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Abstract

This Master's thesis is focused on the design of communication strategy for selected company. The objectives are to analyze the current situation of company's communication mix and its macro and micro environment, furthermore on the basis of these analyses to propose improvements for communication strategy, which will help to increase the awareness about the company and bring the new customers.

Abstrakt

Diplomová práce je zaměřena na návrh komunikační strategie pro vybraný podnik. Cílem je analyzovat současný stav komunikačního mixu podniku a jeho vnějšího a vnitřního prostředí. Dále na základě provedených analýz navrhnout nová doporučení pro zlepšení komunikační strategie, která napomůžou ke zvýšení povědomí o firmě a přivedou nové zákazníky.

Key words

Marketing, communication strategy, communication, promotion, advertising.

Klíčová slova

Marketing, komunikační strategie, komunikace, propracování, reklama.

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Statutory declaration

I declare that the submitted master's thesis is the original and has been written independently. I also declare that provided list of references is complete and copyrights are not violated (pursuant to Act.No. 121/2000 Coll., on Copyright Law and Rights Related to Copyright Act).

In Brno 2016

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Bc. Tomáš Elšík

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CONTENT

Introduction.....	8
1. Objectives and methods used.....	9
1.1 Objectives of the paper.....	9
1.2 Additional objectives	9
1.3 Methods used	10
2. Theoretical background of Marketing.....	11
2.1 Marketing	11
2.2 Marketing environment.....	12
2.2.1 Macro environment of the company.....	12
2.2.2 Micro environment of the company.....	14
2.3 Marketing mix.....	15
2.3.1 Product.....	16
2.3.2 Price	16
2.3.3 Place (distribution).....	17
2.3.4 Promotion.....	18
2.3.5 People.....	18
2.3.6 Process	19
2.3.7 Physical evidence.....	19
2.4 Marketing communication	20
2.4.1 Communication process.....	20
2.4.2 Attributes of message.....	21
2.4.3 Objectives of marketing communication	22
2.4.4 Marketing communication strategy	23
2.4.5 Pull marketing strategies.....	23
2.4.6 Push marketing strategies	23
2.5 Traditional marketing tools of communications mix.....	24
2.5.1 Advertising.....	25
2.5.2 Sales promotion	26
2.5.3 Events and experiences	27
2.5.4 Public relation (PR)	27
2.5.5 Direct marketing	28
2.5.6 Sponsorship.....	28
2.5.7 Personal selling.....	29
2.6 New trends in marketing communication	29

2.6.1	Guerrilla marketing.....	29
2.6.2	Viral marketing.....	30
2.6.3	Mobile marketing.....	30
2.6.4	Digital marketing.....	30
2.6.5	Product placement.....	31
2.7	Environmental analysis.....	32
2.7.1	External analysis.....	32
2.7.2	Internal analysis.....	34
3.	Analysis of the company.....	35
3.1	Basic characteristic of the company.....	35
3.2	Brief introduction and history of the company.....	36
3.3	Characteristic of the scope of business.....	37
3.4	Organizational structure.....	38
3.5	Mission and vision of the company.....	39
4.	External analysis of the company.....	41
4.1	SLEPT analysis.....	41
4.1.1	Social factors.....	41
4.1.2	Legal factors.....	44
4.1.3	Economic factors.....	46
4.1.4	Political factors.....	49
4.1.5	Technological factors.....	50
4.2	Porter's five forces model.....	51
4.2.1	Threat of new entry.....	51
4.2.2	Threat of substitution.....	52
4.2.3	Buyer power.....	52
4.2.4	Supplier power.....	53
4.2.5	Competitive rivalry.....	54
4.3	Summary of an external analysis.....	56
5.	Internal analysis of the company.....	57
5.1	Analysis of marketing mix.....	57
5.1.1	Product.....	57
5.1.2	Price.....	61
5.1.3	Place (distribution).....	62
5.1.4	Promotion.....	63
5.2	SWOT analysis.....	69

5.2.1	Strength	70
5.2.2	Opportunities	70
5.2.3	Weaknesses	71
5.2.4	Threats	71
6.	Propose of the communication strategy	72
6.1	Direct emailing	73
6.2	Billboard campaign	74
6.3	Contextual advertising	76
6.4	Remarketing campaign.....	78
6.5	Expenditures overview	81
	Conclusion	82
	REFERENCES.....	83
	List of figures.....	90
	List of tables	91

Introduction

Marketing is on the current market situation essential and necessary part of every business. The rapid change in the marketing environment over few past years has increased and awareness of the importance of marketing.

Businesses currently face increasing competition and only those, who determine customer desires and deliver them the most value, will succeed. Satisfying customer's needs is the crucial thing on the way to success. To retain current and attract new customers, company has to offer high quality services and products which meets customers requirements.

Company builds the awareness among current and potential customers by the right usage of communication mix, therefore the selection of suitable tools cannot be underestimated.

The Master's thesis is divided into three main parts. First part is dedicated to theoretical background of marketing, in order to understand the basic terms and concepts. In the second part are conducted analyses of external and internal environment of chosen company. Moreover, analysis of current marketing communication mix is carried out too. Final part is made of proposals for improvements in chosen company's communication mix.

1. Objectives and methods used

1.1 Objectives of the paper

The main objective of this paper is to propose the improvements in communication strategy of selected company, which will help to increase the awareness about the company, retain current customers plus enhance their loyalty and also attract new potential customers. Further, it will hopefully contribute to higher sales, business turnover and greater profit.

1.2 Additional objectives

It is necessary to set up additional objectives of the thesis, in order to successfully accomplish the main objective. These objectives will have supportive character.

- Provide the necessary theoretical background for understanding of the chosen field, followed by theoretical information about new trends in marketing communication.
- Carry out SLEPT and Porter's five forces analysis to analyze external industry of the company.
- Describe and analyze the current internal situation of company and its current communication strategy.
- Create SWOT matrix, which will help to identify the most significant strengths, opportunities and reveal the weaknesses and possible threats.

1.3 Methods used

In order to get the right information and overview of the company, situation analyses will be carried out. A situational analysis means a collection of methods that managers use to analyze company's internal and external environment. At first, I will analyze the external environment of the company using the SLEPT analysis. Environment will be examined through its Social, Legal, Economic, Political and Technology factors. Industry environment will be analyzed through Porter's five competitive forces. Then the internal analysis will be made, with a focus on current communication strategy. On the basis of these analyses the SWOT matrix will be created and company's strengths, opportunities, weaknesses and threats will be evaluated.

2. Theoretical background of Marketing

In this first part of my master's thesis I will try to summarize theoretical information from the field of marketing and marketing communication. Overview of the theoretical background will help me to better understand the nature of marketing.

2.1 Marketing

"Marketing" is in today's world often inflected expression, nevertheless its true meaning is not always understood in the right way. Marketing is not just a synonym for advertising, but it is a complex component of business culture and its management. Kotler (2007) defines it as social and managerial process by which individuals and groups meet their needs and desires in the process of production and process of exchange of products and values. Further Kotler (2007) says, that it can be also defined as a summary of economic activity, by which individuals and groups obtain what they need through the creation, offer and exchange of valuable products with others.

Marketing is therefore a comprehensive strategic approach to business with a objectives to find and utilize customer needs. It is a complex of managerial market-oriented activities in order to create values and satisfy the needs and desires of customers. Marketing can be also perceived as modern managerial approach, which is based on market analysis and marketing environment. It lays the foundation for the planning, control and management (Jurášková, 2012).

Marketing is based on building relationships with customers, it creates values and searches for their needs and wishes. Therefore, it is necessary to define the following expressions:

Customer is an individual, group or organization, which will pay for the product or service in order to gain benefit. Customer should be therefore a point of interest for every company.

Value takes a lot of forms and cannot be clearly quantified, since the value is determined completely individually by customers (Jakubíková, 2008).

Need is perceived by people as a lack of basic physiological needs, as well as the lack higher needs (social, self-realization, solidarity). If this needs are not met, then the person tries to satisfy it.

Desires are the needs of individuals shaped by their personality.

Demand is an expression of desires of the individuals expressed in purchasing power (Kotler, 2007).

Financial success of the entire company often depends on the marketing capability, because without sufficient demand for products and services are other business parts such as finance, accounting without significance (Kotler, 2012).

2.2 Marketing environment

Marketing environment is very complex and variable place. It is a place where companies search for new opportunities and potential possibilities. Marketing environment includes all participants and forces affecting the abilities and skills of the company to develop and make successful transactions on their target markets (Foret et al., 2005).

We can divide marketing environment into two areas. Micro and macro environment. The first one (micro) is area which can be influenced by company, whereas the second (macro) contains areas which company cannot influence.

2.2.1 Macro environment of the company

Factors included in macro environment can not be affected, therefore these factors are set for the company and unchangeable in the short term. These factors brings the company various risks (Zamazalová, 2010).

Macro environment consists of six factors:

Demographic environment - managers monitors the size and the growth of the world population, its composition, geographic segmentation and density, migration of population, age, employment, level of education, birth and death rate, aging of population, ethnic, racial and religious structure (Foret et al., 2005)

Economic environment - among the economical factors belongs mainly the purchasing power of the market and the consumers and the factors that influence them. Wage growth, the amount of savings, consumption of population and consumer confidence in the economy (Zamazalová, 2010).

Natural environment - natural factors include climatic and geographic conditions, raw material resources, ecological issues such as water pollution, extraction of resources, environmental degradation and rising energy costs (Foret, 2012).

Technological environment - includes the pace of innovation, product life cycle, technological level of product facilities, the availability of the internet and communication connections, the level and availability of transport infrastructure (road infrastructure, air infrastructure, railway infrastructure etc.) (Foret, 2012).

Political environment - legal frameworks which influence the existence of business, markets, consumer protection and law enforcement in general. These factors influence behavior of companies the most. Attitude of the government towards businesses and markets, structure of government expenditures, structure of tax system and also level of corruption and economic safety is crucial. Wars, changes in political system or nationalization of property are another risks (Zmazalová, 2010).

Cultural factors - as a cultural factors are considered particularly language, ethnicity, education system, the way people spend their time, religions, social groups and stratification of population (Foret, 2012). As Zmazalová (2010) further adds, opinions and attitudes are divided into primary and secondary. Primary opinions and attitudes we get from our parents and these are consistent, whereas secondary are variable, depending on the environment in which we operate (friends, hobbies, employment, etc.). Companies has to adapt to the primary factors, while the secondary factors can be influenced for example seasonal goods.

Analysis of these factors should reveal to the company possible opportunities on the market, but also identify threats which could harm the business.

2.2.2 Micro environment of the company

Company can by its actions influence the micro environment, therefore we can state it is under company's control, at least largely. It comprise the closest subjects of the firm.

Company or business subject - internal micro environment is connected to the company from the point of view of its structure, organization, development and economic health. Work ethic, financial stability and cooperation among business units within the company can largely affect its performance, therefore the right synergy in company is necessary (Zmazalová, 2010).

Suppliers - are individuals or companies which provide necessary resources for the operations of the company. Inputs such as raw materials, materials, intermediate products, energy, labour etc. or services such as financial services, marketing services. Suppliers can also provide another resources for example machines, equipments, vehicles (Kozel et. al., 2011).

Distributors - are individuals or companies which helps the company with physical distribution and sales. They interact between producers and customers. We can place into this category storage and transport companies, dealers, retail traders and other individuals who are buying products in order to sell it further (Kozel et. al., 2011).

Customers - represents targeted market of the company. There are five types of markets: consumer market, business market, reseller markets, government market and international market (Foret et al., 2005).

Competitors - are usually distinctly affecting the supply, therefore company should ensure to make the best effort to be better than its competitors. Managers have to constantly monitor and analyze the behavior of competitors, estimate their strategy and make appropriate reactions (Zmazalová, 2010).

Public - includes individuals and companies which can influence the firm's objectives. Public may this ability, to achieve objectives, make easier or more difficult. Every company faces several public groups: financial publics, media publics, government publics, local publics, general public and internal publics (Foret et al., 2005).

In order to evaluate the level and quality of micro environment, analysis of strengths and weaknesses is used.

2.3 Marketing mix

Marketing mix is considered as traditional marketing tool in the marketing business management. It represent a summary of the basic elements of marketing, which are used by enterprises to achieve their marketing goals. Among essential elements of marketing mix belongs: **product, place (distribution), price and promotion**. These elements are often called **four P's** or **4P**.



Figure 1: Marketing mix (Learnmarketing.net, 2015)

All these elements should be viewed as one unit and structured to support each other, otherwise company's marketing strategy can be confusing and uncoordinated. All of these elements are affecting targeted market and its objective is to induce the consumer for buying their product or service.

2.3.1 Product

A product is an item that is produced to satisfy the needs of a certain groups of people. The product can be intangible or tangible as it can be in the form of services or goods. Customer evaluate the characteristics of the product, its quality and provided services.

Companies should do a comprehensive marketing research of the targeted markets, in order to be sure that there exists a sufficient customer demand. A product has four life cycle phases: introduction, the growth phase, the maturity phase and the sales decline phase. Companies should keep reinventing their products to incite more demand once it reaches the last cycle phase (Marketingmix.co.uk, 2015)

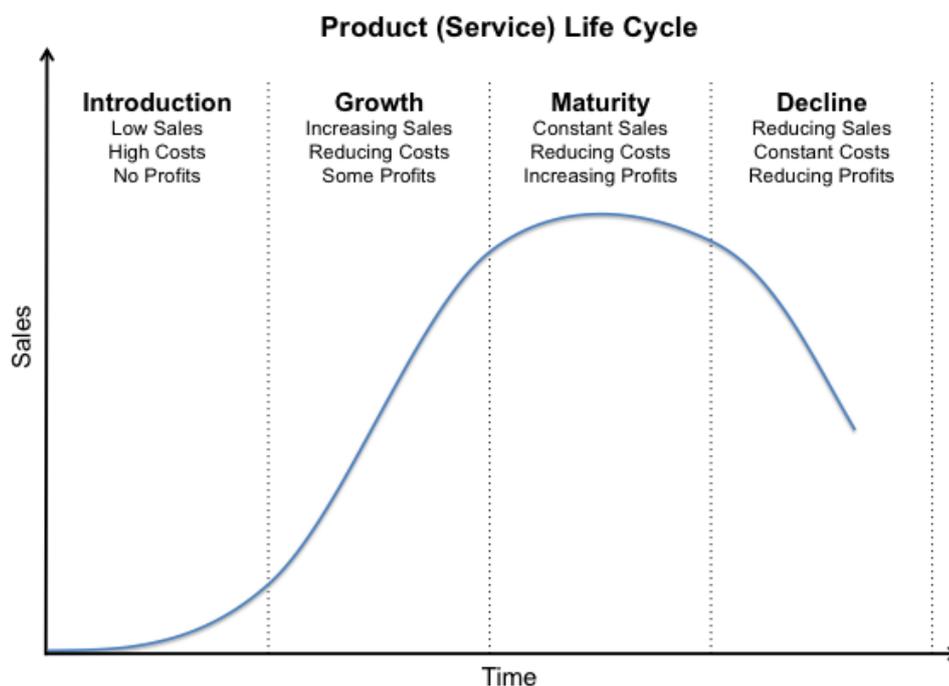


Figure 2: Product (Service) life cycle curve (Businesssetfree.com, 2013)

2.3.2 Price

Price represents the amount of money required for the product. It expresses the actual value of the product or service on the market and at the same time is the only element from the marketing mix which brings profit for the company, whereas all the other elements represents company's costs.

Lot of marketing pricing strategies exists but all of them must cover at least company's costs. Pricing strategies should be based on the marketing strategy, price analysis of

competitors, the perception of price by customer and then choose a price that covers all the costs and at the same time bring profits.

Company can use pricing tools to handle the price, usually they do this through various forms of discounts, benefits or through installment selling, etc. Frequent use of pricing tools does not contribute to strengthening the company's market position and brand image (Pelsmacker et al., 2003).

Enterprises should pay enough attention to the pricing policy, because the pricing strategy has major impact not just on the future market share, turnover, profit, image of the enterprise, but also on decision-making process of the customer (Foret et al., 2005).

2.3.3 Place (distribution)

Place defines where and how is the product sold, availability of the product and distribution. Distribution can be defined as a movement of products or services from the manufacturer to the end user. Required goods and services must be provided at the right place, at the right time and at the right quality and quantity.

The flow of goods and services to the customer is realized through distribution channels. Channels are set of independent organizations (intermediaries) involved in making the product available to end-users. The aim of these distribution channels is to overcome time, place and ownership barriers, which stands between products or services and those who desire to own them.

Distribution channels:

- **Direct distribution channel** - manufacturers are in direct contact with the end-users. A level zero channel has no intermediaries (direct marketing).
- **Indirect distribution channel** - between the manufacturer and end-user enters intermediaries (merchants, retailers, wholesalers, agents, brokers, etc.). A level one channel has a single intermediary. A level two has two intermediaries and so on.

Distribution strategies:

- **Intensive distribution** - is used usually for the good of daily needs (food, drinks, magazines, etc.). Products are stocked in the majority of stores.

- **Exclusive distribution** - Vendor will get exclusive rights for selling specific goods from the producer. Producer usually select only very few intermediaries. This strategy is typical for luxury goods.
- **Selective distribution** - Producers selects only small number of intermediaries to sell their products. This strategy allows to have better market coverage, but on the other hand provides better control over the product than in case of intensive distribution (Foret et al. 2005).

For the company is essential to choose the right distribution strategy considering the character of the product or services, which will lead to cost reduction and satisfaction of customer's needs.

2.3.4 Promotion

Promotion is any kind of activity, which increases the awareness of a product or a service and raises the interest. Nevertheless, simple attention or recognition of the product is just not enough, important is to persuade consumers to act - buy the product. The main objective is therefore to encourage customers to purchase. Promotion is a very important component of marketing mix as it can enhance the brand image and boost the sales (Foret et al. 2005).

Some authors also adds to classic 4P model another three P's. This model is known as 7P and is used when the relevant product is a service, not merely physical good. **People**, **process** and **physical evidence** elements are added (Tracy, 2014).

2.3.5 People

People are an essential element for companies providing services, therefore recruiting and training the right staff is necessary to create a competitive advantage. Employees are important in marketing as they are the ones who represents the company and who deliver the services.

Customers make judgments about the service provision and delivery, thus staff needs appropriate interpersonal skills, service knowledge and capability (Learnmarketing.net, 2015).

2.3.6 Process

All systems and processes of the organization that affect the execution of the service. Services need to be underpinned by clearly defined and efficient processes, in order to minimize costs. This conditions will help to avoid confusion and promote service. With clearly defined systematic procedures, everybody knows what to do and how to do it, moreover it will help to run business effectively (Learnmarketing.net, 2015).

2.3.7 Physical evidence

Physical evidence refers to how a business and its services are perceived in the marketplace. This component of marketing mix can distinguish a company from its competitors, thus physical evidence acts as a differentiator. For example if you have to choose between two massage salons, you would rather pick the one with better conditions (**physical evidence**) to relax (environment, music, lights, etc.), these elements are affecting the price charged.

Physical evidence can also refer to employees of the company and to the way they are dressed and act in interaction with the customers. Moreover, it can refer to how is your office set up, corporate brochures and every other visual element about company (Learnmarketing.net, 2015).



Figure 3: The extended marketing mix (Learnmarketing.net, 2015)

2.4 Marketing communication

Marketing communication presents all kinds and means of communication with the market environment. The main objective is to inform consumers about the offer of goods and services, attract both potential and existing customers and carry out successful sale. It is really important that information flows in reasonable amount, because excessive quantity can cause the information noise and loss of customer interest (Vysekalová, 2006).

2.4.1 Communication process

It is a process of communication, transmission and exchange of information and other human activity. The aim of the communication process is to inform, persuade, influence decision-making processes of customers and receive a feedback. The essence of communication is to transfer a message between the sender and the receiver, who are the main subjects. Elements that represent the main communication functions or activities are encoding, decoding, response and feedback. Final element is the noise, which is represented by different factors which can cause the change of the form, content or understanding of the message (Kotler, 2007).

Sender of the message needs to have the clear idea, who will be the receiver and what reaction should this message cause, moreover he has to encode the message in the way, that the receiver will be able to decode it. It is necessary to use the proper message and media.

Errors and problems in communication, which can occur:

- sender has not clear idea what he wants to convey,
- receiver is not able to decode the message in the right way.

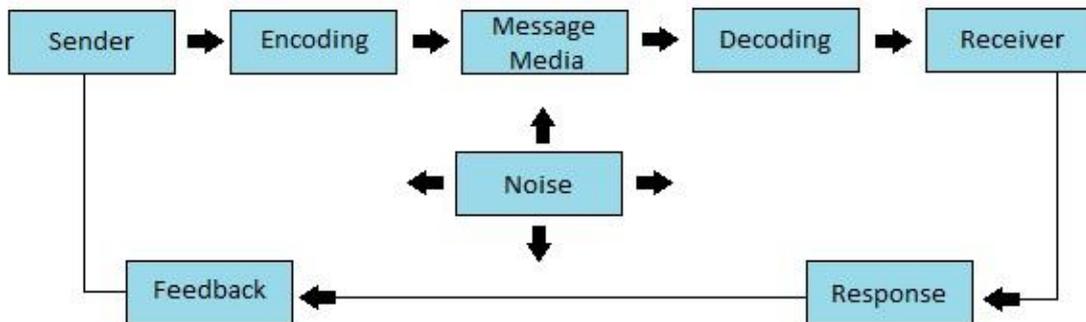


Figure 4: Elements of communication process (Kotler, 2004)

2.4.2 Attributes of message

Perception of message is strongly affected by its attributes and quality, but also by the behavior of the receiver and its willingness to perceive. Marketing message is considered as effective when it is received positively and cause a suitable reaction of the customer.

With the effectiveness is also connected the **AIDA model**, which identifies cognitive stages an individual goes through during the buying process for a product or services (Hanlon, 2015).

AIDA model consists of four stages and none of them cannot be missed:

Awareness - creating brand awareness or affiliation with your product or service,

Interest - next step is to maintain interest in the product or service to keep the recipients engaged,

Desire - in this stage the objective is to show how the product or service can solve the problems of customers. By explaining the features and benefits of the product or service and demonstration of how the benefits fulfill the needs, we want to move the consumer from "liking" it to "wanting" it,

Action - the final stage is the purchase action and the ideal situation is the satisfied customer, which can make recurring purchases in the future (Hanlon, 2015).

THE AIDA MODEL

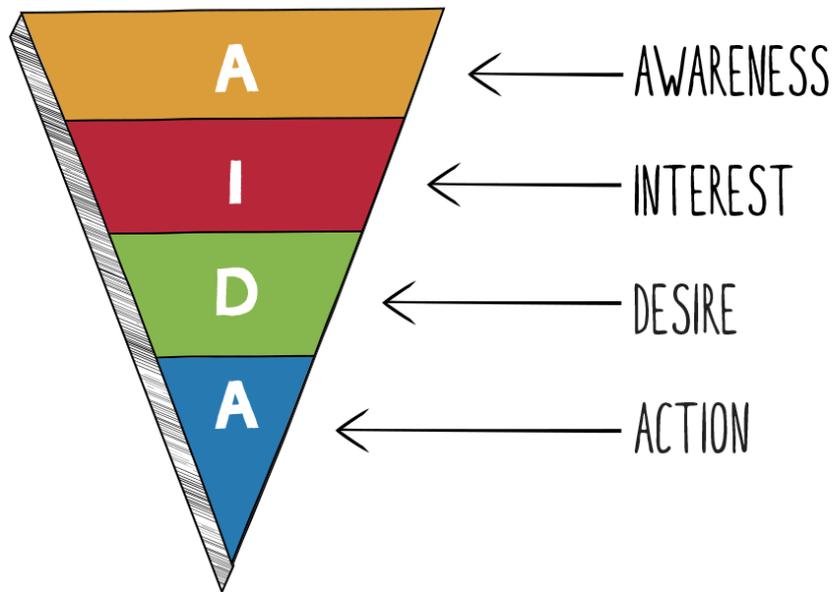


Figure 5: The AIDA model (Hanlon, 2015)

2.4.3 Objectives of marketing communication

Objectives of marketing communication are based on marketing strategic objectives and aim to consolidate good market position. The objectives may include:

- provide information,
- product differentiation,
- an increase in demand,
- stabilization of turnover,
- to put emphasis on benefits and value of the products or services.

Currently a large portion of the activities is aimed to the provision of information to potential customers. Customers are usually informed about the company, its products, services, attributes of the products, price and places where are these products offered for sale.

The primary objective is the **increase in demand**. Successful promotion can change the demand for the product or service.

Another important objective is the **differentiation of the product**, which is how our product differ from the competitive one. In this context we distinguish homogenous and differentiated demand. In the case of homogenous demand, customer perceives products to be identical regardless of manufacturer. On the other hand there is a differentiated demand, which is characterized by greater freedom in marketing strategy, mainly in pricing policy.

Among other objectives we can classify **stabilization of turnover** and **emphasis of benefits and value of the products and services**. Turnover is not constant through the year and usually is changing. Changes of sales are affected by several factors such as seasonal goods, irregular demand and cyclicalities, therefore the aim is to stabilize these deviations. Promotion can emphasize the benefits and value of the product, by this manner can set higher market prices (Hesková, 2001).

2.4.4 Marketing communication strategy

Communication strategy is based on the overall character of the marketing strategy. Marketing strategies can be roughly divided into two separate camps: **Pull** and **Push** strategy.

2.4.5 Pull marketing strategies

A pull strategy uses advertising to build up customer demand for a product or service, so that retailers are forced into stocking manufacturer's product. Consumer demand pulls product from the producer through distribution channel. For the pull strategy is usually used advertising, sales promotion or discounts (Magloff, 2015).

2.4.6 Push marketing strategies

The manufacturer focuses their marketing effort on promoting their products to the next subject in the distribution chain (retailer or wholesaler), to convince them to stock their products. This strategy can be used through business to business selling, representation at trade shows or mail shots to the distribution chain (Learnmarketing.net, 2015).

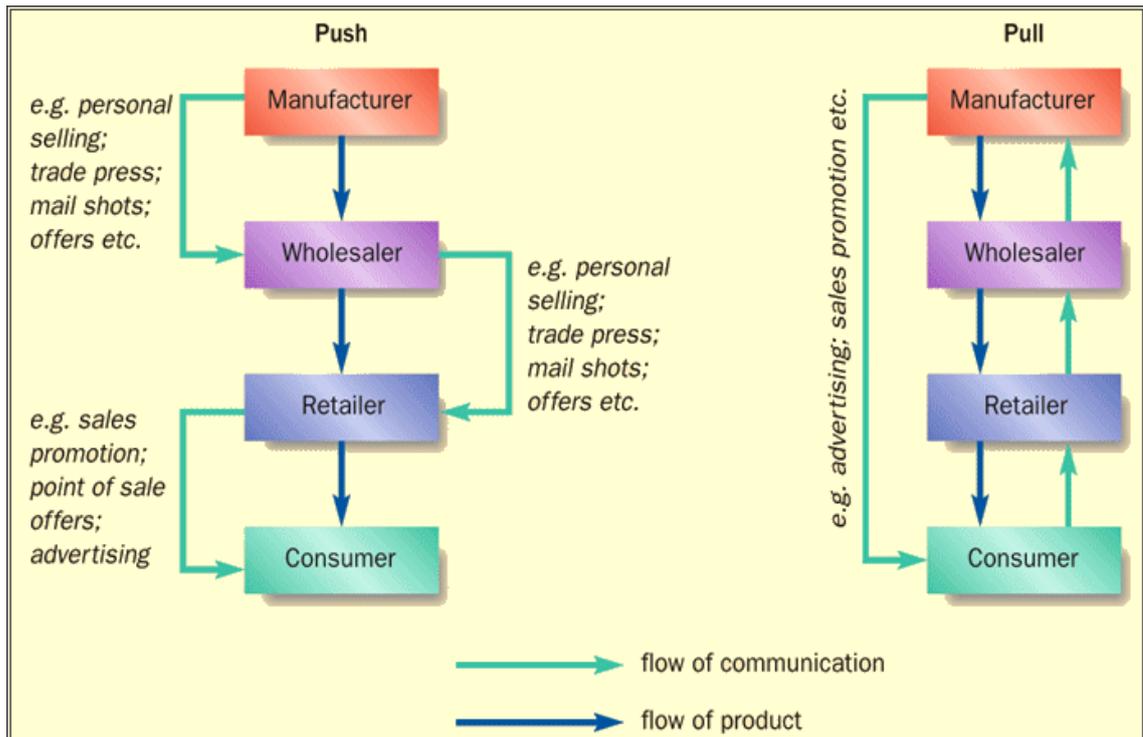


Figure 6: Push and Pull strategies (Staffs.ac.uk, 2015)

Successful communication strategy should always have both elements of push and pull promotional methods. When selecting communication strategy an important role plays the character of the product, product cycle stage and available marketing resources. It is clear that for the consumer goods will be chosen different form of promotion (advertising) than for another type of product such as financial (personal selling). Focus and intensity of communication is also changing through the product life cycle (Learnmarketng.com, 2015).

