The Marketing Strategy of the www.lookandbook.cz Project

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ZADÁNÍ BAKALÁŘSKÉ PRÁCE
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Zásady pro vypracování:
Prezentujte poznatky týkající se marketingového řízení v oblasti marketingu služeb.
Aplikujte tyto poznatky na oblast služeb ve specifickém sektoru krásy a zdraví.
Charakterizujte vybraný subjekt a analyzujte úroveň současných marketingových aktivit.
Analyzujte konkurenci.
Navrhněte marketingovou strategii projektu.
Vyhodnoťte možné přínosy a hrozby navrhovaného řešení.
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ABSTRAKT

Klíčová slova:
situační analýza, marketingová strategie, akční plánování, implementace akčního plánu, podnikové prostředí, SWOT analýza, marketingový mix, analýza Pěti C, Porterův model pěti hybných sil, hloubkový rozhovor

ABSTRACT
The aim of the bachelor thesis is to develop a marketing strategy for the www.lookandbook.cz startup. The analytical part of this bachelor thesis is based on theoretical knowledge described in detail in the first part of the bachelor thesis. The theoretical knowledge is essential to design an effective and successful marketing strategy. The analytical part focuses on application of the theoretical knowledge to the specific case. There are marketing tools for situational analysis, action planning and implementing the action plan in the bachelor thesis.

Keywords:
Situational analysis, marketing strategy, action planning, implementing the action plan, business environment, SWOT analysis, marketing mix, Five C’s analysis, Porter’s five forces, in-depth interview
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Motto:

“The future belongs to those who believe in the beauty of their dreams.”

Eleanor Roosevelt
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INTRODUCTION

The marketing strategy is a very important part of every business activity. As the market is developing, the necessity of adapting the company to these changes increases. The changes on the market and occurrence of new competitors often force managers to change their business activities or to differentiate their products and services. It is necessary to know if these changes are worth doing because they are often very expensive and time-consuming. The success of a business very often depends on the marketing strategy. The need of developing a marketing strategy is not an issue of only big companies, even the small companies and startups need a professional marketing strategy. They need it sometimes more than the bigger companies because entering the market is often a very difficult task. This is the case of the startup www.lookandbook.cz which is analyzed in this bachelor thesis. Marketing strategy is a very complex discipline which has to be modified according to the specific company, its vision, mission and goals. It should fully correspond to company’s values. According to this strategy, it is necessary to analyze the internal and external environment properly. The analysis of the company is, for the purpose of this thesis, realized by SWOT analysis principles. The bachelor thesis is based on the theory described in the first part of this work. The Five C’s analysis and the marketing mix were used as they are the part and parcel of majority of marketing strategies. The marketing research is realized by in-depth interviews for the purpose of understanding the customer’s behavior. The in-depth interviews with potential customers of www.lookandbook.cz provided ideas and opinions that will be considered in the process of developing a successful marketing strategy. The market becomes more and more competitive and often the very small details decide the future of the company. