market and BIOLight soon became the leading specialised store for light therapy devices in Slovakia. These facts contributed in the process of transformation the type of business from personal trade to a limited company, that is currently in progress. The company is also planning to penetrate the Czech market with light therapy devices, therefore it is crucial to develop successful marketing strategy for the target market in the Czech Republic.

3.1.1 Product portfolio

BIOLight offers light therapy devices from 3 leading manufacturers: biolamps Bioptron (Zepter), biolamps Medilight and biolamps Biostimul.

3.1.1.1 Biolamps Bioptron (Zepter)

These biolamps from Swiss company Zepter are our high-end products. They represent the top line of offered products and they are divided into 2 product lines: basic and professional. The professional line of products is widely used in hospitals and therapy centers, cosmetics saloons, etc. Basic line of products is mostly used for personal usage.

3.1.1.2 Biolamps Medilight

These products are made in Hungary and represent cheaper line of products. They are also divided into a professional line and a basic one. They are very similar to the above mentioned ones, even technically, but the price of these devices is significantly lower.

3.1.1.3 Biolamps Biostimul

These products are made in the Czech Republic. These devices work on a different technology, but the outcomes of this therapy is very similar.

3.1.2 Light therapy

Light therapy is widely used in many areas. These devices can be used for many skin diseases, cough, flu, inflammations, digestive diseases, etc. These devices do not have any known contradictions and can be also used by pregnant women and neonates.

3.2 Micro and macro analysis

To better understand the segmentation it is necessary to provide the analysis of macro and micro environment of the company. This will help us to divide market into meaningful subgroups.

3.2.1 Macro analysis

3.2.1.1 Social factors

One of the most important factors that influence the behaviour and success of BIOlight on the Czech market is the population. Population in whole Europe is constantly growing. By 2060 population of the whole Europe should reach 517 million. This should then generate a larger market every year and bigger opportunities for each and every company. But this fact has a negative side too. Almost 33% of all citizens will then be older than 65 years. This reflects the current situation in Europe. Population is getting older. According to the latest European's Aging report the workforce will decline by 15.7 million to only 195.6 million by 2060. This fact will cause significant problems in terms of buying power of the population. This, hand in hand with older population will cause significant issues for economies in European countries, which can negatively affect other factors mentioned below.

Another problem is the fact that life expectancy rises, which creates even bigger requirements for public expenditures. Life expectancy is projected to increase from 76.7 years in 2010 to 84.6 in 2060 for males and from 82.5 to 89.1 for females. (36)

On the other hand, continuously older population will lead to an enlargement of the market for BIOlight, because it's main customers are older people and people with diseases and injuries.

The situation in the home market – Slovakia is quite similar to the Czech market, because the total population was continuously growing until 2010. Then we can notice a decrease in the numbers and since then, the population has been growing slowly again. These 2 markets copy the trend in the whole Europe and behave very similarly due to their history and immediateness.

Opportunities:

- growing population
- older population (in terms of amount of possible customers)

Threads: older population (in terms of buying power)

3.2.1.2 Legislation

Due to selling-only type business of BIOlight company, it takes an advantage of no responsibility for legislation issues in terms of health and medical devices. These devices are strictly regulated and examined by European Commission. These legislation issues are really complex and the core legal framework is divided into 3 directives:

- Directive 90/385/EEC regarding active implantable medical devices
- Directive 93/42/EEC regarding medical devices
- Directive 98/79/EC regarding in vitro diagnostic medical devices

All these legislation requirements are hold by manufacturers of these devices. BIOlight company only cooperate with 3 major manufacturers with certified devices, therefor legislation of medical devices is not relevant in this case.

On the other hand, the legislation issue that is relevant is the problem of public expenditures. As mentioned before, the total population in Europe is getting older, which will lead to an increase of public expenditures (pensions, health-care and long-term care) . All these should increase by 4.1% to 29% of GDP till 2060. (36)

European countries will have to fill in the gap of these expenditures by finding the resources elsewhere. This could cause higher requirements for taxation and other legislative changes and it could be a negative stimulation for European economy.

Opportunities: changes in legislation

Threads: changes in legislation

3.2.1.3 Economics

Europe economy is facing slow and hard recovery process after years of crisis. Evolution of GDP is projected to -0,1% in EU and -0,4% in Eurozone. During the next year 2014 the situation is projected even better with the increase of GDP to 1,4% in EU and 1,2%

in Eurozone. The buying power of the population can also affect the stabilisation of unemployment rate at 11% in EU and 12% in Eurozone in 2014. (43)

The situation in the Czech market was similar, however CNB recently updated their prediction. Czech national bank projected that GDP should continue to decline this year by 0,5%, however in 2014 HDP should rise by 1,8%. (37)

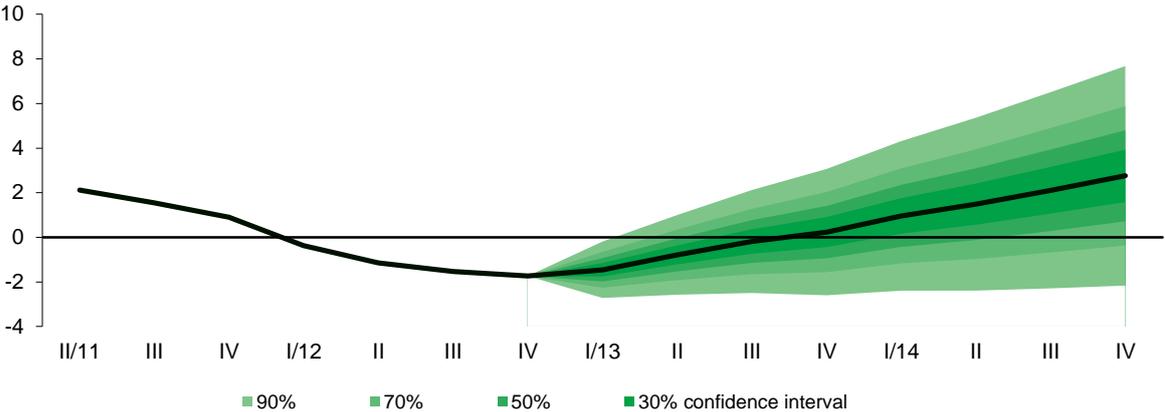


Figure 1 - GDP prediction, source: (37)

Czech government plans to stimulate the economy by significant investments to science, research and infrastructure. Different resources publish different predictions, but they all agree, that the situation will continue to improve after 2013.

Another factor that could influence the buying power of Czech market is the development of inflation. Czech government increased VAT by 1%, however this should not negatively affect the development of inflation. CNB projected that inflation should reach 1,6% this year and it should continue to decline in 2014 to 1,4%.

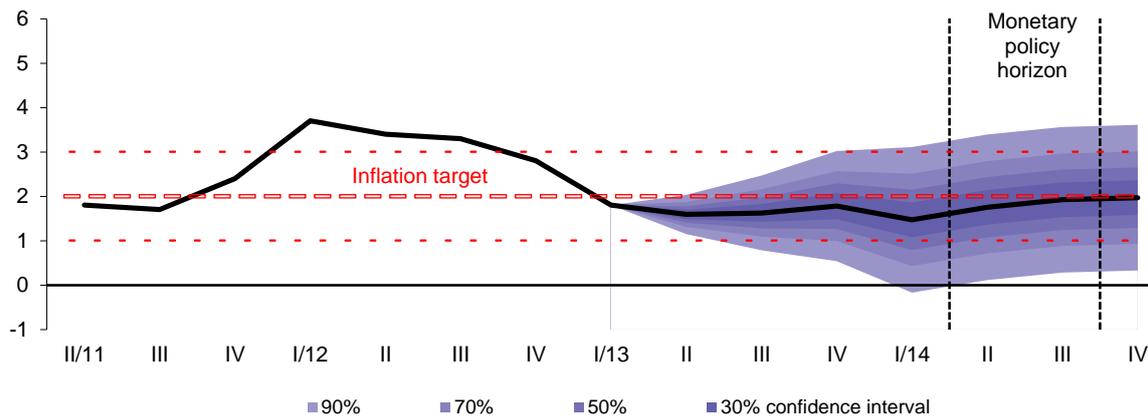


Figure 2 - Inflation prediction, source: (37)

Opportunities: government investments into research and science

Threads: inflation

3.2.1.4 *Politics*

Political situation in central Europe is quite stable, however recent years of crisis lead to a few recommendations made by European Commission for Czech Republic, which should be done in recent time to support the economic recovery process in the whole Europe. (39)

According to 2013 European Commission's recommendations Czech Republic should assign sustainable public finances, because of the deficit, which is higher than expected. Czech republic will have to target public investments wisely and include the help of European's structural funds, that should lead to job creation and economic growth.

Czech Republic will also have to improve the taxation process, because the taxes on labour are higher than EU average. They should be lowered to promote employment. The gap in taxation then could be filled by improvements in tax administration processes.

The politic situation will also influence the healthcare system, which needs to be reformed due to the facts mentioned above (increasing life expectancy, population growth, etc.)

One of the most crucial factors in terms of politic situation in Czech Republic will be the problem with a huge increase of universities students in recent years. Czech government will have to ensure the employability of these students by regulating the skills needed to be successful in the labour market.

Opportunities: reform of healthcare system

Threads: taxation changes

3.2.1.5 *Technology*

Implementing new technologies, researching and science progress will lead to improvement of medical devices too. BIOlight company is a reseller therefor it does not have to face the research and development processes, but can benefit from other factors. The main selling channel for BIOlight company is Internet.

ČTÚ publishes that computer is used by 80% of total population of Czech republic and Internet is used by 76%. It is an increase by 16% in last 5 years. This reflects a huge potential of Internet in this market and it also signalize that there is still a place to grow. Improving technology will lead to decreasing the prices for Internet connection and will also allow to use Internet connection in non-covered parts of the country. This will lead to increase of the potential customer base of BIOligh. (38)

90% of all users connected to the Internet in Czech republic use Internet for shopping. It is more than 2% increase in comparison to the year before. (46)

Not only the wider customer base is important for BIOlight. New technologies can lead to better Search Engine Optimization and finding new possibilities of accessing possible customers.

Opportunities: better access ti the Internet – more possible customers

Threads: bigger possible competition

3.2.1.6 Environment

Environmental factors are not so important for BIOlight company, because it's main business task is reselling products. It is an Internet company, therefore its impact on the environment is not relevant. On the other hand, BIOlight product portfolio consists of products, that has not been upgraded or renewed for longer period of time, therefore future ecological requirements could cause the for the manufacturers, which could then affect BIOlight company directly.

3.2.2 Micro analysis

3.2.2.1 Market

The market potential of Czech republic is huge in comparison to home country of BIOlight – Slovakia. Czech republic offers twice bigger market with population of 10 505 445 people in 2012 with prediction of future growth.

The total population is not a relevant market size because according to ČTÚ computer is used by 80% of total population and Internet is used by 76%, which reduces the market size to 7 984 145 people who use Internet nowadays.

90% of people who use internet in Czech republic already have an experience with shopping online, which is 6% more than in 2011. People in the research claim that shopping online creates an advantage in terms of saving money and also offers an advantage of delivering the goods right to home of the particular customer. This means a big opportunity for BIOlight company, which is mainly focused on Internet selling and cost cutting, to interest potential customers. (46)

Due to a wide range of possible usage of medical devices sold by BIOlight (see Company's overview), it is not necessary to divide the market into even smaller parts, according to illnesses or specific injuries, etc.

Second subgroup of the market are professional users. Medical devices are usually used in medical centres. According to Institute of Health Information and Statistics of the Czech Republic there were 28 450 medical centres and hospitals in Czech Republic in 2011.

255 of them was state owned and 28 225 private medical centres. This generates huge possibilities and large market size. (45)

Strengths: established position in the Slovak market

3.2.2.2 Competitors

The first line competitors for BIOlight company are 3 manufacturers or their Czech distributors, because they do not only do the wholesale, but they use their own networks to sell the medical devices to the customers. These are also company's main suppliers.

- **Zepter**

Zepter company uses their own multi-level network to sell their products. They are not willing to allow other companies to sell their devices, therefore BIOlight company needs an intermediary to do the business. This approach leads to the situation when the manufacturer becomes the real competitor for BIOlight.

This type of cooperation brings up many issues connected mainly with logistics that creates additional costs for the company. Moreover BIOlight is highly dependent on the behaviour of the Zepter company which is one of the most significant threats for the company.

- **Biostimul**

Biostimul is a Czech manufacturer, which is really adjustable because they use their own facilities to access target customers, but they also use the network of dealers who resell their products. Using their own facilities makes Biostimul one of the most important competitors for the company.

- **Medilight**

Medilight uses a distributor in Czech market, which resells the products to the business owners, pharmacies, etc. The distributor also uses its own facilities to sell the products to the target customers.

All manufacturers or distributors use fair-trade policy and they do not abuse their position, however this can be considered as one of the most important threads for the BIOlight company.

The second line competitors are e-stores with medical devices, health e-stores, pharmacies, etc.

Weaknesses: High dependence on suppliers (also competitors) behaviour

3.2.2.3 Customers

Customers of BIOlight company are mainly divided into 2 subgroups, according to the purpose of usage.

- **Personal users**

One group consists of personal users - individuals, who buy medical devices for their own purposes. This group of customers is really huge, because of a wide range of possible usage of these devices.

- **Professional users**

Another huge group of customers are professional users - hospitals, medical centres, sport centres, beautician, etc.

Strenghts: market position in the Slovak market

4 PROPOSALS

4.1 *Segmentation*

According to very similar results in comparison of Czech and Slovak market with light therapy devices, we will predict, that the behaviour of customers and their statistics will be similar to the home Slovak market. Therefore we will use the statistics provided by BIOlight company about Slovak customers to better segment the Czech market. Then we will be able to adjust marketing mix for each segment.

4.1.1 **Research**

The purpose of this research was to find out whether people in Slovakia and Czech Republic react similarly in terms of light therapy and alternative ways of treatment and their attitude to certain ways of promoting products. The result information from this research will be used to divide market in Czech Republic to meaningful segments and to develop a marketing mix for those segments.

4.1.1.1 Creating a list of information that a questionnaire should provide

Primary aim of the marketing research:

- Find out similarities in customer's behaviour in Slovakia and Czech republic
- Find out information about light therapy among people
- Find out best option for promotion

Secondary aim:

- Influence of socio-demographic factors on customer's behaviour

4.1.1.2 Setting a form of gaining information

Data source: questionnaire

Gaining information: The data from Slovakia were collected via Internet. The data for the Czech Republic were collected via Internet and personal interviews.

4.1.1.3 Specifying of target segment

Data from Slovak market were collected not in the same time as data from the Czech Republic. The data was collected from both genders, all age groups and then they were divided into meaningful segments. Therefore I needed to provide the similar sample in the Czech market too.

4.1.1.4 Constructing of relevant questions

I divided questions in the questionnaire into 3 main groups. The first group of questions consists of the questions about socio-demographic statistics and should find out the gender, age and a current status of respondents, thus I could later divide them into meaningful segments.

The second group of questions is connected to the light therapy and knowledge about this kind of alternative treatment. I tried to find out whether people had already heard about light therapy, whether they know what are these devices used for, if they would like to try something like that, etc.

The third group of questions were focused on promotion. I tried to find out, which type of promotion interests people the most and which type of promotion is most acceptable for them. All questions used in the questionnaire can be seen in the Appendix B.

4.1.1.5 Creating the whole questionnaire

4.1.2 Results

In Slovakia 457 respondents took a part in the survey. 3,5% (16) of them were younger than 18 and they represent the group of students. People at the age of 19-26 were divided into 2 separate subgroups – students 20,79% (95) and employees 2,41% (11). Respondents in the age of 27-60 were also divided into separate groups – employees 43,33% (198) and

unemployed 5,47% (25). The last group of respondents is the group of retired people at the age 60+, which represents 24,51% (112) of total amount of respondents.

In Czech Republic, survey was made by direct interview and I tried to get as similar group of respondents to Slovakia's as possible. Total amount of respondents in Czech Republic was 343. Students until 18 years of age represented 2,3% (8). Students at the age of 19-26 represented 10,5% (36) and employees 2,62% (9). People 27-60 years old were also divided into employees 53,94% (185) and unemployed 4,66% (16). Retired people 60+ then represent 25,95% (89) of the total amount of respondents.

In both countries, the ratio between women and men is quite equal. In Slovakia 57,55% (263) of respondents were women and 42,45% (194) men. In Czech Republic women represented 56,27% (193) and men 43,73% (150) of all respondents.

Table 3 - Respondents in Slovakia

until 18	19 - 26		27-60		60+	Σ	
16	106		223		112	263	194
	95	11	198	25			
3,50%	20,79%	2,41%	43,33%	5,47%	24,51%	57,55%	42,45%
student	student	empl	empl	unempl	retired	women	men

Table 4 - Respondents in the Czech Republic

until 18	19 - 26		27-60		60+	Σ	
8	45		201		89	193	150
	36	9	185	16			
2,33%	10,50%	2,62%	53,94%	4,66%	25,95%	56,27%	43,73%
student	student	empl	empl	unempl	retired	women	men

The main aim of this survey was to identify similarities between markets in Slovakia and Czech Republic, therefore I tried to find out, what people know about light therapy, treatment and medical devices, that BIOlight resells. The first interesting fact is, that 92% (421) of Slovak respondents claimed that they (or their relatives/friends/etc.) have health problems. In Czech Republic it was even more – 96% (329). This means a huge potential of the whole market, due to a wide range of possible usage of light therapy devices.

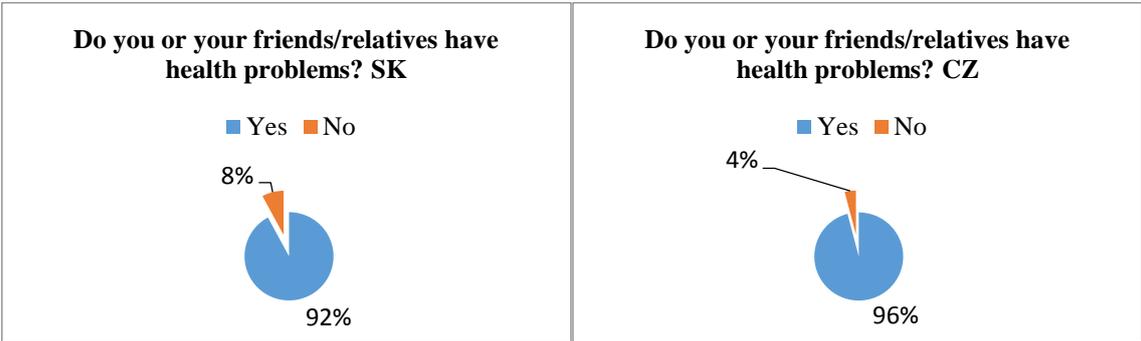


Figure 3 – Health problems in SR and CR

Very similar thinking of respondents is clearly visible after asking, whether they have any experience with alternative ways of treatment or not. In Slovakia 54% (245) respondents claim that they have already tried alternative treatment, but it did not help. 26% (119) people have never tried it because they do not believe in it and only 20% (93) of them said that they use it and alternative medicine helped them.

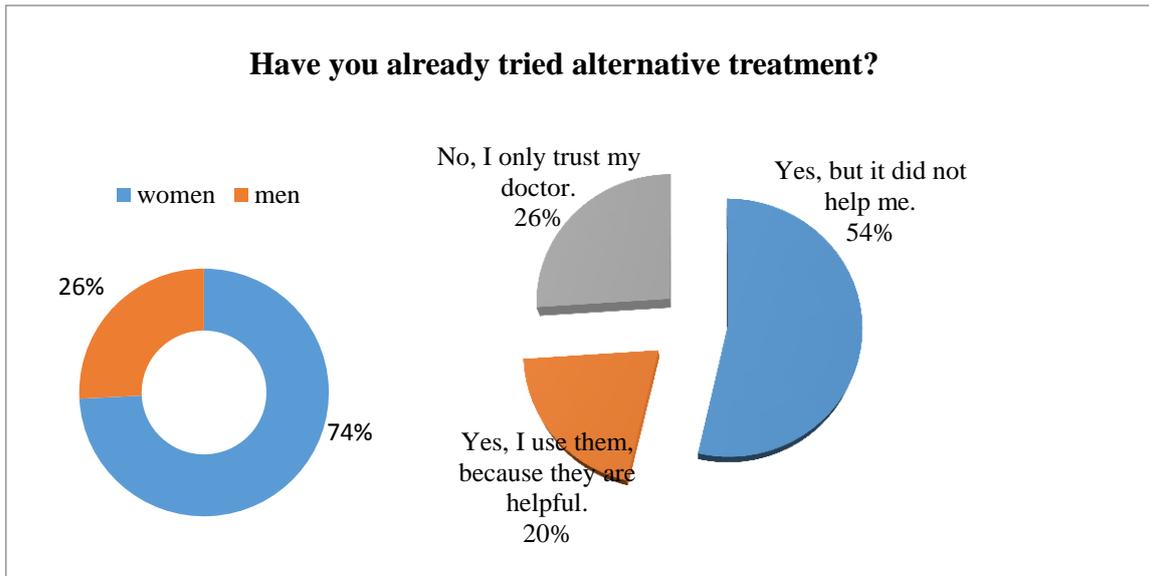


Figure 4 - Alternative treatment in Slovakia

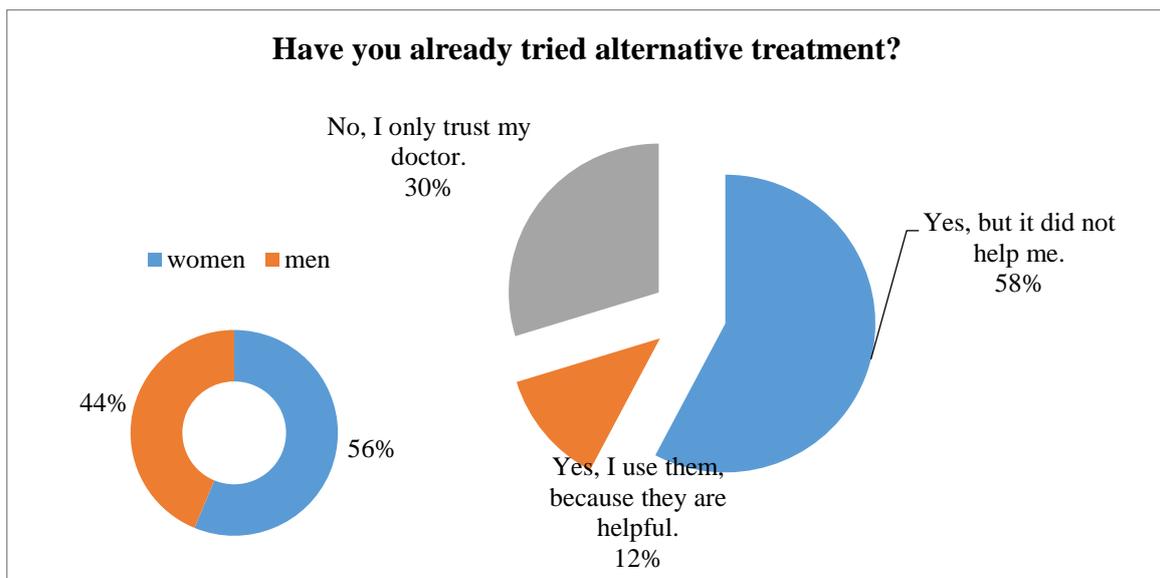


Figure 5 - Alternative treatment in the Czech Republic

In Czech Republic the situation is very similar. Only 12% of respondents claim that they actively use alternative treatment methods. In Slovakia there are more women (74%) out of those people, who claim that they use alternative treatments, on the other hand in Czech Republic it is more equal. 56% of women find this treatment useful, but it is necessary to say, that in Czech Republic, generally there is less people who find alternative treatments as

helpful. Therefore we can predict, that women will be more likely to use light therapy devices than men in Slovakia, but in Czech Republic, the ratio is very similar.

It is also very important to know, if people in the target market have knowledge not only about alternative ways of treatment, but about light therapy itself too. 39% (179) people in Slovakia confirmed that they have already heard about this type of therapy. On the other hand, the majority of respondents (278) have never heard about this. The data correspond with the results in the previous questions about alternative ways of treatment. In Czech Republic more than 41% (141) of respondents have already heard about light therapy. This may be caused because one of the main manufacturers of light therapy devices is a Czech company Biostimul. Therefore it is possible, that more people recognize this treatment due to this manufacturer.

People who already tried this type of treatment were also asked to identify their satisfaction with these devices. Majority of respondents in Slovakia have not had any personal experience (52%) with light therapy devices. Only 5,6% of respondents are satisfied with these devices and 13,4% of people think, that they tried this therapy, but without any success.

The results in Czech Republic were very similar with people, who have never had any personal experience with this therapy. It is 48% of people, who have never had any personal experience. On the other hand situation is better with people who are satisfied (more than 7%) with this type of treatment. This could be a result of better foreknowledge of the public because of the Biostimul manufacturer in its home market.

People who answered, that they have never had any personal experience with these devices were also asked, if they would like to try it and if they are interested in this type of treatment. The results were surprising, because in Slovakia it is 71% of them and in Czech Republic it is more than 75%. This information can be further use in creating marketing mix, because it is obvious, that in both countries people are interested in this kind of alternative treatment, but unfortunately they are not informed well.

Comparison of Slovakia vs. Czech Republic

As we can see from the statistics above, there is clearly visible a parallelism between Slovak and Czech market. This could be caused by many factors (historical, geographical, etc.) but both nations are very similar in terms of responding to questions about alternative treatments and light therapy.

This is the reason why we can assume the same or similar customer's behaviour in the Czech market as it is in Slovakia. This will help us to divide the Czech market to separate subgroups according to the sales statistics in Slovak market and it will allow us to focus our marketing mix to most important market segments.

The second part of marketing research was focused more on promotion of BIOlight's products. The main aim was to find out best possible ways of promoting those products in the Czech market. I tried to figure out how Czech people react to different kinds of promotion, what they prefer in advertising, if they look for discounts or they prefer quality of products, etc.

One of the most important things to research was what influence people when they do shopping. The results were really interesting, because more than 33% of respondents identified, that discount is one of the most important factors when they do shopping. The second one is price itself (22%) and recommendation (20%) is the third one. Quality with 11% is the last of the factors with more than 10% share. Other factors like advertising, country of origin or brand name were identified as less important for Czechs.