2.5 Traditional marketing tools of communications mix

Traditional marketing communication tools can be divided into two groups: **personal communications** (face to face communication, phone, e-mail, web pages etc.) **and impersonal communications** (newspapers, magazines, radio, TV etc.). Both of these methods should be combined in order to achieve successful response from the customers.



Figure 7: Marketing communications tools (Cadden and Lueder, 2015)

Among traditional communication tools we can classify:

- **Advertising**
- **Sales promotion**
- **Events and experiences**
- **PR (public relation) or publicity,**
- **Direct marketing**
- **Sponsorship**
- **Personal selling**

2.5.1 Advertising

Advertising can be defined as paid form of non-personal promotion, which aims to create awareness about the product or company by the targeted audience. Objectives of advertising are to retain current customers and attract new possible ones, especially those who do not prefer any products or use products and services from the competitors. Disadvantages of advertisements are high financial costs, impersonality and one-way

communication with customers. According objectives which we want to achieve through advertising, we divide advertising into three categories:

- **Informative advertising** - objective is to create initial interest or demand for good, service or organization.
- **Persuasive advertising** - objective is to increase the demand for an existing good, service or organization. The idea is to persuade a targeted audience to switch the brands, buy their product and develop customer loyalty.
- **Reminder advertising** - is used to reinforce previous promotional information about the product, service or organization. It keeps targeted audience interested in. (Kotler and Keller, 2012)

Advertising media:

- Television advertising
- Radio advertising
- Newspapers (print)
- Magazines (print)
- Cinema
- Outdoor media (billboards, posters, signs etc.)

2.5.2 Sales promotion

Sales promotion aims on communication activities which helps to increase sales in the short-term and at the same time are making product offers more attractive. Objectives of sales promotion are to motivate customer for a purchase, persuade customers to repeat the purchases and to increase brand loyalty. A characteristic feature is a time limitation of the promotion, which is usually implemented in the specific pre-announced period.

Forms of sales promotion:

- **Consumer sales promotions** - sales promotions are targeted directly at the consumers, staff etc.
- **Trade sales promotions** - promotions targeted at distribution channel members (retailers and wholesalers) (Kotler and Keller, 2012).

Sales and promotion activities:

- Discount coupons, price deals
- Loyalty clubs
- Membership coupons
- Incentives, samples
- Specially designed deals
- Rebates
- Contests, games

2.5.3 Events and experiences

Activities and events funded by companies that should ensure interaction between customer and brand. These activities include sport events, art events, festivals, etc. Aim of these events is to provide greater experience for potential customers. People will link their pleasant feelings with the brand name and this will lead to strengthening corporate image.

Nevertheless, this form of communication is very expensive and therefore company should pay attention on choosing the right event, which represents their long-term marketing goals and strategies (Kotler and Keller, 2012).

2.5.4 Public relation (PR)

Public relation (PR) or publicity is an impersonal activity of communication mix and is considered as very effective. PR activities are often considered more effective than any advertising campaign, nevertheless companies are usually unaware of this fact and spend more money for advertising than to publicity.

The main objectives are to create and strengthen company's good name, continuous improvements in overall corporate image, create and influence positive relationships with public, which is achieved through various PR activities (Foret, 2012).

Public relation activities:

- Corporate communication
- Relationships with staff

- Sponsoring
- Press releases, newsletter
- Magazine and newspaper articles carried by a third party in an indirect way
- Corporate anniversary parities
- Social media

2.5.5 Direct marketing

Basic tool of direct marketing is customer database, where are stored information about customers. This tool enables direct marketing to communicate directly with specifically chosen end-users. The aim is to build stable relationship with customers and receive instant feedback.

Control through direct marketing is a huge advantage as the feedback of customers can be directly assigned to specific part of marketing activities. Another significant advantage is the possibility of testing, where managers can easily change any of variables such as price, timing, lists of customers, etc. and monitor the response (Foret, 2012).

Direct marketing tools:

- E-mail
- Catalogues, brochures
- Promotional letters
- Telemarketing, teleshopping
- TV, radio and printed advertisements with direct feedback

2.5.6 Sponsorship

Sponsorship can be defined as a form of marketing in which a company provides funding of events or programs in exchange for opportunity to publicly present their name, brand or advertisement. Basically it is based on service and return service, which helps to fulfill marketing objectives.

Sponsorship is usually included in sports events, entertainment events, non-profit or community events (Kotler and Keller, 2012).

2.5.7 Personal selling

Personal selling is an interactive marketing process that involves a buyer and seller. The interaction between the two parties usually occurs in a face-to-face manner, but can be accomplished by telephone or via another technology. The aim of the interaction is to persuade a customer to purchase the product or service. Through personal selling, a company can increase loyalty and create personal long-lasting relationships with their targeted customers.

Nevertheless, personal selling has, in comparison with other communication tools, higher costs; moreover, it is quite hard for the company to have direct control over their salesmen. Therefore, it is necessary to have highly qualified sales staff with appropriate product and services overview (Foret, 2012).

Main tasks of personal selling:

- Identifying and classification of potential customers
- Preparation and planning of sales
- Interaction with customers
- Realization of sales
- Customer care

2.6 New trends in marketing communication

Companies are constantly searching for new ways of how to attract possible customers. This situation leads to the development of an old and creation of new marketing communication techniques.

2.6.1 Guerrilla marketing

Unconventional marketing campaign whose purpose is to have a maximal effect with minimum resources. It is about taking the customer by surprise, making a huge impression and creating a social buzz. Guerrilla marketing campaigns aim to grip the customer at a more personal and memorable level. Activities of guerrilla marketing are done usually on the streets and other public places, such as parks, malls, to attract a wider audience. Sometimes these activities border with crime.

Guerrilla marketing tactic:

1. Strike at unexpected place
2. Focus on the precisely-selected targets
3. Immediately pullback (Frey, 2011).

2.6.2 Viral marketing

Is a type of marketing technique that relies on and encourages people to pass along a marketing message by word-of-mouth. Viral marketing online uses blogs and social network to create brand awareness. This technique is easy, quick and has minimal costs. Disadvantage is a tough control over ongoing campaign. Viral marketing is often divided into passive and active form.

Passive form of viral marketing - the advertising and services offers are being automatically spread when using a service.

Active form of viral marketing - the user must actively spread the message, therefore he has to be motivated to do that.

Viral marketing campaign has three important parts:

- Content - creative idea and its form
- Application - use of the content through web pages, social media, etc.
- Evaluation - assessment of effectiveness (Frey, 2011).

2.6.3 Mobile marketing

Mobile marketing is marketing on or with a mobile device, such as cell phone. In other ways can be also described as "*the use of the mobile medium as a means of marketing communication*" or "*distribution of any kind of promotional or advertising messages to customers through wireless networks*" (Mashable.com, 2015).

2.6.4 Digital marketing

Digital marketing can be characterized as a term, which includes not just on-line communication via the internet, but also all kinds of marketing communication which use a digital technology. Part of digital marketing are therefore on-line marketing,

mobile marketing and social media. This area of marketing is dynamically developing, because of internet connection access growth.

The main attributes of the internet according Frey (2011) are: targeting, interactivity and longer effect. Targeting options are relatively large and can reach to single person. On-line marketing can effectively help to strengthen the brand and also enhance the targeting through various tools:

- Banners
- Micro-pages and games
- Viral campaigns
- On-line PR
- SEM (Search Engine Marketing)
- Affiliate marketing
- E-mail campaigns

Part of a digital marketing are also social media which serves as a cost-effective communication channel for promoting brands to target audience. The most famous social networks are: **Facebook** - one of the biggest online social networks with 1.44 billion monthly active users. Enables their users to share pictures, videos, data, information etc. with other people. **YouTube** - internet website for sharing audiovisual files, **LikedIn** - business social network used for professional networking. **Twitter** - on-line social network services that enables users to send and read short messages called "tweets" (Frey, 2011).

2.6.5 Product placement

It is an innovative promotional form which appeals on the viewing audience. Can be characterized as a intentional and paid placement of the product into audiovisual work with intentions of promotion. Product placement is based on the effect of connection of the product with the famous actors. Products are usually shown in positive context, for example they are shown as a daily part of a movie hero's life (Frey, 2011).

2.7 Environmental analysis

Environmental business analysis can be characterized as a systematic process by which can company identify environmental factors in business, evaluate their impact and choose the appropriate strategy in order to weaken their effect or take advantage of them. (O'Farrell, 2015).

2.7.1 External analysis

External environment of the company consists of factors that take place outside of the company and are harder to predict and control. These factors represents a greater threat for the company as they are unpredictable and unchangeable in a short-term. Applying external analysis can company find their potential threats and opportunities. (Mckinney, 2015).

SLEPT analysis

This analysis consists of five basic factors which affects the company. Each letter represents one factor: **Social, legal, economic, political** and **technological**.

Social factors represents the demographic and cultural aspects of the company's market. Including demographics, population growth rates, age distribution, level of education, distribution of wealth and social classes, living conditions and lifestyle.

Economic factors represents the wider economy that can play a role in a company's success, so may include economic growth rates, interest rates, exchange rates, the inflation rate. These factors may be different from country to country. Nevertheless, we can also add levels of employment and unemployment, cost of raw materials (energy, petrol and steel).

Political and Legal factors mainly refers to the stability of the political environment and how the government intervenes in the economy. Another factors that must be considered include tax policy, copyright and property law enforcement, trade regulations, tariffs, employment law, consumer law, health and safety regulations.

Technological factors include technological advancement, government spending on technological research and development, automation, rate of technological change,

availability of internet connection. Technological factors should also include materials development and new methods of manufacture, distribution and logistics (Arline, 2014).

Porter's five forces analysis

Porter's five forces model is a powerful tool for the company as it helps to understand necessary elements in the targeted industry environment. Every company may know who are their competitors, what is their strategy, weaknesses and strengths. These five forces determine the competitive intensity and therefore attractiveness of an industry.



Figure 8: Porter's competitive forces (Author's own image)

Supplier power - company evaluates how powerful are suppliers in terms of determining prices. This is driven by the uniqueness of their product or services, switching cost from one supplier to another, number of suppliers, etc. The more company needs suppliers' products or services and the fewer the suppliers are on the market, the more bargaining power they have.

Buyer power - evaluation of how easy can buyers drive down the prices. It is again driven by the number of buyers, their importance for the business, their switching cost to competition, etc. The buyer power is high if the buyer has many alternatives.

Competitive rivalry - is determined by the companies within the industry. The level of rivalry depends on the number of the companies, market share, profits, size of the companies, level of advertising expense and so on.

Threat of substitution - with the rising level of substitutive products, the power of company is weakened as customers have other possibilities and can replace our products for the one of competitors.

Threat of new entry - perspective markets with high returns can attract new competition. This forces determines how easy (or not) it is to enter a particular industry. When are the barriers for entry high, the threat is lower and vice versa (Maktelow, 2015).

2.7.2 Internal analysis

The aim of internal analysis is to review and evaluate current state of business and lay down its strength and weaknesses.

SWOT analysis

Is a useful technique for understanding and evaluation company's strengths, weaknesses, opportunities and threats. In business context, the SWOT analysis enables organization to identify both internal and external influences. The aim is to help company to get full awareness of all the factors, positive and negative, that may affect strategic planning and decision-making (Goodrich, 2015).

It is crucial for the company to make the right steps and strategic decisions, that will enable them to get maximum value of the company's strengths and opportunities, and on the other hand to overcome or minimize the effects of weaknesses and threats.



Figure 9: SWOT analysis (Thirstt.com, 2015)

3. Analysis of the company

Objectives of this chapter are to make an introduction of chosen company, including its history, scope of business and offered services. Further, environmental analysis (SLEPT, Porter's five forces and SWOT) are made, in order to get the basis for the last part, where will be introduced author's proposal for the company.

3.1 Basic characteristic of the company



Figure 10: Logo of the company (Touax.cz, 2015)

Name of the company:	TOUAX s.r.o.
Company headquarter:	Křižíkova 148/34, Praha 8 Czech Republic
Legal status:	Limited Liability Company (s.r.o.)
Identification number:	28160916
Date of registration in the commercial register:	1.10.2007

(Justice.cz, 2015)

3.2 Brief introduction and history of the company

TOUAX s.r.o. is a part of French operational leasing company Touax (Touax Group), which provides global corporate service on five continents and consists of 4 divisions with more than 800 employees. Touax Group was founded in 1853 in France and since the foundation till present, company is managed by 4th generation of the founding family.

Touax specializes in operational leasing and sale of:

- **Shipping containers** - 627 000 containers, 30 employees, generates 57% of group turnover - one of the biggest world shipping container lessor
- **Modular construction** - 50 500 modules, 676 employees, 25% group turnover
- **Freight railcars** - 8 600 railcars, 34 employees, 12% group turnover
- **River barges** - 130 barges, 14 employees, 6% group turnover

This master's thesis is mainly focused on **modular construction division** subsidiary **TOUAX s.r.o.**, which operates a factory in Supikovice in the Czech Republic and is also responsible for a research and development of modular constructions for the entire division. The production capacity of the factory is around 100 000 sq. m and provides a workplace for more than 350 employees. Part of the subsidiary are also 3 depots with 1 500 modules ready for the customers to lease. **TOUAX s.r.o.** supplies with its modules markets of European Union, Africa, Central and South America.

Brief history of the modular construction division - founded in 1973 when Touax began leasing modular buildings, which at that time consisted of wooden bungalows. In 1991 was the production of modules launched in the Czech Republic by the company Warex s.r.o., which became in next 15 years a leading player on Czech and Slovak market with modular buildings and sanitary containers. In 2007 Touax decided to expand into the construction of modular buildings and acquired Warex s.r.o. The acquisition lead to establishment of **TOUAX s.r.o.** (Touax, 2015a)

3.3 Characteristic of the scope of business

The main scope of business of TOUAX s.r.o. is designing, industrial manufacturing and construction of modular buildings, modules, containers . Company produces wide range of permanent or temporary modular buildings, that are sold or leased to their customers. Through this modular system is company able to develop and produce a fully functional buildings with all properties of regular buildings. Emphasis is placed on the flexibility, versatility, aesthetics, speed of execution and investment profitability all together with meeting all of the highest standards in terms of safety, building regulations and environmental protection.

Primary services:

- **Design of modular buildings** - objects build from the modules are highly customizable so the customers have lot of options in design and appearance of the final building. Therefore, company has a team of fully trained, talented and experienced engineers to provide the finest proposal of solutions for their customers.
- **Industrial manufacture of modular buildings** - company has more than 25 years of experiences in production of modular buildings and became one of the leading European companies on the modular construction market. Emphasis is placed on high-quality, durable and safe materials, together with the manufacture processes compliant with the environmental protection standards.
- **Construction of modular buildings** - accurate, quick and right quality of construction is secured by qualified and trained staff who will ensure compliance with project documentation, the schedule and perfect connection of modular buildings with the necessary infrastructure
- **Research and development of modular constructions** - the mission of research and development team is to come up with the finest technological and process solutions in order to satisfy the wide-ranging needs of various markets and different types of clients. Moreover, staff is responsible for technological growth and development for the whole modular construction division.
- **Rental and sale of modular buildings** - all modules, modular building or containers can be bought by the customers to their own property or can be leased

just for specified period of time. It all depends on the customers preferences, moreover company is here to come up with the finest offering of chosen product. Another options is **sale and repurchase** - company is willing to redeem the modules from the customers after specified time and under predetermined conditions. **Financial loan** - purchase through a leasing partner.

Complementary services:

- **Transport and handling** - modules, modular buildings and containers are transported by the certifies and tested partners to the desired place with an emphasis on timely and complete delivery to suit customers' needs.
- **Maintenance and warranty service** - team of technicians and maintenance workers is ready within 48 hours to intervene and solve customers' potential claims - within two years basic legal warranty for quality construction and delivered equipment.
- **After sales & customer service** - company's support sales specialists and regional managers are ready to satisfy customers' demand for spare parts, maintenance beyond the contracted warranty and other services (Touax.cz, 2015b).

3.4 Organizational structure

Organizational structure can be described as functional structure and is divided into 5 departments based on functional areas. Functional departmentalization allows company greater operational efficiency, as employees with shared experiences, skills and knowledge are organized together by functions performed. The headquarters of the company is located in Prague together with financial, marketing, sales and technical departments that are leaded by separate directors. This departments, together with sales office in the Slovak Republic consists of 50 employees. Above directors sits the managing director for Czech and Slovak Republic, who oversees all departments of the company and cooperates their activities to achieve overall business objectives. This role is quite crucial, as each department usually gives more importance to their departmental targets, which can lead to the conflict of interests. The overall business structure is displayed in the figure 11.

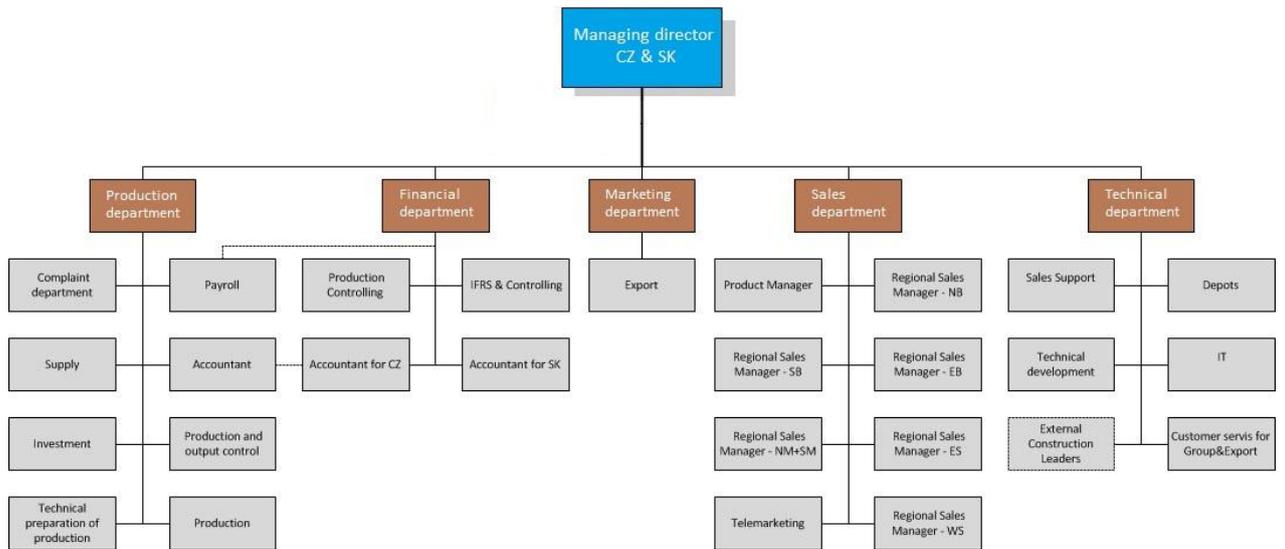


Figure 11: Organizational sctructure of the company (internal materials)

In contrast with financial, marketing, sales and technical department located in major city Prague, production department / factory of the company is situated in a small village Supikovice in the northern Moravia region. Entire manufacturing, construction, research and development operations are executed here. Manufacturing plant currently provides jobs for more than 350 employees from the village and surrounding areas.

3.5 Mission and vision of the company

A precisely constructed and formulated mission and vision statement is a true foundation of every successful business. This statements clearly communicates overall business's objectives and can help as a tool for strategic decision-making process across the company. Moreover, these statements also provide an effective way to motivate and lead employees (Fernandes, 2016).

A vision statement can be also described as the desired future position of the company. Hence, the company's vision *is to be a respected, well-known and successful leading industrial producer of complex modular solutions*. This position is company ready to achieve by its *professional approach, high quality of provided services and comprehensive execution of construction projects* (Touax.cz, 2016a).

The mission statement should be a brief statement of corporate strategy and constructed from the customer's perspective, moreover it also should be appropriate to the vision for the business. To create a suitable mission statement, company needs to answer three basic questions:

1. **What do we do?** - what real or psychological needs are fulfilled when customers purchase company's product or service.
2. **How do we do it?** - company's answer should include the physical product or service and the way how it is provided and delivered to its customers.
3. **For whom do we do it?** - it is crucial to get the answer for this question, as it helps company to focus its marketing effort in the right direction (Ebben, 2016)

It is necessary to remember that a mission is not stated forever. Due to continuous evolution of the company and market development, mission can change over time. Nevertheless, current mission of the company *is to design, industrially produce and build highly usable and functional modular building with emphasis on quality and aesthetics* (Touax.cz, 2016a).

4. External analysis of the company

It is necessary to analyze the external environment factors of the company, as these factors are poorly predictable and unchangeable in a short-term, and represents a great threat for the company.

4.1 SLEPT analysis

SLEPT analysis is one of the frequently used tool by companies to track the environment they are operating in, or are planning to operate.

4.1.1 Social factors

European migrant crisis

European migrant crisis started in 2015, when a rising number of migrants - both economic migrants and refugees, started to make journey to European Union in order to apply there for asylum. The largest part of asylum seekers are people from countries of Middle East (especially The Syrians, Afghans and Iraqis), sub-Saharan Africa and Western Balkans. Part of them arrived by Mediterranean sea and the rest made their way over land via Turkey and Albania. According to The Office of the United Nations High Commissioner for Refugees (UNHCR) 135 711 migrants reach the Europe since the start of 2016 (BBC, 2016).

The most of the migrants are heading to Germany, which received the highest number of new asylum applications in 2015. Officially its around 470 000 applicants, but according to unofficial reports its more than double. Second country with most migrants applying for asylum is Hungary with more than 177 000 (BBC, 2016).

In terms of the Czech Republic, our country is for migrants in most cases only a transit way to other Western countries. The Czech Republic received in 2015 a total of 1 525 applications, nevertheless some migrants seeking for asylum applies repeatedly. The real number of asylum seekers in 2015 amounted to 1 239 (SUZ, 2016).

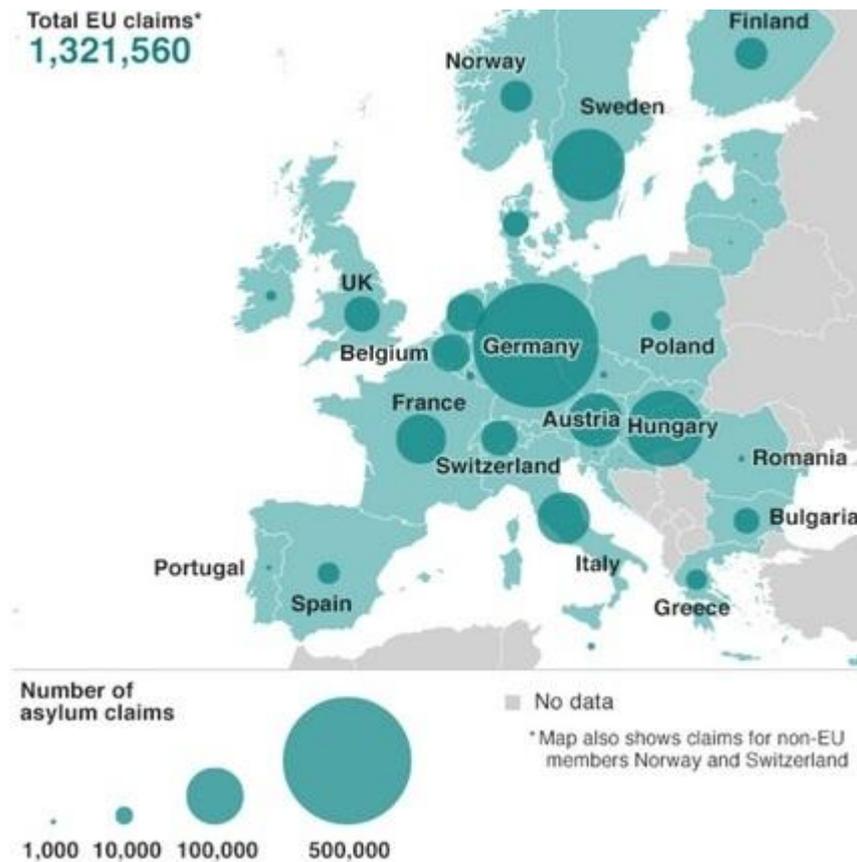


Figure 12:Asylum claims in Europe 2015 (BBC, 2016)

This trend is favorable for construction companies, as there is dramatically increased demand for accommodation capacity. Among these companies is also TOUAX s.r.o. Company has won several contracts in Germany, to build the accommodation for the migrants. Modular constructions have several advantages in comparison with regular buildings what makes it currently popular. Building constructed from modules can be easily reshaped into different objects and moved quickly from one place to another. Moreover, when the crisis subsides building can be used for different purposes.

Unemployment

Unemployment rate measures the number of people actively looking for a job as a percentage of the labour force. Level of this rate was 5,4 per cent in May 2016, which is the lowest level since January 2009. In comparison with May 2015, rate decreases by 0,7 per cent. The drop in unemployment was mainly affected by positive seasonality with the creation of jobs in agriculture, construction industry and services. Situation on the labour market is improving continuously for over two years and the number of

unemployed people, compared with May 2015 decreased by 150 000 applicants (Kurzy.cz, 2016).

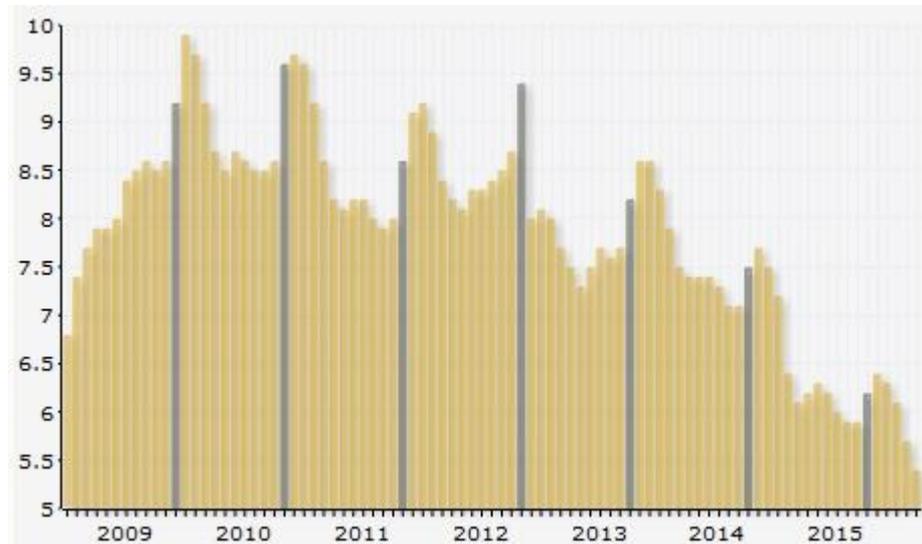


Figure 13: Unemployment rate in Czech Republic (Kurzy.cz, 2016)

Manufacturing plant of TOUAX s.r.o is located in Jeseník county, which has one of the highest unemployment rate in the Czech Republic. With 9,31 per cent of unemployed people who are actively looking for a job in March 2016, is the county 8th worst among all counties in country (Czso.cz, 2016a). Nevertheless, despite the high number of people without job in surrounding areas, it is quite challenging for the company to find and hire trained and qualified staff. Therefore, it is necessary for company to retain current employees, otherwise there is a threat of insufficient production workforce.