For example: In Slovakia 29% of respondents identified quality as the most important factor and discount with 20% was less important. 17% of people think that recommendation is the most important, then price (13%), brand (12%), advertisement (7%) and the less important country of origin (2%). The different view on priorities when people do shopping can be caused by different time of making this survey in Slovakia (2011) and in Czech Republic (2013). Therefore current situation in Slovakia can be different, due to diversity of the environment.

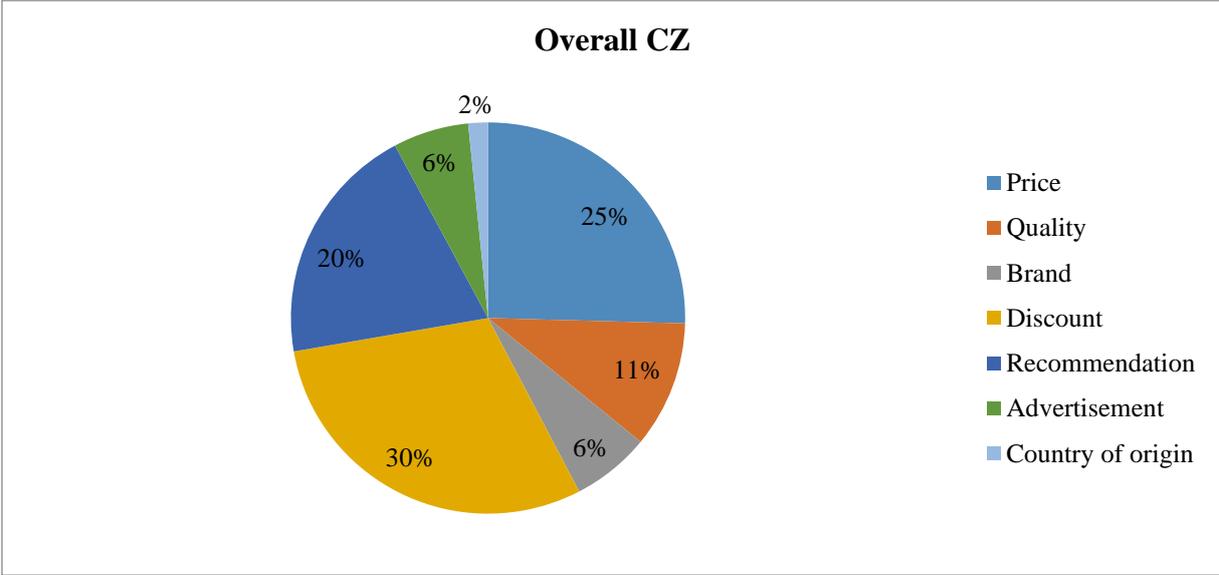


Figure 6 - Important factors in advertisements

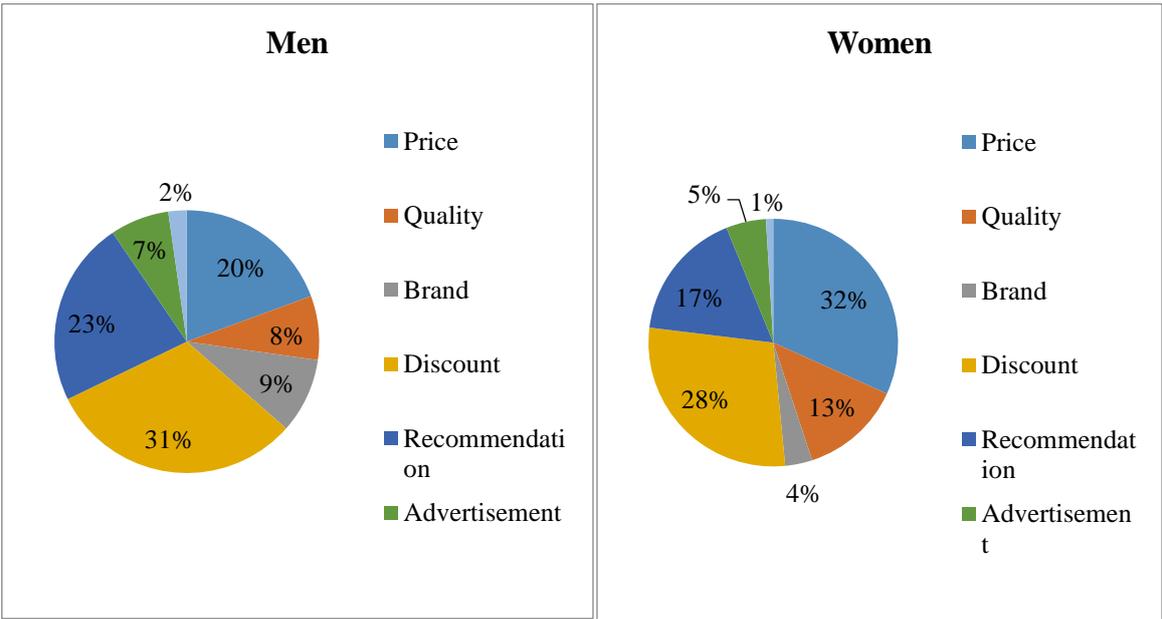


Figure 7 - Important factors in advertisements men/ women

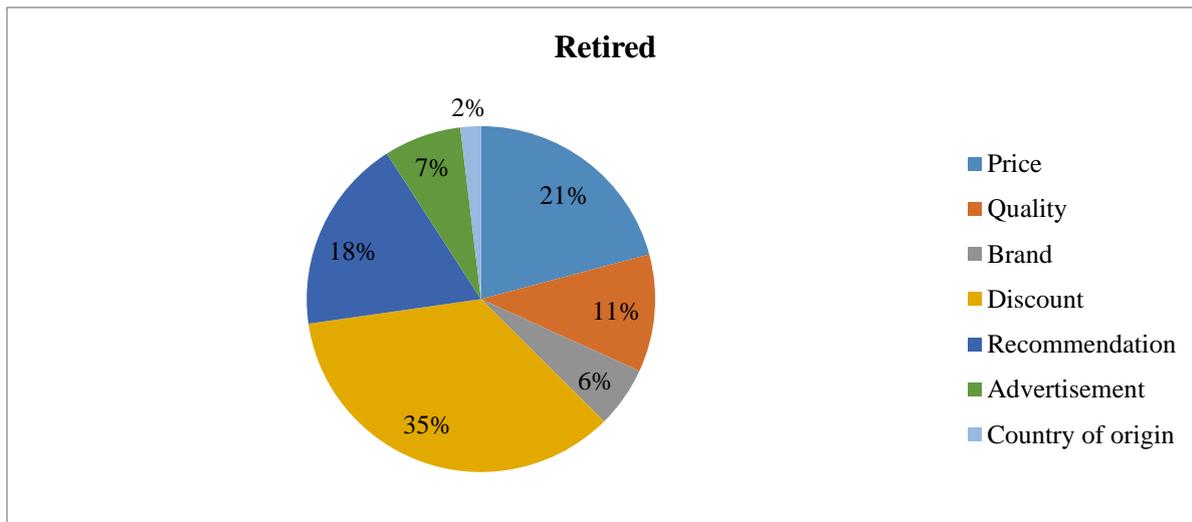


Figure 8 - Important factors in advertisements retired

The priorities also differ according to the gender. As we can see Czech women more care about discounts (41%) and price (23%), on the other hand men behave more rational and they consider recommendation (28%) more important. Priorities of retired people are very similar to women's. They are price sensitive and discount (38%) and price (21%) are most important factors for this group.

An important factor in advertising is the content. Respondents were asked to identify most attractive factor in advertisements. Overall results were surprising. 39% of respondents identified originality as the most important factor, then discounts (29%), scientific proofs (23%) and famous people in advertising can influence only 9% of respondents.

Overall results are not sufficient in terms of focusing marketing mix, therefore it is necessary to find out how these factors are evaluated by market subgroups.

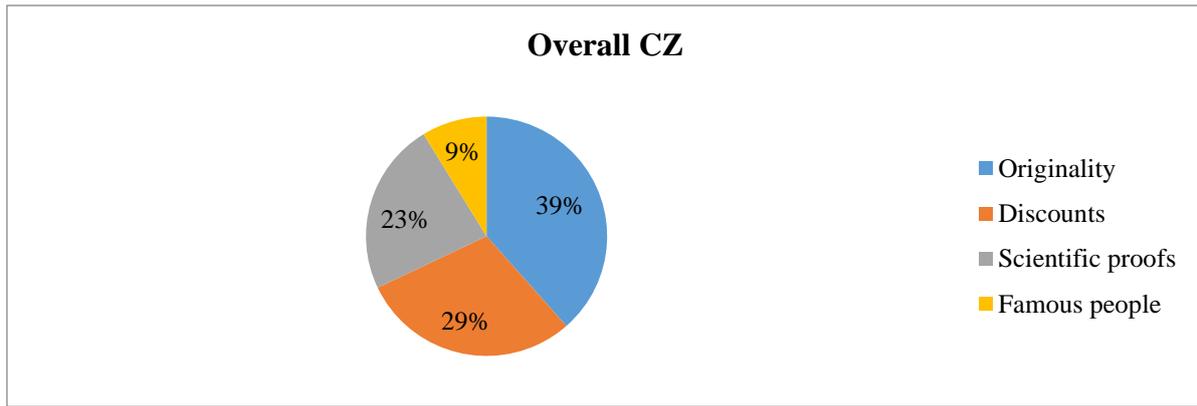


Figure 9 - Most attractive factor in advertisement

Here we can see that women have a different view for important factors.

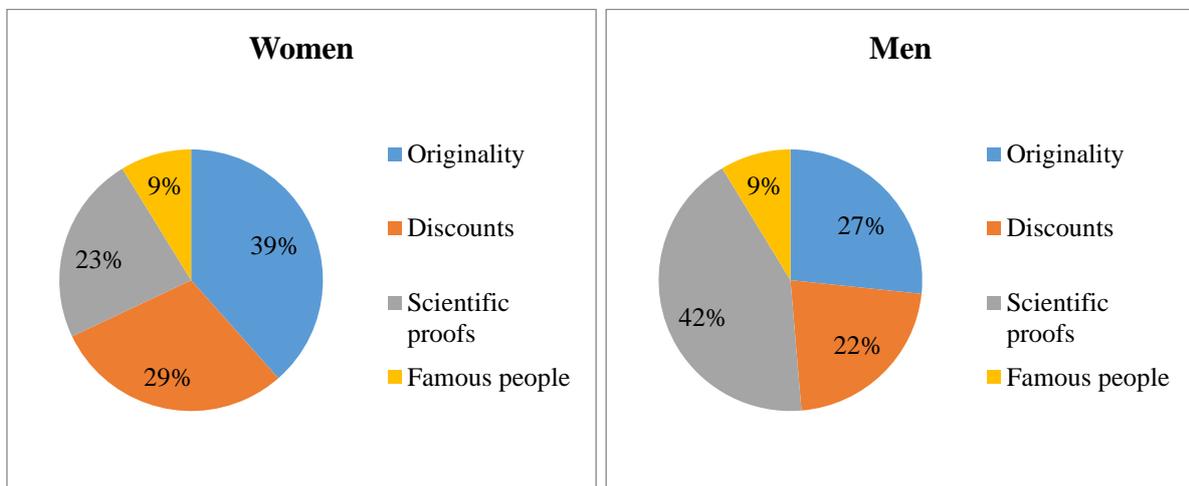


Figure 10 - Most attractive factor in advertisement women/men

39% of women answered, that originality is the most important factor, that was followed by discounts (29%). Less than quarter (23%) of female respondents identified scientific proofs as most important and 9% is for famous people.

On the other hand men have different priorities. 42% of men answered, that scientific proofs are important factor in advertising. The second most important factor is originality (27%) and 22% answered discounts. Famous people as the most important factor in advertisements was identified only by 9% of respondents.

Here we can see significant differences between genders in terms of factors that influence them in an advertisement. We can then suggest to adjust the marketing mix according to these findings.

I tried also to figure out how people react to particular types of advertisement. People were asked, what they think about an interesting advertisement in newspapers and magazines.