Life index

According to 2016 OECD economic survey of the Czech Republic, Czechs are slightly more satisfied with their lives than is the OECD average. Czech citizens were asked to rate their general satisfaction with life on scale from 0 (worst) to 10 (best). Result grade was 6.6 points, which is above the OECD average of 6,5. According to Better Life Index, the Czech Republic ranks above average in personal security, education and skills, work-life balance, but on the other hand ranks below average in jobs and earnings, housing, income and wealth. For example the average household net-adjusted disposable income per capita is USD 18 953 a year, less than the OECD average of USD 29 016 a year. (OECD, 2016)

4.1.2 Legal factors

Legislative factors involve the rules and standards, which can influence the company's business and its operations. Every company doing business in our country is required to comply with applicable law of the Czech Republic.

Doing business in Czech Republic

According to World Bank Group (2016) the Czech Republic stands at 36 in the ranking out of 189 economies in Ease of Doing Business ranking. In comparison with previous year 2015, country rank decreased by 3. If we look at the ease of starting business, the Czech Republic has been ranked 93rd most due to large amount of bureaucratic procedures companies has to face up when starting their businesses. Starting a business requires to undertake 8 procedures which takes on average 15 days.

Trading across borders in Czech Republic

The importance of making trade across the borders easier is rising in today's globalized world. This factor is strongly affecting TOUAX s.r.o., as a considerable part of its production is exported to foreign countries. World Bank Group's ease of trading across borders indicator measures the time and cost (excluding tariffs) affiliated with procedures, which needs to be taken within process of exporting or importing a shipment of goods. Globally, Czech Republic stands at 1 in the ranking of 189 economies on the ease of trading across borders.

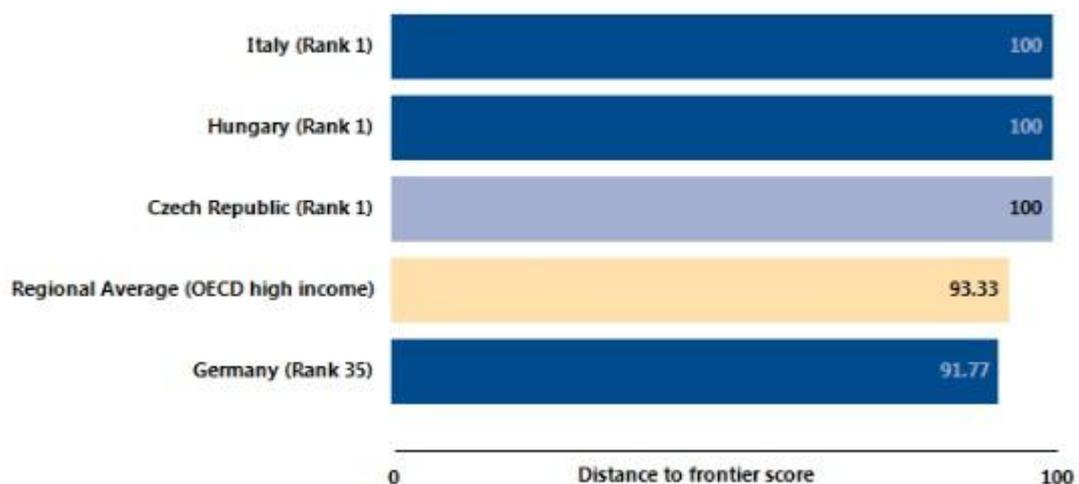


Figure 14: Ease of trading across borders (World Bank Group, 2016b)

Positive step has the Czech Republic made in 2013 when the government reduced the time of export and import by allowing electronic submission of customs declarations and other documents (World Bank Group, 2016b). These results and changes are truly important and favourable for Czech businesses as they are helping to improve companies' competitiveness on the international markets.

Taxation in the Czech Republic

Every corporate entity doing business in the Czech Republic is obligatory to pay Corporate Income Tax. Legal persons with registered office or location of management in the area of the Czech Republic are subjected to tax liability and have to pay taxes related to income from resources in the Czech Republic and also to resources abroad. Nevertheless, if the company do not have registered office nor place of management in the Czech Republic, the tax liability is only related to income from resources in the Czech Republic. The standard current rate stands at 19 per cent. The reduced rate for pension and investment funds stands at 5 per cent (CFE, 2016).

Another tax that influence companies doing businesses in the Czech Republic is Value Added Tax (VAT). There are three different rates from 2015. The basic rate of the Value Added Tax stands at 21 per cent and applies to most products and services. 15 per cent reduced Value Added Tax applies only to a specific products and services. The second reduced Value Added Tax applies to the selected types of goods, such as: drugs and vaccines, printed books, baby foods etc. (Financnisprava.cz, 2016).

4.1.3 Economic factors

Gross domestic product

Value of Gross Domestic Product (GDP) in Czech republic was worth 181.81 billion US dollars in 2015. For comparison with the world economy this value represents only 0.29 percent of the world GDP (Tradingeconomics, 2016b). According to the preliminary estimate of Czso.cz (2016b) the Gross Domestic Product in Czech Republic grew in the first quarter of 2016 by 3,1 per cent compared to the same quarter previous year and by 0,5 per cent in comparison with previous quarter (fourth quarter of 2015). This growth was driven by steadily increasing household consumption, moderate growing investment activities and foreign trade. Overall healthy and growing economy is crucial for all business subjects including TOUAX s.r.o. as the customers are usually more willing to spend their money for products and services. Progression of Gross Domestic Product of Czech Republic in recent years is shown in Figure 13.



Figure 15: Gross Domestic Product of Czech Republic in billion US dollars (Tradingeconomics, 2016b)

The average GDP Annual Growth Rate in Czech Republic is 2,32 per cent from 1997 until 2016. The highest level of 7,30 per cent reached in the second quarter of 2016 and the lowest level of -5,70 per cent was recorded in the second quarter of 2009. This has been caused by the economic financial crisis (Tradingeconomics, 2016b).

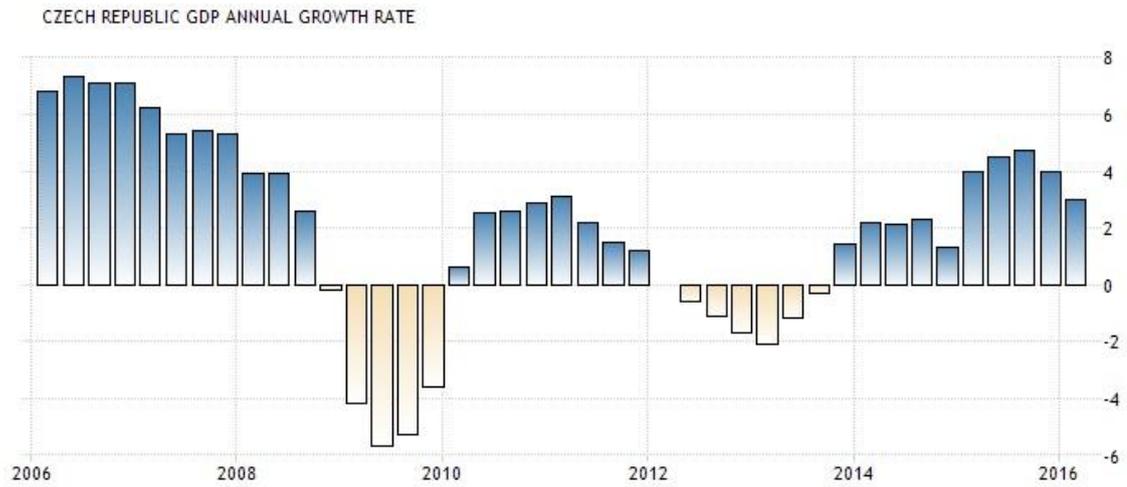


Figure 16: GDP Annual Growth Rate in Czech Republic (Tradingeconomics, 2016b)

Inflation

Inflation in May 2016 decreased by 0,2 per cent in comparison with previous month and increased by 0,1 per cent in comparison to May 2015. This development was mainly due to decreases in prices of housing, alcoholic drinks and tobacco, food and soft drinks (Kurzy.cz, 2016b). According to Fxstreet.cz (2016) will the Inflation Rate remain on a low level till the end of summer. The inflation is thereafter expected to slightly rise, mainly due to rising prices of fuel.



Figure 17: Inflation Rate in Czech Republic (Tradingeconomics, 2016b)

General trend of inflation rate is for the business favorable as low/moderate inflation is beneficial for the economy. Low inflation encourages consumers to buy goods and services. During period of low inflation are usually also low interest rates, which may

encourage consumers to borrow money. Nevertheless, the efforts of Czech National Bank are to maintain the inflation rate at 2 per cent.

Exchange rate

Exchange rate needs to be also taken into account, as it is another important factor which can significantly affect the economic situation of the company. Czech economy underwent in 2012 and 2013 a period of economic downturn that adversely reflected in increased unemployment, declining of incomes, household consumption, together with decrease of profits and investments of companies. The Czech National Bank decided to respond to these unfavourable developments by use of its monetary policy instruments to decrease interest rate to low level of 0,05 per cent (CNB, 2016).

Another step by Czech National Bank was to use the exchange rate as an additional instrument for improving the monetary conditions. The Czech crown was intentionally weakened against the euro on the foreign exchange market (Tradingeconomics, 2016c). These steps were made with intention to strengthen economic growth and support the export to foreign countries. TOUAX s.r.o was positively affected by these moves, as a part of its production is exported abroad, mainly to Germany and Poland. Moreover, weakening of the exchange rate to the level of 27 CZK per euro led to higher prices of imported goods, which has resulted in increased demand for goods and services of local companies.



Figure 18: Development of currency EUR/CZK (Kurzy.cz, 2016c)

4.1.4 Political factors

The Czech Republic is considered as one of the most stable and prosperous markets in Central Europe. According the World Bank's 'doing business rank', Czech Republic is this year (2015) on the 44th place. This result is better by 3 places in year-by-year comparison, with previous year where Czech Republic ended on 47th place. In addition, Czech Republic moved up nine places to 37th place out of 144 countries in the WEF Global Competitive Report 2014-2015 (Gov.uk, 2015)

The Czech Republic has been ranked with A1 stable by Moody's rating agency. According their report will government balance sheet likely remain solid in 2015-2016, supported by cautious fiscal policy and a relatively low debt level (Moody's.com, 2015). Further, Czech Republic has been ranked by another two significant rating agencies, by Standard & Poor's with AA- and Fitch affirms Czech Republic at A+. According Reuters (2015) GDP growth recovered in 2014 and Fitch expects it will gradually accelerate in the medium term.

The Czech Republic is the 37 least corrupt nation out of 168 countries, according the 2015 Corruption Perception Index reported by Transparency International with score of 56 out of 100 points. This index ranks countries and territories based on how corrupt a country's public sector is perceived to be (Transparency International, 2016). In comparison with previous year's Corruption Perceptions Index 2014, the Czech Republic improved by 16 positions from 53rd place. This might be caused by several police crackdowns on corrupt public officials in past years. Development of recent years of the Czech Republic corruption rank is shown in Figure 12.



Figure 19: Corruption rank of the Czech Republic (Tradingeconomics, 2016)

4.1.5 Technological factors

In order to be successful in today's highly competitive business environment, companies must constantly follow technological development, innovations and technological news. Companies must be also able to respond flexibly to customers demand, which is due to dynamic technological development constantly changing.

Research and development investment has considerably raised in the Czech Republic in recent years. Investments in research and development has increased since 2002, when it the lowest level of 1,1 per cent (of GDP) - fair below the EU average of 1,81 per cent (Ec.europa.eu, 2016). In 2004 the Czech Republic became a member of the EU and obtained access to various grants and funds. Total research and development expenditures more than doubled in the Czech Republic over recent years and ranks higher than the EU average. Moreover, these expenditures are one of the highest in Central and Eastern Europe (Czechinvest.org, 2016).