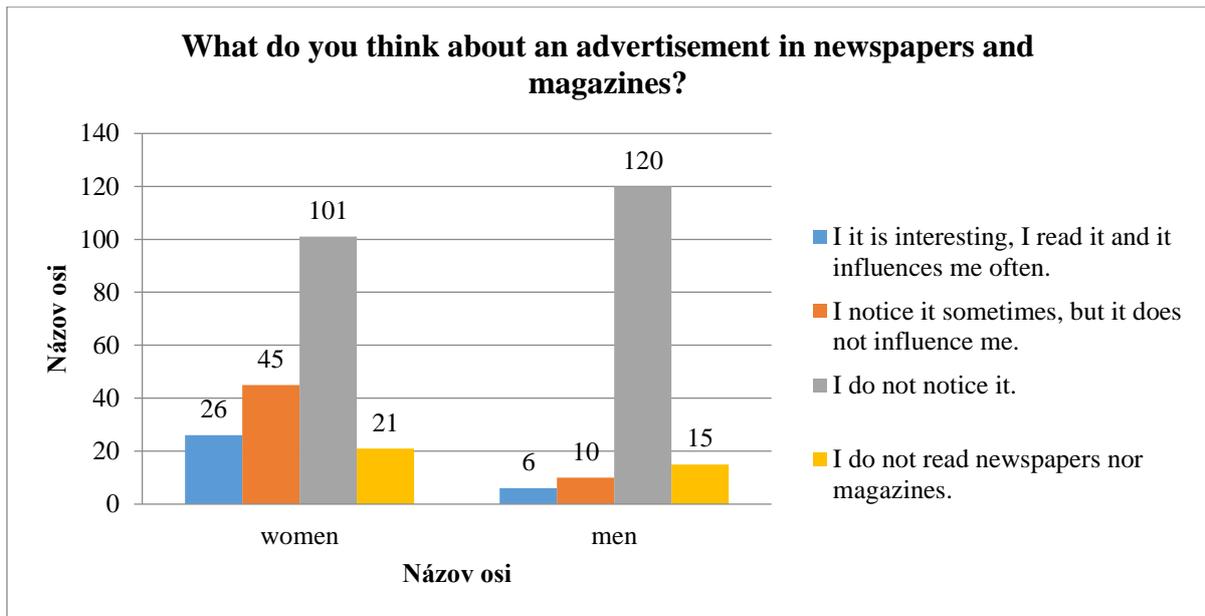


Figure 11 - Advertisements in newspapers and magazines women/men

Majority of respondents answered, that they do not notice this type of advertisement. The results for women and men were very similar and both groups think they are not influenced by this type of advertisement.

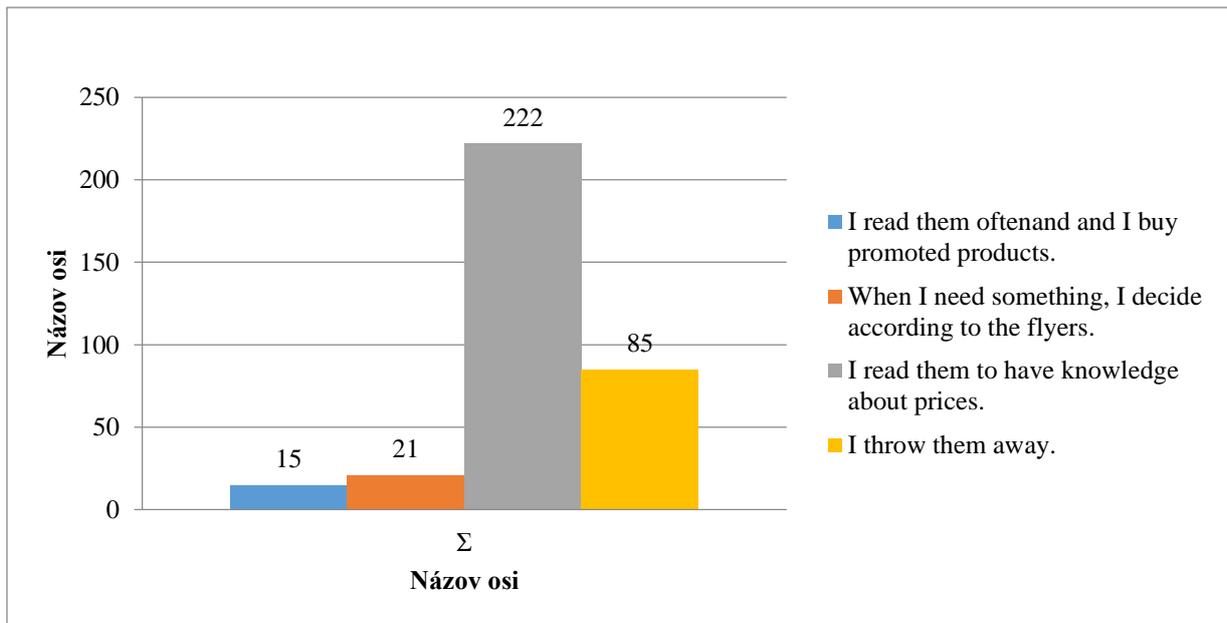


Figure 12 - Advertisements in newspapers and magazines overall

The situation is different with advertising flyers. Majority of people (both women and men) answered, that they read these flyers to have knowledge about prices. Other factors remain very similar for both genders. The most important fact is, that this type of advertising is more popular and people react less aggressive to this type of advertisement than to the other one (advertisement in newspapers, magazine, phone, etc.).

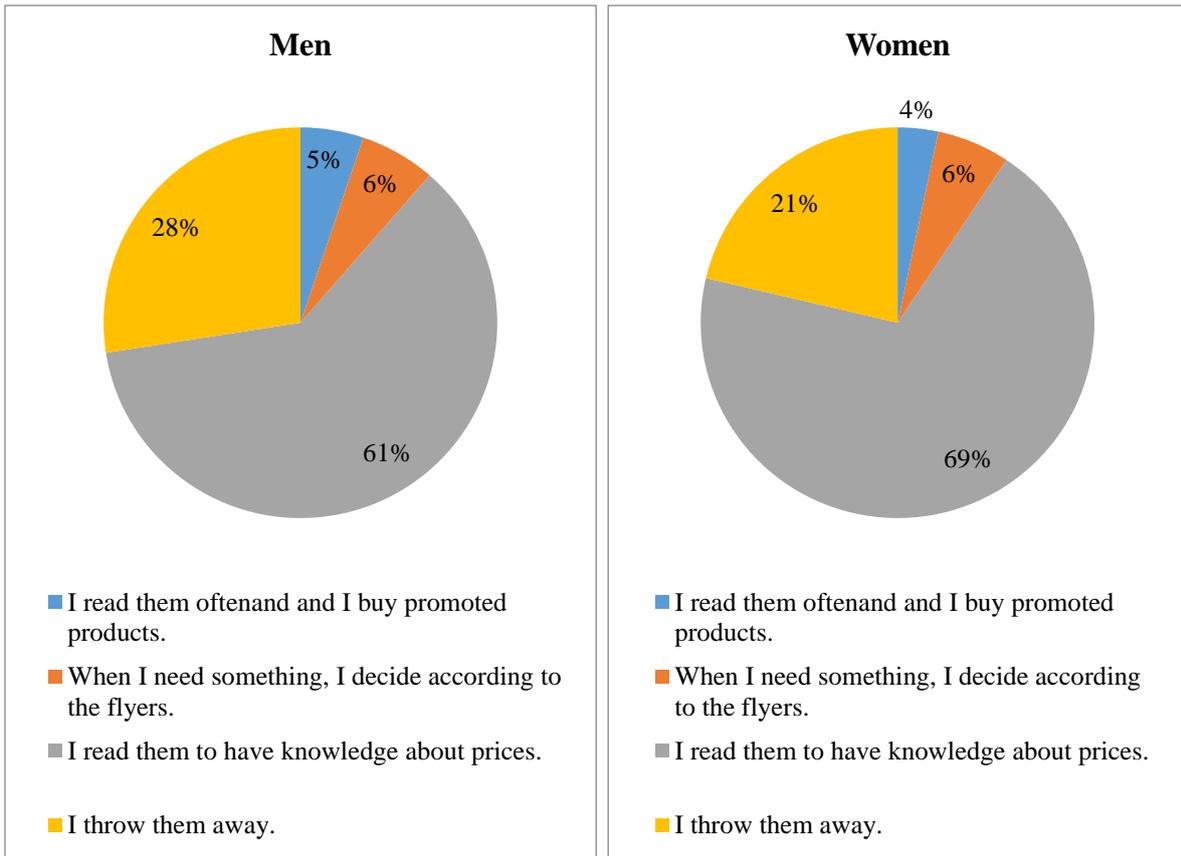


Figure 13 – Advertising flyers women/men

Systems for group buying are very popular these days. The questionnaire should answer the question, how people react to these system, wheter they know about them, use them or they do not trust the products from these systems.

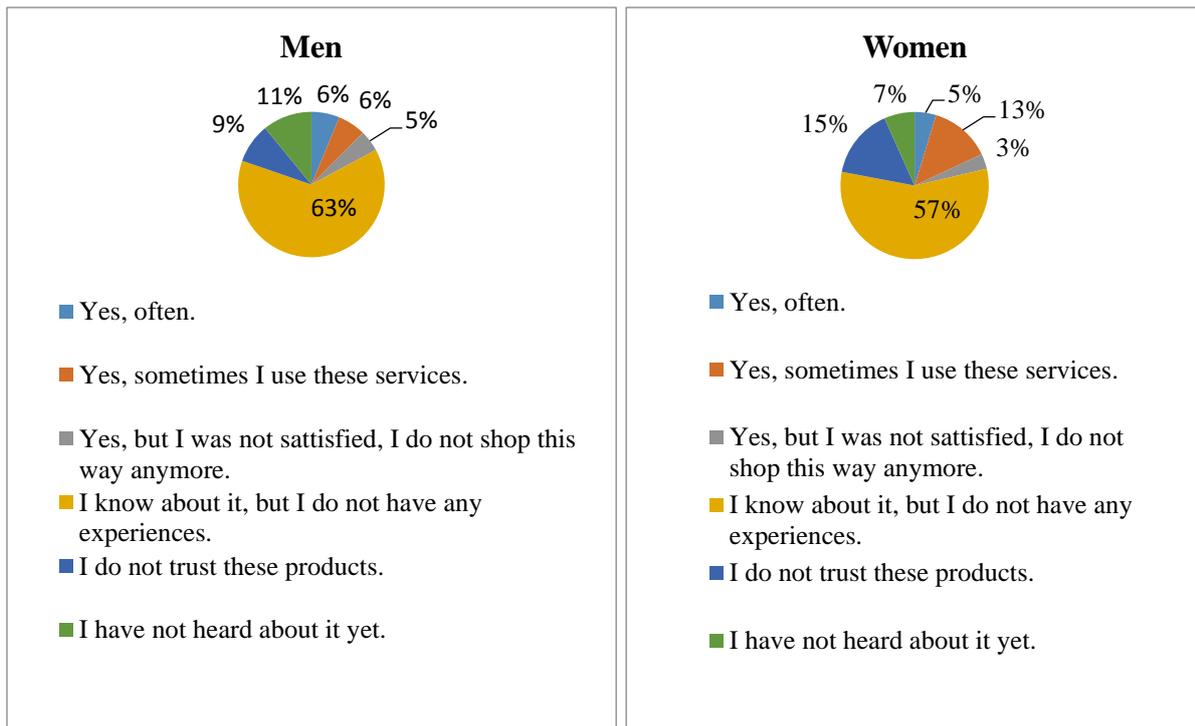


Figure 14 – Groupbuying systems women/men

The results were not surprising. Majority of men (63%) and women (57%) reacted that they know about these systems, but they do not have any experiences. This signifies potential in this type of sales promotion, on the other hand it takes time for people in Czech Republic to get use to this method of shopping. Another interesting finding from this question is that 15% of women do not trust products from these systems. This may be caused due to the fact that there are usually cheap products, that are sold through these systems and the prices are pressed to the ground. This may then evoke that people buy something less qualitative.

Product demonstrations are other possible way of selling products. BIOlight could use this option eventhough its main sales channel is the Internet. Majority of respondents answered, that they are not interested in this type of shopping. Women (74%) were even more strict then men (57%). A quarter of all men (25%) admit they have no experience with this yet, but maybe in the future it is possible.

On the other hand, only 13% of all women think so. This could be more interesting method if the market segment that company is willing to achieve are elderly people (60+ of age), who are more likely to visit this type of events. This market segment reacted more evenly in their responses, on the other hand, other segments (according to the age of

respondents) were more strict and majority of them find this type of selling products not interesting.