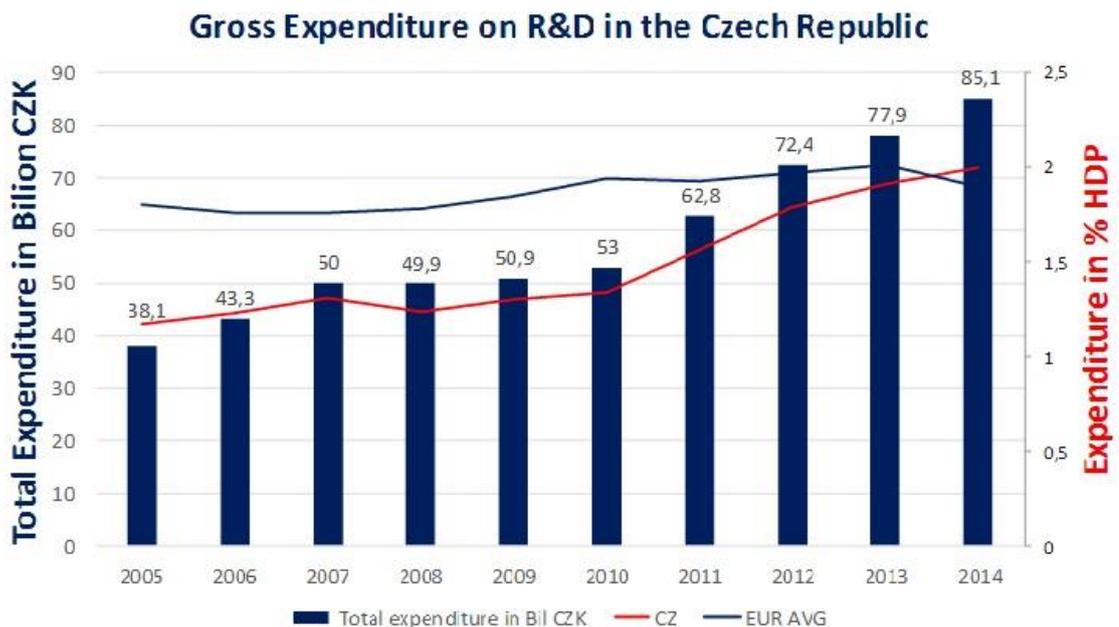


Figure 20: Development of Gross Expenditure on Research and development (Czechinvest.org, 2016)

Another relevant technological factor is availability and development of internet connection in the Czech Republic. Company can use the internet as cheap and effective tool for communication with customers, marketing promotion and other activities. According Czech statistic office more than 70% of Czech households were connected to the internet in 2014 (Czso.cz, 2016).

4.2 Porter's five forces model

In order to analyze industry environment, Porter's five forces model is used. This model represents five forces that affects company, therefore it is crucial to identify this forces and make appropriate strategic decision.

4.2.1 Threat of new entry

Economies of scale (ES) are an important factor that plays a great role in the construction industry. ES affects the total amount of costs, thus also the final price of constructed objects. Another substantial determinant among competing companies is the size of the enterprise, where large construction companies focused on greater projects can due to quantitative discounts save significant costs on ordered materials, transportation or construction technology. This gives them a great competitive advantage against new entries. We can state that economies of scale creates a serious barrier for a new entries.

High initial investments and fixed costs may also discourage a new potential companies from entering the market. Specialized equipment, production capacities, warehouses capacities, well skilled and qualified workforce constitute a significant capital investment which increases the entering barrier. In addition, new companies would have to invest a lot of money into a promotion to gain customer confidence, which is among well established competitors a tough mission.

An excellent reputation and brand loyalty is a key success factor that influence the market position of every construction company. Good name of a company build on previous positive experiences of a customers is a crucial advantage of established businesses against the new entries. Customers usually focus their attention, not only on price or quality of product, but also on the overall image and repute of company.

We can state that the threat of new entry into market is considerably low.

4.2.2 Threat of substitution

A threat of substitutes arises if there are on the market other possible choices of products made of higher quality materials for the lower price and with better performance parameters for the same purpose. Substitutes that can replace modular constructions requires increased attention, since they can push down the prices and thereby influence the profitability of the whole industry (Recklies, 2015).

This threat is moreover determined by other factors like is the brand loyalty of customers. Customers' loyalty has to be fairly high in order to create the barrier for substitutes. Close customer important relationship is another factor which helps to reduce the threat of substitution and therefore is crucial for the company to build strong and long lasting relationships (Recklies, 2015).

Building constructed from modular constructions (modules) brings several advantages over traditional building:

- The overall realization is faster - usually up to 8 weeks
- Cost savings - up to 35 per cent less investment costs
- High variability of the building - disposition, capacity, function, location
- Mobility - modules can be easily transported to another location.

Nevertheless, a large portion of customers with no previous experiences and knowledge of modular constructions, might be sceptical and give higher preference for traditional buildings. Generally the threat of substitution is high.

4.2.3 Buyer power

Bargaining power of customers is moderate/high in the field of modular constructions, as large part of contracts are dealt in the public tenders. Therefore, the prices are usually pushed down almost to the very limit of profitability. Moreover, several companies operates on the market that offers similar products and services, thus it is not much complicated for customers to switch their attention and demands to the competitors.

However, customers do realise that not every company provides the same level and quality of the products and services, therefore they are willing to pay more for their own satisfaction. Strong buyers are trying to get the lowest possible price while also strives

for the highest quality of constructed objects or provided services. Financially demanding contracts represents high expenditure for the customers, hence they are at the decision-making process more cautious and discerning. Most of the contracts are based on the specific customer requirements, therefore it is crucial for the company to come up with the very best solution. This solution needs to precisely reflect customers' needs and requirements, but on the other hand must be in the right quality for the reasonable price. Company needs to find the right balance between these aspects in order to satisfy their customers.

4.2.4 Supplier power

Bargaining power of suppliers play important role in construction industry, as the price and overall quality of provided materials, energies, goods and services determines the final cost of the modular building.

Due to a large number of suppliers in the modular construction field, subscribers can pretty determine the conditions of the supplying contracts. Most suppliers have a similar offer of products and services, therefore the buyers (companies) have option to choose easily between them according their preferred requirements. This ensures a good negotiating position for the buyers. Hence, suppliers are trying to attract their customers by the extent, quality and price of offered products and services or by the quantity discounts on supplied materials.

On the other hand, companies has usually concluded a long-term agreements about the contracts with their suppliers and thus switching to competitors is not that easy. This is strengthens suppliers positions. In these long-term contracts are precisely defined price conditions, order volumes, required quality of materials, delivery time etc. Nevertheless, overall we can state that the bargaining power of suppliers is rather low.

4.2.5 Competitive rivalry

Number of business subjects in the modular construction sector has a significant influence on the intensity of competition. Companies compete among themselves in order to gain an advantageous position in the market. Competitors are in most cases offering similar construction solutions, therefore companies are trying differentiate by the price.

As was mentioned earlier in this work, TOUAX s.r.o. is a subsidiary of Touax group, a global corporate service provider, specialized in the operational leasing and sale of shipping containers, modular buildings, freight railcars and river barges. This provides them a strong financial situation, which can be used in order to get favourable position ahead of the competition.

On the modular construction market are few bigger companies which are considered to be the greatest competitors and perform their work well. Then there are other smaller players, who are offering their products with the most basic equipment for lower prices, but usually at the expense of poor quality. Furthermore, these companies are harming the reputation of the whole modular technology (Svetprumyslu.cz, 2014).

The major competitors of TOUAX s.r.o are:

KOMA Modular s.r.o



Figure 21: KOMA Modular logo (KOMA, 2016)

Manufacturer of residential, sanitary and special low-energy modules. KOMA's average annual production is 2 500 modules, 80 per cent of this production is exported abroad. Company is specialist in modular constructions and its products were executed in countries of EU, Norway, Switzerland, Middle East, countries of the Russian Federation, Mexico and India. KOMA owns several certificates of quality including certificates for supervised quality management ISO 9001:2009. In addition, the company won numerous awards from the building and construction fairs and exhibitions. For example in 2000 was company awarded the Gold Medal at the

International Building Fair in Brno for its spatial module. Due to the excellent economic results and the compliance with payment discipline, in 2013 the company was awarded by international company D&B with the Top Rating assessment (KOMA, 2016).

CONTAINEX



Figure 22: CONTAINEX logo (CONTAINEX, 2016)

The specialist for containers and mobile space solutions. Containex is a subsidiary of a WALTER GROUP company, one of Austria's most successful private companies. Containex is trading and leasing office, storage and sanitary containers all over Europe. Company has more than 30 years of experiences in the container trade, together with 150 depots all over the Europe. Provisional turnover for the year 2015/2016 is 297 million Euro. Company's policy is the permanent innovative adaption to industry changes and economic developments, satisfied customers and employees are prime company targets and encouragement of a positive team-spirit within the organisation (CONTAINEX, 2016).

FAGUS a.s.



Figure 23: FAGUS a.s. logo (FAGUS, 2016)

Czech manufacturer of modular buildings with specialization in planning and construction of office and administration buildings, retail shopping areas, schools and other accommodation facilities. Company was founded in 1992 as a private limited company and in 2002 was transformed into joint stock company. Over 20 years of experience gained through manufacturing modules for Czech and Slovak market helped with expansion into other European countries, with the main focus on German, Swiss and Austrian market. FAGUS offers the possibility of leasing the containers with more than 1000 residential and sanitary modules ready in the depots (FAGUS, 2016).

4.3 Summary of an external analysis

For better overview are in the following table highlighted factors, that were indentified on the basis of company's external analysis. These factors are unfavorably or favorably affecting the whole firm and can develop into threats or opportunities. Company have to take necessary strategic decisions and actions, in order to minimize the danger stemming from treats and maximize the value by taking the opportunities. Particular threats and opportunities will be described and analyzed further in this work using SWOT framework.

Table 1: Summary of external analysis (Author's own work)

	Factors	Unfavourable factors	Favourable factors
SLEPT analysis	Social	Lack of qualified workforce	European migrant crisis, Higher unemployment rate in area of production
	Legal	Complicated legislation	Ease of trading across borders
	Economic		Increasing GDP, Healthy economy, Low stable inflation, Exchange rates
	Political		Stable and prosperous market
	Technological		Increasing R&D investments
Porter's five forces	Threat of new entry		High initial investments, Low threat of new entry
	Threat of substitution	Traditional buildings, Distrust of modular buildings	
	Buyers power	Price and quality sensitive buyers	
	Supplier power		Low bargaining power
	Competitive rivalry	Strong experienced competitors	Strong financial background

5. Internal analysis of the company

Objectives of an internal analysis are to understand a business in depth from the inside. Analysis of company's competencies will help to identify its strengths and weaknesses. Management of the company will be able to make necessary strategic steps, that will help to transform these strengths into company's advantages over their competitors. Further, will be able to mitigate or eliminate the weaknesses, which reduces the competitiveness of the company.

5.1 Analysis of marketing mix

Marketing mix is a set of tools, by which is company trying to achieve their preset objectives. Marketing mix includes:

- Product
- Price
- Place (distribution)
- Promotion

5.1.1 Product

The product portfolio includes 5 lines of modules that were designed and developed in order to satisfy the wide range of customers. Each of product lines are build out of high-quality, durable and safe materials with an effort to minimize the impacts of the manufacturing and construction processes on the environment.

The main priority of the company is to provide the high-quality products to their customers. Therefore, all activities of the company including the design, development, production and construction of modular building are following the quality standard ISO 9001:2009.

In terms of environmental protection, each of activity is compliant with ISO 14001:2005 standard. Environmental management reduces the impact of the organization's activities on the environment and helps to improve the company's profile.

Company's products are certified for use as temporary or permanent buildings on the EU, Russian, Belarusian, Ukrainian and Kazakh markets (Touax.cz, 2016a).

Product portfolio lines (Touax.cz, 2016a):

Budget line

- **Basic characteristic:** basic low cost product line, possibility of complete disassembly, cost-saving transportation, easy assembly and handling
- **Uses:** from single modules to simple buildings, temporary or permanent buildings, for end customer



Figure 24: Budget line (Touax.cz, 2016a)

Economy line

- **Basic characteristic:** economical product, basic range of equipment, modularity character with a panel wall system, cost-saving transportation, quick assembly and reconfiguration, easy disassembly
- **Uses:** from single modules to advanced buildings, lease or permanent building, for rental companies or construction companies with own fleet of modules, for end customers



Figure 25: Economy line (Touax.cz, 2016a)

Standard line

- **Basic characteristic:** standard product, enhanced technical parameters, extended range of equipment, modularity character with panel wall system, quick assembly and reconfiguration, easy transport to different locations
- **Uses:** from single modules to advanced buildings, lease or permanent buildings, for rental companies or construction companies with own fleet of modules, for end customers



Figure 26:Standard line (Touax.cz, 2016a)

Performance line

- **Basic characteristics:** performance product, technical parameters comply with strict EU standards, customized range of options and equipment, modularity character with a full wall system, quick assembly, ability to reconfigure or relocate a building
- **Uses:** from single modules to complex buildings, for long-term lease or permanent building comparable to traditional buildings, for end customers



Figure 27:Performance line (Touax.cz, 2016a)

Design line

- **Basic characteristic:** design product, technical parameters comply with strict EU standards, customized range of options and equipment, modularity character with a full wall system, quick assembly
- **Uses:** from single modules to complex buildings, permanent buildings comparable to traditional buildings, for end customers



Figure 28: Design line (Touax.cz, 2016a)

Company offer wide-range of buildings constructed out of the modules, which can be divided into two main groups - **temporary** (designed to be movable) and **permanent** (comparable to traditional structure) buildings. Each of these groups contain various types of objects, usually by its functionality:

- Administrative buildings (offices)
- Residential buildings (accommodation buildings, block of flats)
- Retail premises (shop and sales points)
- Industrial buildings (technological modules, manufacturing premises)
- Education (kindergartens)
- Sports (sports facilities and centres, dressing rooms)
- Events & leisure time (events, sanitary facilities)

Moreover, company offers together with their products a wide range of services, from the initial proposal of solutions, to complete execution of construction projects and following maintenance of delivered modular buildings. The offer starts with basic services - building definition, detailed offer, production of modules, transport and handling, professional assembly, building handover, warranty service and ends with more comprehensive turnkey services - maintenance, post-warranty services, supply and connection to utilities, electrical inspection etc. (Touax.cz, 2016a).

5.1.2 Price

Price covers the actual amount the end user is expected to pay for a product. It is an essential factor influencing customer behaviour. Therefore, company needs to take this fact into account in a process of setting prices of their products and services. Moreover, price determinations affects profit margins, supply, demand and overall marketing strategy.

In case of TOUAX s.r.o., is quite difficult to accurately determine the price of products in advance, because almost every contract is unique with different customers' requirements and preferences. The process of price determination usually starts after receiving customers' demand with detailed description of desired product. On the basis of customers' requirements, sales support prepare the price calculation and submit it to the customer. The calculation ordinarily includes estimated price of demanded solution, cost of assembly and cost of transportation. The final price is dependent on various factors such as chosen material, product line, extent of contract, technology used etc.