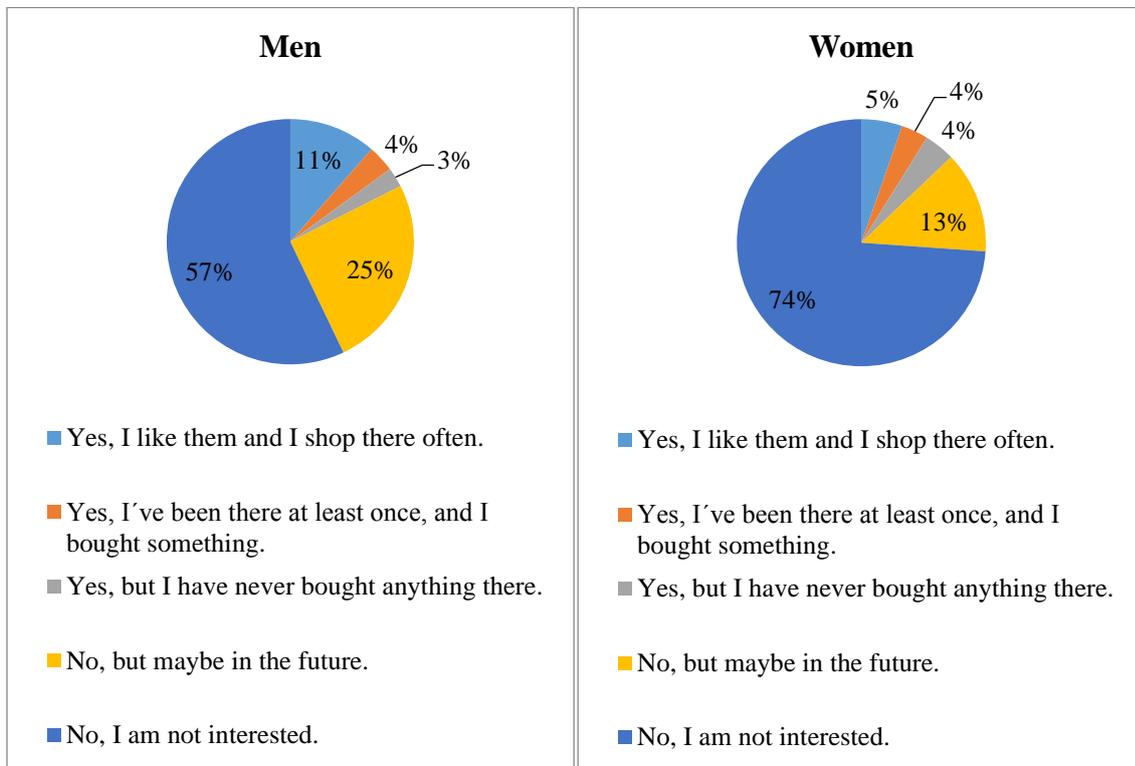


Figure 15 – Product demonstrations women/men

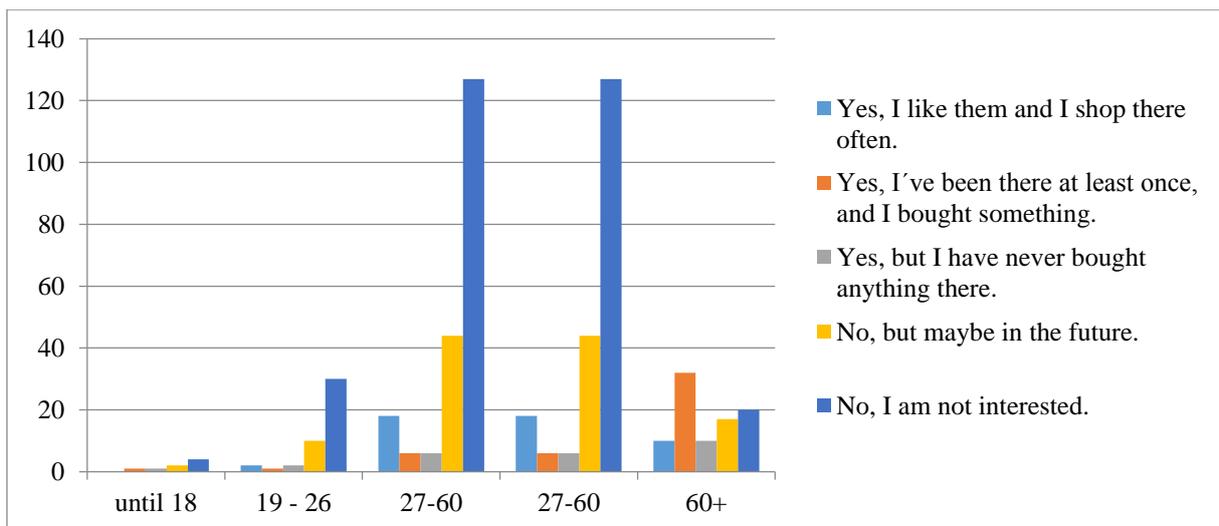


Figure 16 -Product demonstrations according to the age

Another form of offering products is via telephone. As seen in the graphs minority of respondents buy products via this channel. Men and women answered the queries quite evenly. The significant difference was that majority of men (47%) put the telephone down as soon as they can. On the other hand female respondents are more polite. 48% of them are not interested in these calls, but listen to them only due to politeness.

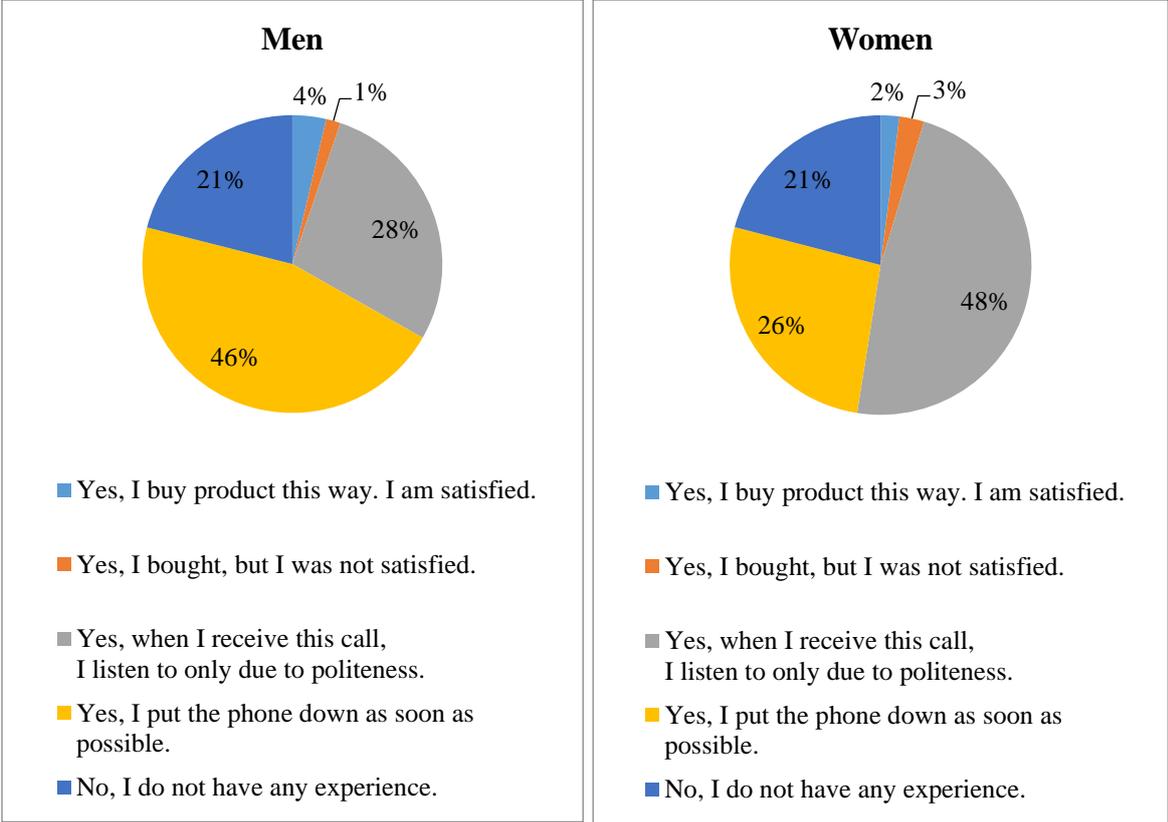


Figure 17 – Telemarketing women/men

Catalogues offers wider range of products then flyers and as seen from the graphs below respondents also react more peacefully to this type of shopping. Majority of men (57%) and women (54%) as well, confirm that they have experience with buying products from catalogues and they are satisfied. Other results are very similar for both genders.

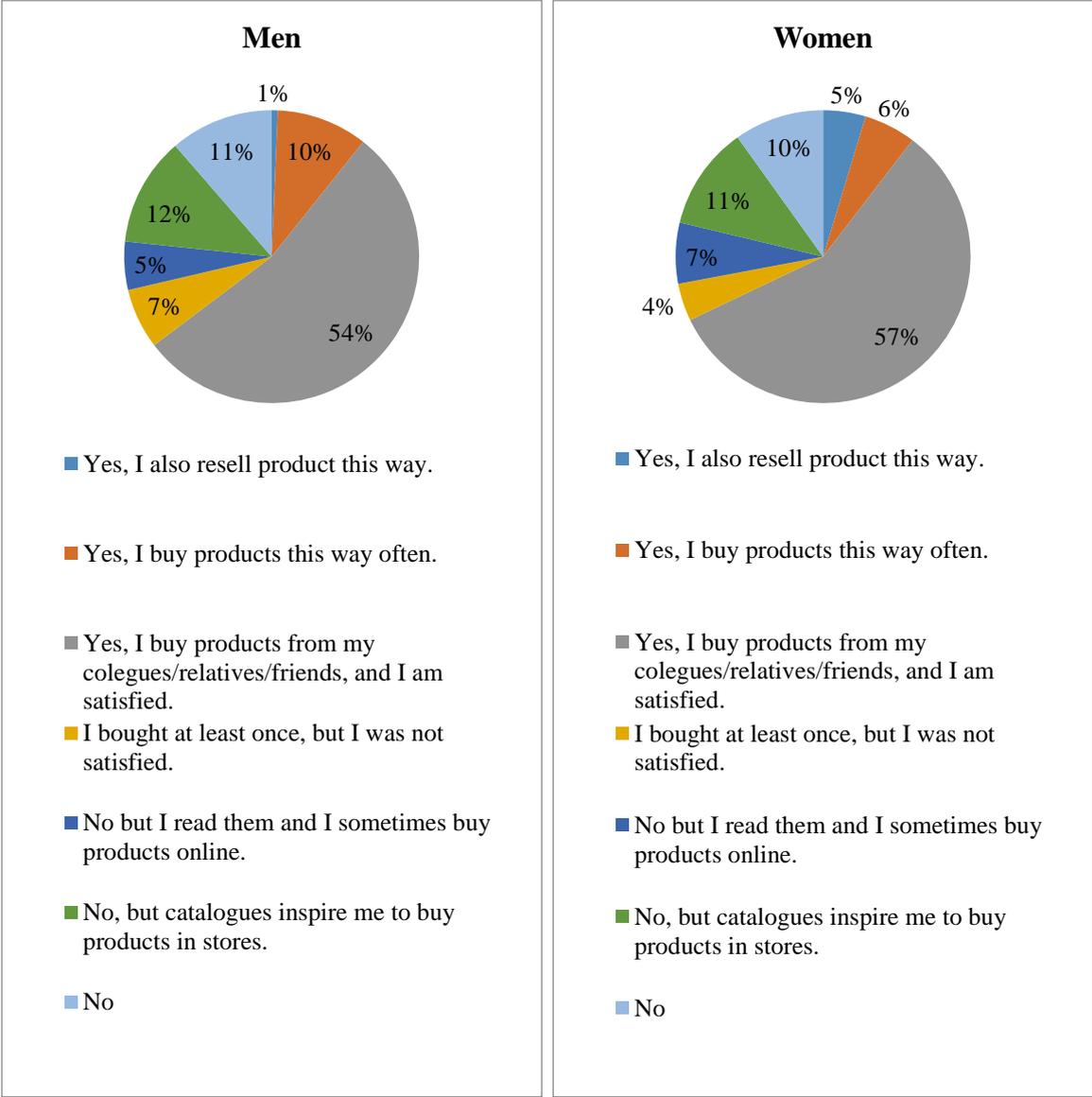


Figure 18 – Product catalogues women/men

The last question of the questionnaire was focused on the most suitable form of shopping for each respondent. An interesting fact in this question is, that majority of women (49%), answered, that the most suitable form of shopping is the Internet.

On the other hand majority of men (35%) said that the most suitable form of shopping is in store shopping.

The results are surprising, but this may be caused due to the fact that according to this analysis, women are affected by different factors and have different priorities. Male customers are more interested in product specification, recommendation and therefor it is possible, that this segment of customers better shop in store, because they can see the products personally.

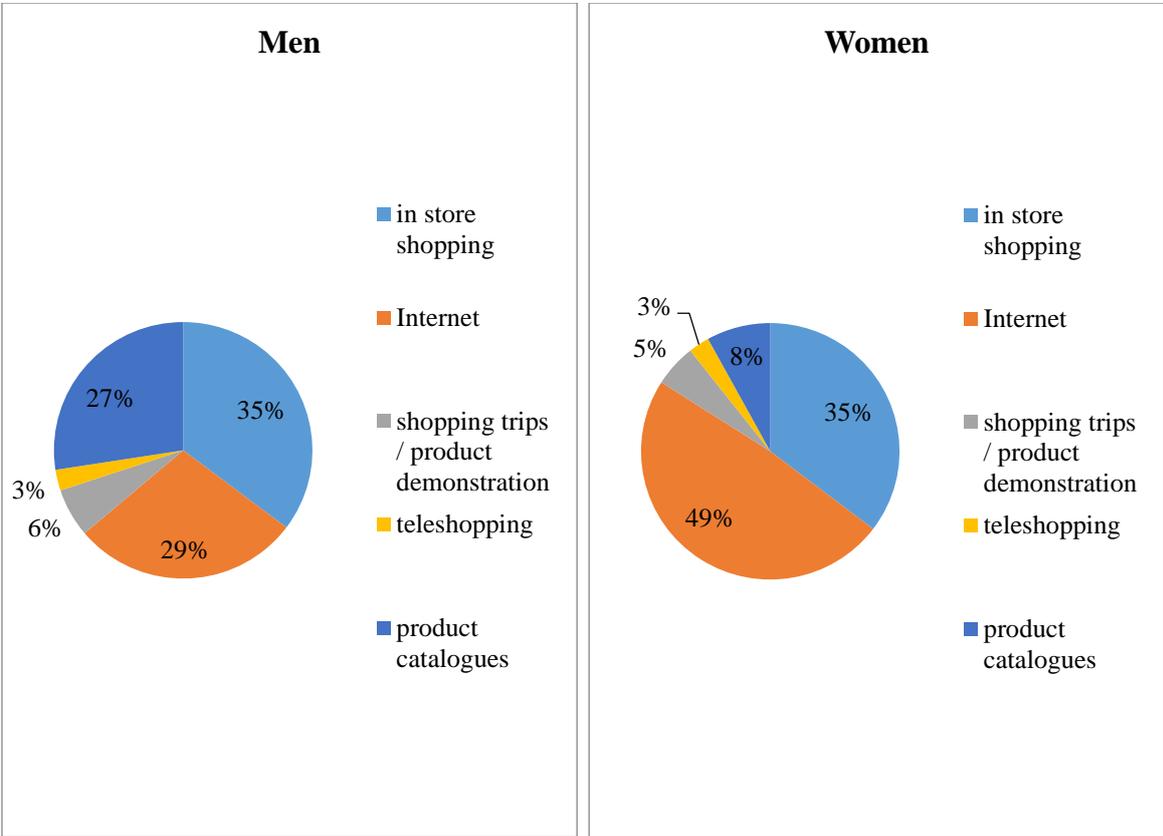


Figure 19 – Favourite shopping places women/men

4.1.3 SWOT analysis

Both analysis of micro and macro environment as well as results of the questionnaire can lead to a synoptic view of all strengths, weaknesses, opportunities and threads for the company. I provided a simple table that summarizes all these factors, that were mentioned before.