Recently, company TOUAX s.r.o. in close cooperation with Unileasing a.s., started to offer to its customers the possibility to finance modular building through financial leasing or a loan.

5.1.3 Place (distribution)

Customers have several options how to contact company's representatives in case of interest of any offered product or service. The easiest way is through company's web presentation, where are all necessary contact information and details available. Clients can contact company via telephone, e-mail or form on the webpage. Other possibility is to contact directly sales managers for particular area or visit contact places.

Logistics and distribution of the product is ensured through verified external transportation partners, with an emphasis on timely and complete delivery to suit customers' needs. Company has build through its existence a solid long-lasting relationships with its strategic logistic partners, in order to ensure the highest quality of transportation.

Company's contact places are highlighted in Figure 29., where yellow points represents depots, blue points are for dealerships, green point represents the location of factory and the red one is for company's headquarters.



Figure 29: Company's contact points (Touax.cz, 2016a)

5.1.4 Promotion

Promotion is one of the most essential component of marketing as it can enhance brand recognition on the market and significantly boost the sale of product and services. It is a set of activities that involves communication with customers about the product, its benefits and characteristics. Through promotion, the company is trying to attract the customer's attention and provide them necessary information about the product or service, in order to enhance their interest and motivate them to purchase. To be effective, promotional efforts must contain clear message targeted to a specifically chosen audience via relevant channel. Company targets four basic segments:

- Retail - retail companies
- Industry - manufacturing companies
- Construction - construction companies
- Communities - public sector

Company is currently using these marketing communication tools, to deliver the message to the targeted audience:

Advertising

Advertising is a paid form of impersonal mass communication and one of the most powerful tool of communication mix for developing the awareness of a company, its products or services. The typical media that can organization use for advertising include television, radio, magazines, newspapers or internet. Indisputably the greatest benefit of advertising is that can reach a broad array of potential customers. On the other hand advertising represents usually the highest costs in communication mix.

Company does not currently use many advertising tools for its promotion, mainly due to high costs. **Pamphlets and leaflets** are the only printed media, which company uses for promotion of its activities and news. These pamphlets are usually handled over to customers on conferences and events organized by the company.

Previously has company run **billboard campaign** in surrounding areas of its depots and headquarters, but due to low effectiveness, no increased response of customers and high costs was this campaign aborted.

Strengths of used communication tools:

- ✓ Wide reach of communicated messages

Weaknesses of used communication tools:

- High costs
- Only one way communication with no feedback

Public Relation (PR)

PR is generally used as a promotional tool for building a good brand name and overall positive image of the company, product or service. TOUAX s.r.o currently cooperate with PR agency Crest Communication and together publishes corporate **press releases** dedicated to actual topics about the company's situation in the industry, its success and achievements. Press releases are available at company's website and also in the database of PR agency, which is freely accessible for all media. Company also sends these press releases directly to group of "friendly" journalists, who can then decide whether the release is attractive for publishing or not.

Company publishes **corporate brochures**, which serves as a promotional materials for sales representatives. Salesmen use it as a basis for meeting with potential customers as the brochures contains information, benefits, photos of product and service portfolio. References of already executed modular solutions are also included. Content of brochures varies according to targeted segment.

Sponsoring is public relations strategy in which company supports (with money or provision of its products or services) an event, team or individual for a purpose of building a brand awareness.

TOUAX s.r.o. currently sponsors two football teams - **Bohemians Praha 1905** and **FC Vysočina Jihlava** playing the first Czech football league. Sponsorship takes the form of barter, where company provides their modular building solutions, which are used by football clubs as a dressing rooms and sanitary facilities. In return, company is eligible to use the walls of facilities as a place for advertising. Currently are there placed two large advertising sheets with company's logo.

Company is for more than five years sponsor and strategic partner of **International Film Festival Karlovy Vary**. All of the modular buildings such as sanitary facilities, showrooms, Czech TV House, children's corner etc. are provided by the company for minimal prices just to cover transportation and assembly costs. In return for this provision, is company listed among official partners in Festival guide and programme. Moreover, company receive VIP tickets for the festival, which usually hand over to their strategic partners in order to strengthen mutual relationships.

Every August company organizes for its employees and their families a day full of entertainment with refreshment, cultural program, sport activities and special program for children. This helps to build up a more informal relationships among employees and improves overall brand image.

Seminar for mayors is held once a year, where company introduces the latest new in their kindergarten solutions. Design, build, advantages and usage of kindergarten is presented to mayors in order to attract their attention and build the brand awareness.

Strengths of used communication tools:

- ✓ PR has high credibility among customers
- ✓ Creates a positive image of the company
- ✓ Stimulates the awareness of the company
- ✓ Easy reach to a mass audience

Weaknesses of used communication tools:

- Exhibitions and seminars can be expensive

Personal selling

Currently the company employs four sales representatives, three of them takes care of the Czech market and one is responsible for customers on Slovak market. The salespersons are trained professionals with complete product portfolio and services knowledge. Their objectives are to promote the product face to face to the customers and encourage them to purchase the product or service. Every sales representative uses corporate brochures as a support material in dealing with clients. Moreover, **personal**

selling is great approach for development of personal relationships with clients. Company would like to hire another sales representative, but unfortunately this task is more challenging than it might seem. To find a qualified employee with the right communication capacities, industry overview and customer knowledge is very difficult.

Strengths of used communication tool:

- ✓ By selling face to face can sales representative get higher customer attention
- ✓ Message delivered is customised for specific customer
- ✓ Potential for development of relationship

Weaknesses of used communication tools:

- Higher costs in comparison with other communication tools
- Sales representatives can reach only a limited number of customers
- Lack of highly qualified staff with appropriate product and service overview

Direct marketing

Direct marketing is based on direct contact between the sender and recipient. Companies are usually making the direct contact with existing and potential customers in order to promote their products or services. There are several methods how to directly contact customers. The most common forms include direct mail and leafleting. Nevertheless, telemarketing, email marketing and SMS marketing are also popular and widely used for its cost-efficiency and possibility of rapid customer response.

An important part of direct marketing is to work appropriately with databases of clients or potential clients, their classification, systematization and data mining. Company has its own **database of existing clients** with necessary contact information. Database currently consists of 14 000 contacts - 3000 are customers from Slovakia and 11 000 are customers from Czech Republic. Company can easily segment customers by predefined characteristics and target them easily with personalised message.

Direct emailing represents for the company one of the most important communication tool. Company is using SmartEmailing app for sending their personalised emails to targeted customers. In their prepaid solution is company eligible send emails to 20 000

contacts, which is due to number of contact in database enough. Every 4 months company sends email to the whole database of customers with news related to company's business, products and services, success and achievements. Further, company sends personalised emails to customers in targeted segments with offer of products, services and solutions related to these areas. For example direct email for communities (public sector) contains information and content (offers, executed solutions, etc.) related to kindergarten.

Strengths of used communication tool:

- ✓ Cost-effectiveness
- ✓ Personalised content and offers
- ✓ Available quick response from targeted customers

Weaknesses of used communication tool:

- Lack of contacts in the database
- Email Overload - sometime it is difficult for the customers to distinguish between solicited and unsolicited emails

Online marketing

Online marketing (also known as Digital marketing, Internet marketing, E-marketing) represents a set of marketing activities and communication operations mainly on the internet, by using digital technologies, mobile phones and other digital medium. Online marketing is nowadays dynamically developing, mainly due to growing access to digital technologies and access to internet connection.

Corporate website plays a crucial role in online marketing, as it one of the most powerful marketing tool. It is important for businesses to have website, because people are more likely to find them. Customers usually gives more credibility to companies with well-build website. TOUAX s.r.o. has a modern, well presented website with simple, but functional design. Website is one of the most used communication tool in company's communication mix. Current or potential customers can find there all necessary information about offered products and services, news, photos, videos, press releases and general contact details. Moreover, in case of interest, customers can send

their demand through simple website form. Webpage is responsive, which means that can be accessed via mobile phone or tablet without having any obstacles.

Social media are also part of company's marketing communication strategy. Most frequently used is Youtube, where company publishes promotional videos of their modular building and product portfolio in order to attract customers and increase the awareness about modular construction solutions. Currently the company's profile contains 38 videos and is subscribed by 725 people. TOUAX s.r.o uses for communication also social network Facebook, Linkedin and Google+, but in comparison with Youtube, only marginally.

Strengths of used communication tool:

- ✓ Well-build responsive website with sufficient information
- ✓ Promotional videos

Weaknesses of used communication tool:

- Lack of use of other online marketing tools (PPC, Display Ads, Remarketing)

5.2 SWOT analysis

On the basis of previous external and internal analyzes, the SWOT analysis will be carried out. This will help to clearly identify the company's strengths and weaknesses, moreover it will reveal the possible opportunities which can be taken and threats which should be eliminated. Individual points are highlighted for better overview in the table below. Commentary to each point is made further in this work.

Table 2: SWOT analysis summary (Author's work)

STRENGTHS	WEAKNESSES
Over 25 years of experiences	Lack of use of online marketing tools
High quality products and services	Lack of contact in company's database
Well established business name	Poor customer awareness
Strong international background	
High level of communication mix	
OPPORTUNITIES	THREATS
Attraction of new customers	Improving competitors
Migrant crisis	Lack of qualified workforce
Increasing the awareness of the company	Rivalry among existing competitors
Increasing the awareness of modular construction market	

5.2.1 Strength

- ✓ **Over 25 years of experiences** - company has more than 25 years of experiences in production of modular buildings and became one of the leading European companies on the modular construction market.
- ✓ **High quality products and services** - emphasis is placed on high-quality, durable and safe materials, together with the manufacture processes compliant with the environmental protection standards.
- ✓ **Own production** - company manufactures majority of components needed to successful assembly of modular buildings
- ✓ **Strong international background** - TOUAX s.r.o. is a subsidiary of Touax group, a global corporate service provider, specialized in the operational leasing and sale of shipping containers, modular buildings, freight railcars and river barges. This provides them a strong financial situation, which can be used in order to get favourable position ahead of the competition.
- ✓ **Provision of complex services** - company offers together with their products a wide range of services, from the initial proposal of solutions, to complete execution of construction projects and following maintenance of delivered modular buildings.
- ✓ **High level of communication mix**- current communication mix of the company effectively uses the communication tools

5.2.2 Opportunities

- ✓ **Attraction of new customers**
- ✓ **Migrant crisis** - This trend is favorable for construction companies, as there is dramatically increased demand for accommodation capacity.
- ✓ **Increasing the awareness of the company**
- ✓ **Increasing the awareness of modular construction market**

5.2.3 Weaknesses

- **Lack of use of online marketing tools** - online marketing enables to build relationships with customers through low-cost personalized communication
- **Lack of contact in company's database** - small size of company's customer database limits the reach of promotional message and thus the overall awareness of the company
- **Poor customer awareness** - potential customers of the company have poor knowledge and limited information about modular construction market. Moreover, Company

5.2.4 Threats

- **Improving competitors** - competitors are constantly enhancing the quality of their products and services, therefore company cannot slow down in the research and development of new technological and process solutions.
- **Lack of qualified workforce** - even though, factory of the company is located in Jeseník county which has one of the highest unemployment rate in the Czech Republic, it is really challenging to find qualified and reliable workforce
- **Rivalry among existing competitors** - companies compete among themselves in order to gain an advantageous position in the market. This results in pushing down the prices which is influencing the company's profitability
- **Legal changes** - construction industry is highly affected by the law. Changes in legislation can cause difficulties.

6. Propose of the communication strategy

The aim of the last part of this work is to propose the right improvements in communication strategy plan of TOUAX s.r.o. Proposals for improvements are based on the analyzes of current situation of company's marketing communication mix and the literature related to marketing communication strategy. The main objectives of proposals of communication strategy are to improve the communication with current and potential customers, promote company's services, attract new customers and increase the awareness about the company in modular construction sector.

The new communication plan should ensure achievement of these objectives:

- To raise the awareness of the company TOUAX s.r.o. in the construction sector especially in modular construction sector
- Increase the overall awareness of the modular construction sector - inform targeted customer groups about the advantages and features of modular buildings and stimulate their desire
- Acquire new customers and build long-lasting relationships
- Enhance the overall brand image and its position in the market,
- Increase in sales by 10% in 2017.

6.1 Direct emailing

Based on the analysis of the current state of the company's communication mix was detected that company is widely using direct emailing in order to communicate with their customers.

In process of direct communication, customer database plays crucial role and determines the success of direct marketing campaign. The results and success are especially affected by the quality of the database, whereas reach of the promoted message is affected by the number of contacts.

One of the main company's communication objective is to raise the awareness of the company in the construction market, but unfortunately this objectives are limited by the size of customers database. Currently the database contains approximately 14 000 contacts. Therefore, I recommend in order to increase the reach of communicated message, to enlarge the database. The easiest way of doing so is to buy the email databases. Of course this entails a risk, but on the other hand if it is done with caution, the advantages should outweigh the disadvantages.

The database will be purchased from the company BISNODE, which is a leading European economical information provider on companies and businessmen. In order to minimize risk, I suggest to purchase smaller database and test its quality and measure the response.

Selected solution is database of Construction companies, which contains contact information on more than 12 000 subjects. Expenditures on this database list are 12 000 CZK.

Table 3: Purchase of construction companies database (Author's work)

Purchase of construction companies database	
Database	Expenses
Purchase of database	12 000 CZK

6.2 Billboard campaign

One of the most significant threats identified on the basis of macroeconomic analysis is the lack of qualified workforce. This threat represents serious issue for the company as the employees are the part of core of each successful business.

Current situation is to a certain extent a paradox, because as was mentioned in previous parts, company's factory is located in area that suffers for high unemployment rate. The state of lack of qualified workforce is mainly caused by the direct competition. Not far from Supíkovice operates company Česko-slezská výrobní a.s. the member of CONTAINEX group, which also produces modular buildings. Production focus of both companies is almost the same and therefore also the need of particular employees is similar. Thus, companies compete among themselves for attraction of potential employees.