Table 5 - SWOT analysis

S <ul style="list-style-type: none">- Established position in the Slovak market- Customer support- SEO	W <ul style="list-style-type: none">- High dependence on suppliers behaviour- Seasonal business type
O <ul style="list-style-type: none">- A developing market in the Internet- Growing population- Healthcare system reforms- Government investments into research and science- A new market in the Czech Republic- Possible penetration of different markets	T <ul style="list-style-type: none">- Price wars with competitors- Competitors access to channels of distribution- Economical changes (taxation, etc.)- Older population (buying power)- Tachation changes- Bigger competition

4.2 Target market segmentation

In this part of the paper I will segment the Czech market according to the data analysed in marketing research and the data collected from BIOlight company and its performance in the Slovak market.

According to the first part of my marketing research, which was focused to find out similarities between Slovak and Czech market, we researched that both markets are very similar in terms of familiarity with alternative ways of treatment and light therapy and its devices. People in both markets tend not to believe in alternative treatments. In terms of light therapy itself, majority of respondents in both countries claimed that they have not heard about light therapy yet.

The situation in Czech Republic was similar, but slightly better than in Slovakia. Czech people seem to have a little more information and knowledge about this type of therapy, but the difference is not significant. Due to evident similarities between the reactions of the people in Slovakia and Czech republic in terms of light therapy and historical and geographical similarities of both countries, we can suppose, that the customer's behaviour in the Czech market will be very similar to Slovak one. This is the reason why I divided Czech market into most relevant segments in the Slovak market.

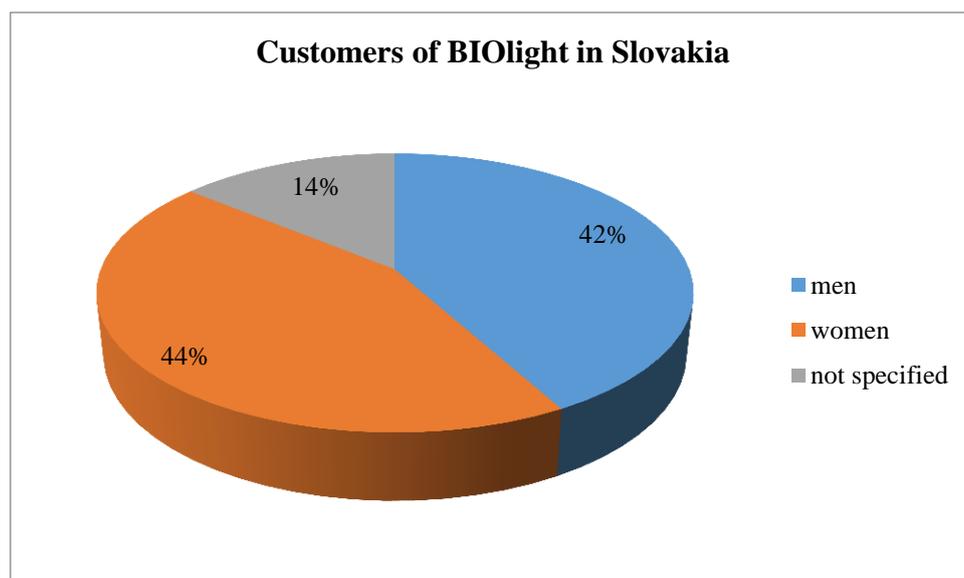


Figure 20 - Customers of BIOlight in Slovakia

I use data of BIOLight company’s customers in the Slovak market. In this chart it is clearly visible, that customers who specified their gender are 44% women and 42% men. This correlates with the research, where I found out that women are more likely to use alternative way of treatment. 14% of total amount of customers have not specified their gender, therefore we will not be able to count with that part. We can now suggest, that the proportion between male and female customers of BIOLight is quite even, therefore we can possibly divide them into 2 main groups – men and women and adjust our marketing mix according to these.

More interesting statistics from BIOLight can be seen in the picture below.

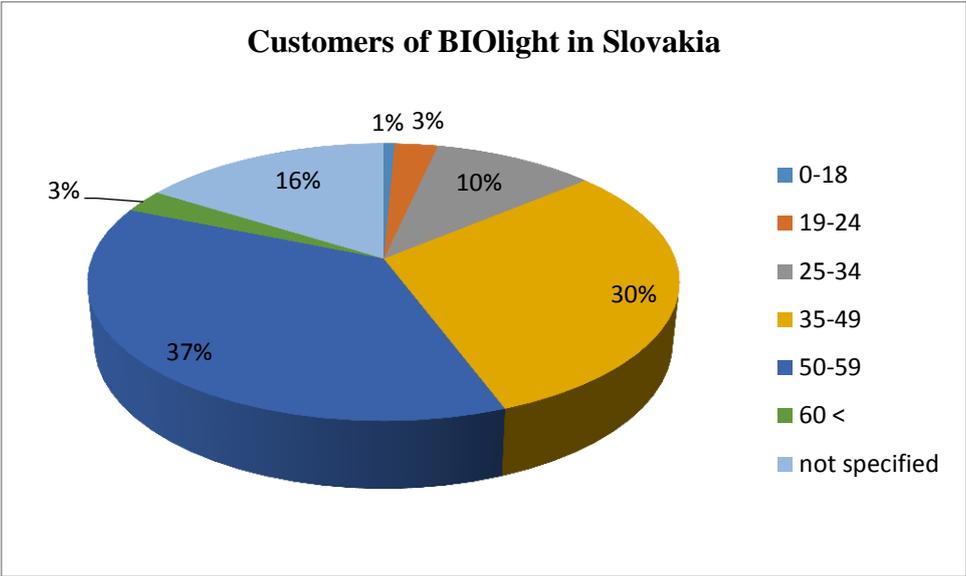


Figure 21 - Customers of BIOLight in Slovakia

Here we can identify that most of BIOLight’s customers are people in productive age – 25-60 years of age. They represent 87% of total customers. Customers 50-59 represent 37% of total customers and customers 35-49 represent 30%. People at the age of 25-34 represent 10% of total customers and other groups are less than 5%. 16% of all customers have not specified their age, therefore we will not be able to count with them.

According to the current situation of BIOLight company in the Slovak market and it’s supposed similarity with Czech market, we can divide Czech market into following main segments:

- Male customers
- Female customers
- People who have not yet heard about light therapy

It is clearly visible, that the main group of customers are people in productive age 25-60, who are less price sensitive. Other groups represent only a small part of total BIOlight customer's. Company's marketing mix should then be focused to these customers. However this segment is wide enough and according to the research we identified significant differences between behaviour of women and men it is appropriate to divide market into smaller parts – male and female customers.

These two groups can be used to create unique marketing mix to ensure better results in the target market. The special segment of this market will be the people, who have not yet heard about light therapy devices. We will have to create a special marketing mix for them and try to do enlightenment of this therapy among those people.

4.3 Target market selection

BIOlight company should focus on dividing customers into above mentioned segments mostly due to a wide range of usage of offered products. Then the company will be able to adjust marketing mix to be sufficient for each of selected segments.

4.4 Positioning

After segmenting the target market, I would recommend to divide the customers into 2 main groups. Those, who have never heard about light therapy and those who already have. Those who have already heard about it then will be divided into men and women.

In the first segment – **customers who have not heard about light therapy**, I would recommend to focus not on promoting particular product, but the light therapy itself. We will need to convince people to try light therapy as a real alternative for basic medicine. BIOlight

needs to focus on showing the real results of light therapy and convincing people about good results of this alternative way of treatment.

On the other hand the second segment **customers who have already heard about light therapy** should more focus on products themselves. Low end products should be offered to more price sensitive customers (unemployed, retired). For example Medilight as the cheapest light therapy device is a good choice and the company should then try to build its marketing strategy on the comparison with more expensive devices.

More expensive products should be offered to less price sensitive customers. BIOlight should try to offer products with higher margins. This segment is not so price sensitive; therefore we should focus on Bioptron Compact III with equipment and highlight the top quality of this product and long warranty period.

4.5 *Marketing mix*

4.5.1 **Product**

4.5.1.1 *Overview*

Customers of this segment usually use personal models of light therapy devices. BIOlight company offers Bioptron Compact III (Zepter), Medilight (Medilight) and Biostimul BS 103 (Biostimul). All these products vary in main characteristics: *technology, degree of polarization, diameter of the filter, spectral characteristics, intensity of light flow, weight, build quality, price, warranty, other features*. Bioptron Compact III and Medilight works both on the same principles of light therapy.

On the other hand Biostimul BS 103 uses different technology FOTONYX (See Appendix) with LED diodes. Medilight and Biostimul BS 103 both offers 99% of polarization, on the other hand Bioptron Compact III presents 95% of polarization. Biostimul also offers only one spectral characteristic – 637nm light, Medilight then 480 - 750 nm and Bioptron Compact III offers 480 - 3400 nm. Electric input of these devices is 22W for Medilight, 4W for Biostimul and 20W for Bioptron. Medilight's weight is the highest – 800g, Biostimul only 150g and Bioptron 500g.

Table 6 - Three most popular products of BIOlight



	Medilight	Biostimul BS 103	Bioptron Compact III
Polraization	More then 99% (480-750nm)	99%	>95% (590 - 1550 nm)
Phototherapy	halogene	monochromatic diod light	halogene
Spectral characteristic	480 - 750 nm	637nm	480 - 3400 nm aj infra žiarenie
Weight	0,8kg	150 g	0,5 kg

4.5.1.2 Advantages vs. disadvantages of each product

Bioptron Compact III – top quality

- + high quality
- + design
- + Swiss made
- + 5 years warranty
- + suitcase
- price

Medilight – top seller

- + price
- + suitcase
- cheap look

+ even better performance than BCIII

Biostimul BS 103 – best user references

+ ergonomical shape

- small healing area

+ Fotonyx technology

- only red light

+ longer life

- without suitcase

4.5.1.3 Summary

Customers, who have no experience with light therapy usually, tend not to choose more expensive product. They buy the cheapest one – Medilight. It offers the same performance (in some features even better) than Swiss made Bioptron Compact III, but for less money. If customers buy Bioptron or Biostimul, it is usually due to a reference from friends and relatives, who recommended particular product. On the other hand, if customer is not decided yet, BIOlight company can guide him through and recommend particular product.

4.5.1.4 Differentiation for particular market segments

Products will not be divided according to our market segments (women, men and people who have not yet heard about light therapy), because according to the statistics of BIOlight in Slovak market, there is no correlation between gender and product chosen.

Therefore it is necessary to focus on customer's actual status and not his gender. Customers thus be divided into 2 smaller subgroups:

- **Employed**

Employed people, whether they are males or females, or they have not heard about light therapy yet, will be offered higher class of products – Bioptron, because this group of customers is not that price sensitive as the second one.

- **Unemployed and retired**

These people are more price sensitive than the first group, therefore they will primarily be offered low cost devices – Medilight. The focus must be taken at highlighting similarities with

more expensive products and their comparison, thus customers will know they buy same quality products, with different brand name.

4.5.2 Price

4.5.2.1 Overview

Pricing is a real issue and identified as one of the most important threads for this company. The reason is high dependence on the pricing strategies of BIOLight's suppliers, that are changeable over the time. The real issue is a little or no innovation in this business, which cause significant issues when suppliers change prices. Customers react very surprisingly when the prices are rising, but the product have not been changed or upgraded for couple of years.

4.5.2.2 Characteristics

- **Bioptron**

Bioptron devices are the most expensive ones that BIOLight offers. The prices start at 620,-€ for the cheapest device Bioptron Compact III. More expensive product is Bioptron Pro 1 for 620,-€ and Bioptron 2 for 4.000,-€.

- **Medilight**

Medilight devices, on the other hand, are the cheapest ones. The prices starts at 281,-€ for basic device Medilight. Activelight Professional device for professional usage costs 2.222,-€.

- **Biostimul**

Biostimul devices are somewhere between above mentioned ones, the cheapest device Biostimul BS 103 costs 353,-€, Biostimul BS 303 costs 650,-€ and Biostimul B 550 costs 2.995,-€

4.5.2.3 Summary

Product portfolio of BIOLight is wide. Every brand offers basic devices for personal usage, but professional devices too. Bioptron offers high end products for higher prices, on

the other hand the best quality of these devices. Medilight offers less pricy devices, but with similar specifications. Biostimul devices have a special position in the product portfolio, due to a wide range of these products. This brand offers many products with specific focus, therefor customers can buy either cheaper or more expensive ones.

4.5.2.4 Differentiation for particular market segments

Women

According to the research provided, it is clearly visible, that women are more sensitive to discounts and lower price strategy. For this market segment I would recommend to create seasonal discounts of particular products. Every season could be focused on different device and it's promotion. Another opportunity can be in seen in creating discounted product sets. This strategy successfully works in Slovak market, because the discounted products sets are the top selling products in Slovakia.

BIOLight created sets of products and equipment and lowered the price. This strategy provided the company an opportunity to sell more equipment with the devices themself.

Men

Pricing strategy for this market segment will not differ from the one above. According to the research, men are more focused on different factors than price, therefor it is not so important in this case.

People who have not yet heard about light therapy

This market segment should be attacked by different influences, not price itself. This segment has not yet been confronted with this type of therapy, therefor it is better to highlight more functions and benefits of this therapy and products than their price. The price of these devices is quite high and could lead to putting off some of the customers.

4.5.3 Place

Internet

The Internet is the most important sales channel for BIOlight, therefore a special care should be taken to this. Website should not only offer the opportunity to buy light therapy devices, but it should also work as a source of information about this therapy. Therefore it should contain an updated blog with light therapy, usage, news, etc. It is also very important to provide an adequate SEO optimization, that will be covered in the promotion part of marketing mix.

Issuing office

Issuing office primary operates as a place where customers can receive the products purchased. Secondly it also works as the place, where customers can come and see the devices personally. Qualified staff can guide them and explain everything they need to know about light therapy or devices offered.

4.5.4 Promotion

Due to the fact, that BIOlight is an Internet company and its main sales channel is e-store, the whole promotion will be mostly focused on online environment. Therefore many of promotion methods will be somehow connected to the Internet and online space.

4.5.4.1 Advertising

Search Engine Optimization (SEO)

In the table below we can see the results of keyword analysis. I chose few keywords that are connected with light therapy in Czech Republic. I adjusted them according to local search queries. Competition column reflects the competition for this keyword and the higher number means higher competition for particular keyword. Global column reflects total search queries for particular keyword and the last column reflects local search queries for a keyword.

Table 7 - Keywords

keyword	competition	global	local (Czech republic)
biolampa	0,63	12100	2400
biolampy	0,63	9900	1900
biopton	0,29	90500	1600
biostimul	0,35	2400	880
svetelna terapie	0,16	320	170
lecba svetlem	0,14	91	91
medilight	0,32	2400	36
svetlolecba	0,1	22	16
terapie svetlem	-	-	-
biolampa biostimul	0,79	480	140
biostimul 103	0,64	210	58
biolampa zkusenosti	0,57	91	58
biolampa pouziti	0,62	210	36
biolampa biobeam 940	0,82	22	16
biolampa medicom	0,81	16	12

The data in the table show that general keywords “biolampa” (2400 search queries) and “biolampy” (1900 search queries) are most common in terms of searching for light therapy. The third most used keyword is “biopton” (1600) and the fourth “biostimul” (880). Both of these keywords mean the name of the brand or manufacturer of light therapy devices, therefore those people most probably look for particular device.

According to this table, BIOlight company has an advantage, because the company owns a domain biolampa-biolampy.sk, with both most-common keywords for Czech market. Therefore the company can buy the same domain name with .cz, or create the language mutation on their own website.

The company has very sufficient SEO results in the Slovak market, mostly due to sophisticated link building and the blog as well. The company manages the blog with news and useful information about light therapy and its usage. These posts help the site to stay

actual and provide new sources of website visitors. The results can be seen in Czech search engines, e.g. Seznam, where BIOlight stays on the first place in search results (first non-paid place).

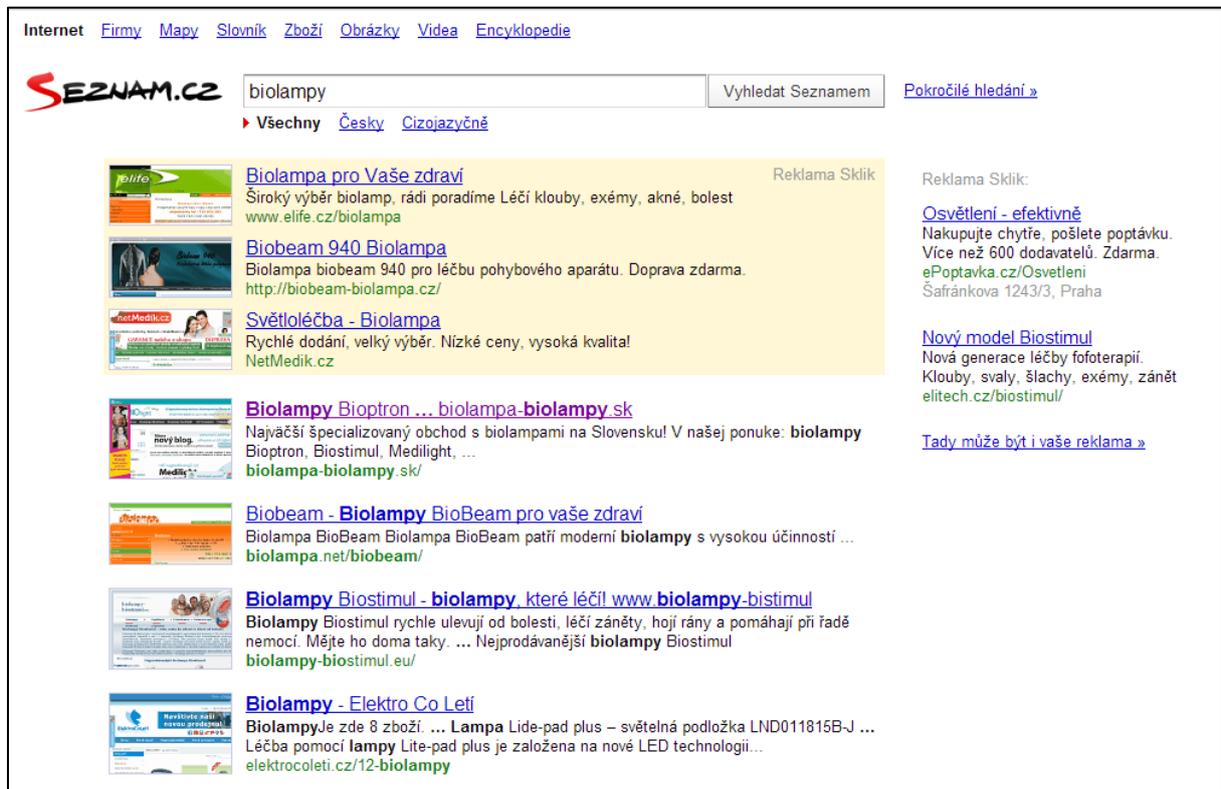


Image 7 - Position in Seznam.cz

Therefore I would recommend to use the same domain name and take advantage of website optimization for Slovak language and build a Czech localization. Then BIOlight would not have to spend another sources to start SEO optimization for Czech market from scratch. On the other hand it would be beneficial if the company spend those sources for SEO analysis. It will also be beneficial to spend additional 500,-CZK every month for linkbuilding and keeping website SEO in good condition.

Time frame: September 2013, then repetition every year

Estimated costs: 10 000,- CZK, then 500,- CZK / month

Pay-Per-Click (PPC)

In terms of advertising on the Internet, Pay-per-Click systems are most common, because they bring an opportunity for bloggers or website owners to make profit from their content. On the other hand business owners can use their websites to promote their products and target particular advertisement to particular visitors. Most common systems are Google AdWords and Etarget.

Sex
Choose, whether your target group are men, women or both.

Age
Choose the age of your target group.

All
 0-18
 19-36
 19+
 37+

Marital Status
Choose whether users of your target group are married or single.

All
 Single
 Married

Education
Choose the education of your potential customers.

All
 Graduates
 College students
 High school students

Interests
We target on the interests of your target group based on the campaign's keywords.

I want my ads to be shown more frequently on Facebook.

Audience:
444 640 people
23%

Image 8 - Etarget campaign setup

Both systems offer dividing audience to smaller parts. We can focus our campaign on men, women, choose the age of target audience, marital status or education. We can also choose special interests and divide visitors according to them. This can provide us a great source of potential customers from particular market segment. We can directly address this type of advertisement to specific market segment.

Women

PPC campaigns for women should be oriented to price drops, sales and discounts, because according to my analysis, women are more price sensitive and mostly decide according to price. BIOlight should then focus on highlighting the lower price and address this advertisements to this market segment.

Men

Men's campaigns should be more focused on references and proofs. According to my analysis, men tend to decide according to advantages of each product and it's comparison with different ones. Therefore I would suggest to create campaigns for each product from BIOlight's 3 main brands and create campaign which will highlight the advantages and it will compare the products among them.

People, who have not heard about light therapy

People who have not heard about light therapy yet are a specific market segment, which need to be addressed very carefully. I suggest not to insert price into this type of customers, on the other hand I would consider to place benefits of light therapy, outcomes of this therapy and photos of healing process, thus they will know what a light therapy can help with.

--

The benefit of this type of advertisement is it's interchangeability with good SEO optimization, which could bring natural source of visitors to company's website. Therefore if SEO results are good enough, there will be no need to pay additional money for PPC campaigns.

Time frame: start in September 2013 - unlimited

Estimated costs: 3,- CZK / click, 3 000 CZK / month, 36 000 CZK / year

4.5.4.2 Public relations

In terms of public relations, it would be beneficial, if the company could set up some public competition or quiz. People could use Facebook to join the competition and share their participation to their friends. They could then win a special prize – light therapy device. Then, every month visitors could win a voucher for 1 000,- CZK discount.

Time frame: November 2013

Estimated costs: cost price of the device 4 624,- CZK

preparing a Facebook application 2 000,-CZK

voucher 1 000,- CZK / month

Another thing that could influence public relations could be live support on the website. Visitors can easily recognise that there is somebody on the other site who is ready to help them, without waiting for an email respond.

Time frame: start in September 2013 - unlimited

Estimated costs: 0,-CZK because customer's support will be provided by a Slovak office

4.5.4.3 Sales promotion

As sales promotion technique I would recommend to use coupons or vouchers with promotional code, that would be received after purchase and customers would be able to give these coupons to their friends with recommendation. Promotional codes would then be applied in the shopping cart with 500,- CZK discount per order.

Time frame: start in September 2013 - unlimited

Estimated costs: 3,5 CZK / order (estimation 200 orders/year) + graphics design 2 000,-
CZK = 2 700,-CZK / year
500,- CZK discount / order

Possible way of sales promotion can also be notifications for new products. Customers of BIOlight can be emailed with new or promoted products that are compatible with the devices they have bought. Email newsletters and sending bulk emails can be provided by free service (e.g. MailChimp). It offers more variants of paid services, but a free one as well. This one however will be sufficient for BIOlight's requirements.

Time frame: start in September 2013 - unlimited

Estimated costs: 0,- CZK

It is also possible to raise money for charities, thus cause –related and fair-trade products and companies are becoming more and more popular.

Time frame: start in September 2013 - unlimited

Estimated costs: 100,- CZK / order

My last proposal in terms of sales promotion could be finance deals. They bring the possibility of buying the product without necessity of paying the full price. I would recommend using some credit company.

Time frame: start in September 2013 - unlimited

Estimated costs: 0,- CZK

4.6 Economical evaluation

I also created an estimated cash flow in the table. I estimated revenues for the first year in the target Czech market according to the data from the Slovak market. I predicted the ratio 1,8, according to the market size in Slovakia vs. Czech Republic and multiplied the data from Slovak market to get the estimated data for Czech market. Therefore estimated revenues for the first year in the target market are 1 824 584,-CZK.

Table 8- Economical evaluation

	2013				2014								Σ
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun	Jul	Aug	
orders estimated	11	20	31	40	9	14	27	9	13	5	4	5	188
REVENUES													
sales	70903	174179	284964	485492	70950	136398	242764	94277	120975	57504	28674	57504	1 824 584
Σ incl. VAT	70903	174179	284964	485492	70950	136398	242764	94277	120975	57504	28674	57504	1 824 584
COSTS													
SEO	10000	500	500	500	500	500	500	500	500	500	500	500	15 500
PPC	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	36 000
Facebook competition	6624	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	17 624
Vouchers	8200	10000	15500	20000	4500	7000	13500	4500	6500	2500	2000	2500	96 700
Charity	1100	2000	3100	4000	900	1400	2700	900	1300	500	400	500	18 800
Σ excl. VAT	28924	16500	23100	28500	9900	12900	20700	9900	12300	7500	6900	7500	184 624
Σ incl. VAT	34709	19800	27720	34200	11880	15480	24840	11880	14760	9000	8280	9000	353748
BALANCE	41979	157679	261864	456992	61050	123498	222064	84377	108675	50004	21774	50004	1 470 836

On the other hand I summarized estimated costs for the marketing strategy that had been developed and compared them to the total revenue. The total costs of marketing strategy are 184 624,-CZK for the first year and they consist of costs of SEO, PPC campaign, Facebook competition, vouchers and charity.