Company undisputedly needs, not only to increase the brand awareness, but mainly to enhance the overall brand image in Jeseník county and surrounding areas. One way of doing it so is to induce in people and employees the sense of pride. Improvement of employees loyalty is another crucial step in order to eliminate the threat of insufficient workforce capacity.

Billboard campaign is the perfect way of how to accomplish these objectives. Outdoor advertising can significantly raise company's profile in targeted area. Important factor for successful outdoor campaign is a location of billboards. Company should pick the billboards placed alongside main streets with sufficient traffic and other busy places, such as a centre of a city. Crucial factor affecting the success of every billboard campaign is the actual message. Company should show that is proud to their employees and promote their work. Message must be brief and to the point. Billboards do better when are more focused on images than on text, therefore the photos of executed modular buildings would be convenient.

To cover most of the area of Jeseník and surroundings, I suggest to rent at least 5 billboards. The average price of leasing a billboard for one month is 6 000 CZK. We need to take into account also the expenditures on design, print and posting of the promotion materials. Proportions of chosen billboard are 510 cm x 240 cm.

Calculations of expenditures are made according the pricing list of mojebillboardy.cz. Duration of billboard campaign is set to 4 months in order to have sufficient effect. Total expenditures are shown in table 4 below:

Table 4: Billboard campaign total expenditures (Author's work)

Billboard campaign expenditures	
Tasks	Expenses
Design of creatives	5 000 CZK
Printing and posting	12 000 CZK
Leasing costs for 1 month	6 000 CZK
Leasing costs for 4 months	24 000 CZK
Total costs	41 000 CZK
Total costs of 4 billboards	164 000 CZK

One of the chosen billboards is place along the main street heading to the town.

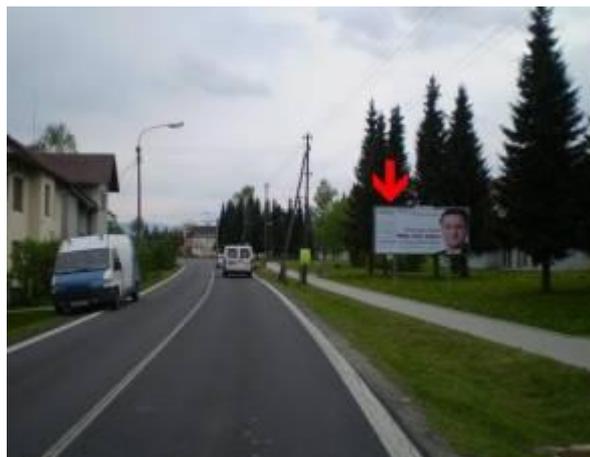


Figure 30: Chosen billboard along main street to town (Mojebillboardy.cz, 2016)

6.3 Contextual advertising

Contextual advertising is a way of targeted advertising, where the ads are displayed directly on particular websites and match the content of these sites. Contextual advertising may take the form of text or image ads (banners). There are two possible options of targeting the advertisement - keyword matching and topic targeting. One way is to show ads on websites related to chosen keywords, whereas the second option of targeting is based on showing ads on websites that are relevant to chosen topic.

I suggest to use advertising platform Google AdWords, which allows showing the ads in the Google Display Network (GDN). It is a world's biggest advertising network which consists of partner web pages / sites, whose owners agreed to display ads there. Content of web pages vary from large well known to small specialized web pages, discussion forums blogs, etc.

For a purposes of TOUAX s.r.o will be the most convenient to target their advertisements by the topic and content of chosen websites. The main advantage is that company can choose only the most relevant topics that are related to their business. The company operates in construction industry, therefore I suggest to target websites with this range of topics - construction industry, construction technologies, modular technologies, etc. - where can easily reach the customers interested in this area.

I decided to target campaign on **particular websites** that are related to construction industry together with targeting on two topics: **construction** and **manufactory**.

Table 5: List of targeted websites (Author's work)

List of targeted websites
www.konstrukce.cz
www.ceskestavby.cz
www.vase-stavba.cz
www.axigon.cz
www.stavba-domu.cz
www.bydleni.idnes.cz
www.stavebni-vzdelani.cz
www.ceske-mobilnidomy.cz
www.domybytypozemky.cz

Company can use three different forms of advertisements: text ad, graphical image ad or video. In this case would be convenient to use combination of first two mentioned, text advertisement and image advertisement.

Text advertisements can be displayed on every website on the Google Display Network, unlike image ads that are not supported everywhere. Therefore, it is necessary to use this form in campaigns, as in can reach wider audience.

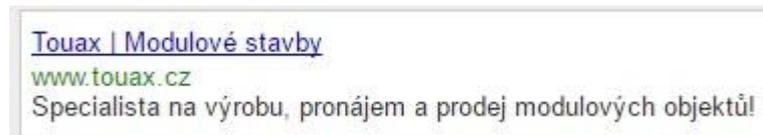


Figure 31: Proposal of text advertisement (Author's work)

Image advertisements usually performs better than text ads, as they are catchy and can easily attract visitor's attention, especially on sites with plenty of text.



Figure 32: Example of potential image ad for display network (Author's work)

Google AdWords estimated on the basis of targeting settings the possible impression per week. Company's advertisements have potential to be displayed on scale from 100 000 to 500 000 impressions per week.



Figure 33: Estimated impressions (Google.adwords.cz, 2016)

It is necessary to estimate expenditures and set budget for every campaign. Estimation is based on the average impressions, average cost per click and the average success (click through rate) of the campaign. According to Google AdWords company's ads will be displayed on average of 250 000 impressions per week. Average cost per click is approximately 3 CZK in such campaigns and the average click through rate is 0,002 per cent.

On the basis of calculations, contextual advertisement campaign will cost approximately 6000 CZK per month. This cost represents just the actual spend in Google AdWords and therefore, we need to add costs related to preparation and management of the campaign. Total expenditures are shown in the table below according to price list of marketing agency H1.cz.

Table 6: Contextual campaign expenditures (Author's work)

Contextual advertising expenditures	
Google AdWords	Expenses
Campaign preparation and implementation	3000 CZK
*Campaign credit for 1 month	6 000 CZK
Campaign management fees for 1 month	2 000 CZK
*Advertisement costs for 12 months	72 000 CZK
Campaign management fees for 12 months	24 000 CZK
Total costs	43 200 CZK
*Estimated	

6.4 Remarketing campaign

Remarketing is another great advertising tool that allows you to target people that have previously visited your website. It does not matter if they came to your website by organic search or through advertising campaigns.

Remarketing campaign will be executed through Google AdWords advertising platform as it has an option to display ads just to selected group of people in our case visitors of our website. Advertisements are displayed at the websites in the Google Display Network. This is ensured by tagging all visitors with a cookie, when they visit a certain page on company's website.

Main objective of remarketing campaign is to bring back all people who in the past expressed interest of TOUAX s.r.o and visited company's website and have not made any conversion. Next objective of remarketing is increasing brand awareness through ads displayed on the internet.

At first phase, we need to add remarketing tag to company's website. The easiest way is to put this code to the footer so it will be placed on each available page. After this is done, our remarketing list will start to gather visitors of our page.

Next phase is to create and set the actual remarketing campaign. As I have mentioned, this will be executed through Google AdWords platform. Crucial elements of every campaign are advertisements, which may take the form of text, image ads or video. My suggestion is to use static banner with logo of the company and defined marketing message as this form has greater chance to impress.



Figure 34: Example of potential remarketing banner (Author's work)

Third phase consists of management and optimization of campaign. It is necessary to test various types of advertisements and evaluate which has more interactions (clicks) and therefore is more attractive for potential customers.

Decision process and therefore conversion cycle is usually in business to business industry much longer than in case of business to customer. Nevertheless, company has with remarketing chance to attract the potential clients at different points of decision-making process. Moreover, it is cheaper to draw back someone who has already shown interest about the company.

In ideal case, the process of returning potential client would have the following order:



Figure 35: Remarketing process (Whiley, 2015)

- Visitor came to website of the company TOUAX s.r.o. - is tagged with a cookie and added to remarketing list in Google AdWords.
- Visitor leaves without making any action
- Visitor is browsing through the internet and visit a website within Google's Display Network
- Google AdWords recognise "our" visitor and shows him advertisements based on settings of our remarketing campaign.
- Visitor clicks on an advertisement and returns to our website.

Total costs of remarketing campaign are calculated according to price list of marketing agency H1.cz

Table 7: Remarketing campaign expenditures (Internal materials of H1.cz)

Remarketing campaign expenditures	
Google AdWords	Expenses
Implementation of remarketing code	1200 CZK
Campaign preparation and implementation	3000 CZK
Creation of banners	4000 CZK
*Campaign credit for 1 month	1 500 CZK
Campaign management fees for 1 month	2 000 CZK
*Advertisement costs for 12 months	18 000 CZK
Campaign management fees for 12 months	24 000 CZK
Total costs	50 200 CZK
*Estimated	

6.5 Expenditures overview

Total expenditures on communication proposals have reached the amount of 269 400 CZK. The most expensive proposal is the billboard campaign, but on the other hand it has the greatest potential to meet the communication objectives.

Table 8: Total expenditures on communication proposals (Author's work)

Total expenditures on communication proposals	
Tasks	Expenses
Direct marketing	12 000 CZK
Billboard campaign	164 000 CZK
Contextual advertising	43 200 CZK
Remarketing advertising	50 200 CZK
Total expenditures	269 400 CZK

Conclusion

The main objective of this Master's thesis was to propose the improvements in communication strategy of selected company on the basis of carried analysis of company's micro and macro environment together with analysis of current state of communication mix.

In the first part of this work, I took a focus on theoretical background of marketing in order to outline the basic concepts and strategies. The most attention has been paid to particular tools of communication mix.

The second, analytical part was dedicated to the introduction of chosen company and its characteristics of the scope of business. Further, macro environmental analysis were conducted to identify the market conditions, whereas micro environmental analysis were used to describe competitiveness of the industry. Next important thing was to analyze the current state of communication strategy and its tools. The findings from executed analyzes were identified and visualized in the SWOT matrix.

On the basis of undertaken analysis in the second part, I came to findings that the current state of communication mix of the chosen company is on high level. Nevertheless, I decided to suggest several proposals in order to improve this state of communication strategy. Despite the high communication mix quality, few shortcomings were detected. Company did not fully use the potential of direct marketing, mainly because of insufficient size of customer database. Therefore, my suggestions were to acquire new data through purchase of contact database, which will help to increase the reach of communication and increase the brand awareness. Proposed billboard campaign will strengthen and lift company's profile in area of Jeseník, moreover it will help to enhance the relationships with its customers and eliminate the threat of insufficient workforce. Online marketing proposals will help to increase the awareness of the company in the construction sector.

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List of figures

Figure 1: Marketing mix (Learnmarketing.net, 2015)	15
Figure 2: Product (Service) life cycle curve (Businesssetfree.com, 2013).....	16
Figure 3: The extended marketing mix (Learnmarketing.net, 2015).....	19
Figure 4: Elements of communication process (Kotler, 2004).....	21
Figure 5: The AIDA model (Hanlon, 2015)	22
Figure 6: Push and Pull strategies (Staffs.ac.uk, 2015)	24
Figure 7: Marketing communications tools (Cadden and Lueder, 2015).....	25
Figure 8: Porter's competitive forces (Author's own image)	33
Figure 9: SWOT analysis (Thirstt.com, 2015)	34
Figure 10: Logo of the company (Touax.cz, 2015)	35
Figure 11: Organizational scture of the company (internal materials).....	39
Figure 12:Asylum claims in Europe 2015 (BBC, 2016)	42
Figure 13: Unemployment rate in Czech Republic (Kurzy.cz, 2016)	43
Figure 14: Ease of trading across borders (World Bank Group, 2016b).....	44
Figure 15: Gross Domestic Product of Czech Republic in billion US dollars (Tradingeconomics, 2016b).....	46
Figure 16: GDP Annual Growth Rate in Czech Republic (Tradingeconomics, 2016b).	47
Figure 17: Inflation Rate in Czech Republic (Tradingeconomics, 2016b).....	47
Figure 18: Development of currency EUR/CZK (Kurzy.cz, 2016c).....	48
Figure 19: Corruption rank of the Czech Republic (Tradingeconomics, 2016).....	49
Figure 20:Development of Gross Expenditure on Research and development(Czechinvest.org, 2016)	50
Figure 21: KOMA Modular logo (KOMA, 2016).....	54
Figure 22: CONTAINEX logo (CONTAINEX, 2016)	55
Figure 23: FAGUS a.s. logo (FAGUS, 2016).....	55
Figure 24:Budget line (Touax.cz, 2016a)	58
Figure 25:Economy line (Touax.cz, 2016a)	58
Figure 26:Standard line (Touax.cz, 2016a)	59
Figure 27:Performance line (Touax.cz, 2016a)	59
Figure 28:Design line (Touax.cz, 2016a)	60
Figure 29:Company's contact points (Touax.cz, 2016a).....	62

Figure 30: Chosen billboard along main street to town (Mojebillboardy.cz, 2016).....	75
Figure 31: Proposal of text advertisement (Author's work).....	77
Figure 32: Example of potential image ad for display network (Author's work).....	77
Figure 33: Estimated impressions (Google.adwords.cz, 2016).....	77
Figure 34: Example of potential remarketing banner (Author's work).....	79
Figure 35: Remarketing process (Whiley, 2015).....	80

List of tables

Table 1: Summary of external analysis (Author's own work).....	56
Table 2: SWOT analysis summary (Author's work).....	69
Table 3: Purchase of construction companies database (Author's work).....	73
Table 4: Billboard campaign total expenditures (Author's work).....	75
Table 5: List of targeted websites (Author's work).....	76
Table 6: Contextual campaign expenditures (Author's work).....	78
Table 7: Remarketing campaign expenditures (Internal materials of H1.cz).....	80
Table 8: Total expenditures on communication proposals (Author's work).....	81