The ratio between total revenue and marketing strategy costs is very efficient, however a better analysis of total costs of the company is necessary to provide reliable information. It is necessary to provide the detailed budget of the company to be able to analyse total costs, not only costs related to the marketing strategy.

4.7 Proposals

Due to the fact that company is an online seller, the marketing strategy is mostly oriented on the Internet. I suggested to focus on promotion in the Internet. As the base of the promotion I suggested good search engine optimization and setting up a pay-per-click campaign. In terms of public relations I recommend to start building a social media community, e.g. Facebook and motivate the visitors to take a part in competitions. It is also beneficial to provide live support for the Czech market, as it is in Slovakia.

In terms of sales support I would recommend to use promotional codes and vouchers that will be delivered with the order and customers will be able to give them to their friends and relatives, or keep it for themselves to get the discount for the next order. It is also beneficial to give freebies for customers. The company should also use their database of customers to send newsletters regularly to notify them about sales and discounted products.

Another suggestion is supporting charity, which means that some percentage of the price is dedicated to charity. Last but not least are financial deals that bring an opportunity to buy products without paying the full price at once.

During the top season I recommend to organise merchandising additions such as product demonstrations where people could see light therapy personally. These events should be held in the Christmas season to offer potential customers a good gift for their family.

5 CONCLUSION

The main purpose of this master's thesis was to develop an efficient marketing strategy for BIOLight company for the target market in the Czech Republic. At first I needed to provide a literature review to find possible ways of developing a marketing strategy. I decided to follow Dolan's framework of developing a marketing strategy.

I also needed to analyse the current state of the company and I provided the micro and macro analysis of the company. I also needed to provide additional research for the Czech market, because I needed to compare target market with Slovakia. Secondly I evaluated similarities between these two markets and used company's data from Slovak market to predict the situation in the Czech market. I used this data to divide Czech market into particular segments and developed the marketing mix, that would fit each segment's needs.

Finally I added proposals that could help the company to achieve better performance in the target market. I believe BIOLight company can be successful in the Czech Republic if it will follow suggested proposals.

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APPENDIX A: PRODUCTS CHARACTERISTICS



	Medilight	Biostimul BS 103	Bioptron Compact III	Biostimul B 303
Polarization	More then 99% (480-750nm)	99%	>95% (590 - 1550 nm)	99%
Light source		LED		LED
Phototherapy	halogene	diod light FOTONYX	halogene	diod light FOTONYX
Diameter of filter	45 mm		4 cm	
Stimulated area		18 cm ²		18 cm ²
Spectral characteristics	480 - 750 nm	637nm	480 - 3400 nm	637nm
Electric source	230V/50Hz	100 - 240 V / 50 - 60 Hz / 12 V / 400 mA	100-230 V~, 50/60 Hz	100 - 240 V / 50 - 60 Hz / 12 V / 400 mA
Source	electric	electric	Electric	Electric or batteries
Input	22 W	4 W	20 W	4 W
Weight	0,8kg	150 g	0,5 kg	122 g

APPENDIX B: QUESTIONS IN THE QUESTIONNAIRE

- 1) Do you or your friends/relatives have health problems?
 - a) Yes
 - b) No

- 2) Do you have any experience with alternative ways of treatment?
 - a) Yes, but it did not help me.
 - b) Yes, I use them, because they are helpful.
 - c) No, I only trust my doctor.

- 3) Have you ever heard about "light therapy"?
 - a) Yes
 - b) No, never.

- 4) If yes, have you ever tried this type of treatment?
 - a) Yes, I tried it once, but without any change.
 - b) I've got one, I am satisfied.
 - c) My relatives have one.
 - d) I only heard about it. No personal experience.

- 5) If no, would you like to try it?
 - a) Yes
 - b) No, I am not interested

- 6) What influences you most, when shopping? (max 3 choices)
 - a) Price
 - b) Quality
 - c) Brand
 - d) Discount
 - e) Recommendation
 - f) Advertisement
 - g) Country of origin

- 7) Do you consider advertising as an important factor in terms of deciding what you buy?
- a) Yes, it influences me often.
 - b) Yes, but only when an advertisement is really interesting.
 - c) No, I am not influenced by advertisements.
 - d) Advertisements deter me.
- 8) What can attract you most in an advertisement?
- a) Originality
 - b) Discounts
 - c) Scientific proofs
 - d) Famous people
- 9) What do you think about interesting advertisement in the Internet?
- a) I open it.
 - b) I only watch it.
 - c) I do not notice it.
 - d) I do not use Internet.
- 10) What do you think about an advertisement in newspapers and magazines?
- a) I find it interesting, I read it and it influences me often.
 - b) I notice it sometimes, but it does not influence me.
 - c) I do not notice it.
 - d) I do not read newspapers nor magazines.
- 11) What do you think about advertising flyers?
- a) I read them often and I buy promoted products.
 - b) When I need something, I decide according to the flyers.
 - c) I read them to have knowledge about prices.
 - d) I throw them away.
- 12) Have you ever tried to shop online?

- a) Yes, often.
- b) Yes, I usually buy 1 time/ month.
- c) Yes, 1-2 times/ year.
- d) No, I usually find product in the Internet, but I buy it in the store.
- e) No, but I will definitely try it.
- f) No, I do not want to shop online.

13) Have you ever tried to use "Zlavomat/Slevomat" or other services that offer group buying?

- a) Yes, often.
- b) Yes, sometimes I use these services.
- c) Yes, but I was not satisfied, I do not shop this way anymore.
- d) I know about it, but I do not have any experiences.
- e) I do not trust these products.
- f) I have not heard about it yet.

14) Have you ever been to any shopping trip or product demonstration?

- a) Yes, I like them and I shop there often.
- b) Yes, I've been there at least once, and I bought something.
- c) Yes, but I have never bought anything there.
- d) No, but maybe in the future.
- e) No, I am not interested.

15) Do you have an experience with telemarketing and selling products via phone?

- a) Yes, I buy product this way. I am satisfied.
- b) Yes, I bought, but I was not satisfied.
- c) Yes, when I receive this call, I listen to only due to politeness.
- d) Yes, I put the phone down as soon as possible.
- e) No, I do not have any experience.

16) Do you have any experience with buying products in product catalogues?

- a) Yes, I also resell product this way.
- b) Yes, I buy products this way often.

- c) Yes, I buy products from my colleagues/relatives/friends, and I am satisfied.
- d) I bought at least once, but I was not satisfied.
- e) No but I read them and I sometimes buy products online.
- f) No, but catalogues inspire me to buy products in stores.
- g) No

17) Which type of shopping possibilities is the best for you?

- a) in store shopping
- b) Internet
- c) shopping trips / product demonstration
- d) teleshopping
- e) product catalogues

APPENDIX C: QUESTIONNAIRE RESULTS

		CZ - 343 respondents								
			until 18	19 - 26		27-60		60+	Σ	
		Σ	8	36	9	185	16	89	193	343
			2,33%	10,50%	2,62%	53,94%	4,66%	25,95%	56,27%	43,73%
			student	student	empl	empl	unempl	retired	women	men
1	Do you or your friends/relatives have health problems?	Yes	8	27	9	177	15	85	144	185
		No	0	9	0	8	1	4	8	6
2	Do you have any experience with alternative ways of treatment?	Yes, but it did not help me.	5	21	5	107	9	51	111	87
		Yes, I use them, because they are helpful.	1	5	1	23	2	11	24	19
		No, I only trust my doctor.	2	11	3	55	5	26	57	45
3	Have you ever heard about "light therapy"?	Yes	3	15	4	76	7	37	79	62
		No, never.	5	21	5	109	9	52	114	88
4	If yes, have you ever tried this type of treatment?	Yes, I tried it once, but without any change.	0	1	1	13	3	2	9	11
		I've got one, I am satisfied.	0	2	0	6	1	5	12	2
		My relatives have one.	1	5	1	23	2	11	10	33
		I only heard about it. No personal experience.	1	7	2	34	1	19	48	16
5	If no, would you like to try it?	Yes	4	16	4	81	7	39	85	66
		No, I am not interested.	1	5	1	28	2	13	29	22

6	What influences you most, when shopping? (max 3 choices)	Price	221	3	26	4	124	9	55	135	86
		Quality	91	2	12	3	39	6	29	56	35
		Brand	56	1	7	3	28	2	15	15	41
		Discount	260	9	35	6	102	15	93	121	139
		Recommendation	173	7	21	8	78	11	48	72	101
		Advertisement	54	1	4	1	25	4	19	22	32
		Country of origin	14	0	1	1	6	1	5	4	10
7	Do you consider advertising as an important factor in terms of deciding what you buy?	Yes, it influences me often.	19	3	1	2	9	1	3	14	5
		Yes, but only when an advertisement is really interesting.	141	1	16	1	80	2	41	62	79
		No, I am not influenced by advertisements.	149	1	19	4	83	6	36	97	52
		Advertisements deter me.	34	3	0	2	13	7	9	20	14
8	What can attract you most in an advertisement?	Originality	132	3	14	3	71	6	34	74	40
		Discounts	101	2	11	3	54	5	26	57	33
		Scientific proofs	80	2	8	2	43	4	21	45	64
		Famous people	30	1	3	1	16	1	8	17	13
9	What do you think about interesting advertisement in the Internet?	I open it.	68	1	8	4	36	1	18	33	35
		I only watch it.	80	3	10	3	44	5	15	69	11
		I do not notice it.	180	0	16	2	98	9	55	84	96
		I do not use Internet.	15	4	2	0	7	1	1	7	8
10	What do you think about an advertisement in newspapers and magazines?	I it is interesting, I read it and it influences me often.	32	2	4	0	17	1	8	26	6
		I notice it sometimes, but it does not influence me.	60	5	5	6	28	1	15	45	10
		I do not notice it.	212	1	24	2	121	10	54	101	120
		I do not read newspapers nor magazines.	39	0	3	1	19	4	12	21	15

11	What do you think about advertising flyers?	I read them often and I buy promoted products.	15	1	2	2	5	3	2	10	5
		When I need something, I decide according to the flyers.	21	1	2	1	12	2	3	12	9
		I read them to have knowledge about prices.	222	4	25	5	112	10	66	118	104
		I throw them away.	85	2	7	1	56	1	18	53	32
12	Have you ever tried to shop online?	Yes, often.	54	1	5	1	37	1	9	32	22
		Yes, I usually buy 1 time/ month.	48	3	6	4	22	3	10	29	19
		Yes, 1-2 times/ year.	180	1	21	2	105	9	42	95	85
		No, I usually find product in the Internet, but I buy it in the store.	12	1	1	1	5	0	4	7	5
		No, but I will definitely try it.	30	2	3	0	8	3	14	18	12
		No, I do not want to shop online.	19	0	0	1	8	0	10	12	7
13	Have you ever tried to use "Zlavomat/Slevomat" or other services that offer group buying?	Yes, often.	19	1	3	1	11	1	2	12	7
		Yes, sometimes I use these services.	32	0	2	0	20	2	8	12	20
		Yes, but I was not satisfied, I do not shop this way anymore.	14	1	2	0	7	1	3	9	5
		I know about it, but I do not have any experiences.	207	4	22	4	109	11	57	122	85
		I do not trust these products.	40	2	4	3	18	1	12	17	23
		I have not heard about it yet.	31	0	3	1	20	0	7	21	10
14	Have you ever been to any shopping trip or product demonstration?	Yes, I like them and I shop there often.	30	0	2	0	18	0	10	22	8
		Yes, I've been there at least once, and I bought something.	12	1	0	1	5	1	32	7	5
		Yes, but I have never bought anything there.	11	1	1	1	3	3	10	5	6
		No, but maybe in the future.	69	2	8	2	41	3	17	49	20
		No, I am not interested.	221	4	25	5	118	9	20	110	111

15	Do you have an experience with telemarketing and selling products via phone?	Yes, I buy product this way. I am satisfied.	8	1	2	1	3	1	0	7	3
		Yes, I bought, but I was not satisfied.	8	0	1	0	4	2	1	3	4
		Yes, when I receive this call, I listen to only due to politeness.	96	2	10	2	55	3	24	54	72
		Yes, I put the phone down as soon as possible.	159	4	16	2	83	6	48	88	40
		No, I do not have any experience.	72	1	7	4	40	4	16	41	31
16	Do you have any experience with buying products in product catalogues?	Yes, I also resell product this way.	14	1	0	1	7	2	3	9	1
		Yes, I buy products this way often.	26	0	2	0	14	0	10	11	15
		Yes, I buy products from my colleagues/relatives/friends, and I am satisfied.	192	4	14	3	112	8	51	111	81
		I bought at least once, but I was not satisfied.	18	1	3	2	9	2	1	8	10
		No but I read them and I sometimes buy products online.	21	0	4	2	8	0	7	13	8
		No, but catalogues inspire me to buy products in stores.	40	2	6	0	19	3	10	22	18
		No	32	0	7	1	16	1	7	19	17
17	Which type of shopping possibilities is the best for you?	in store shopping	98	2	10	3	53	5	25	68	53
		Internet	121	3	13	3	65	6	31	55	73
		shopping trips / product demonstration	21	0	2	1	11	1	5	12	8
		teleshopping	9	0	1	0	5	0	2	5	4
		product catalogues	94	2	10	2	51	4	24	53	12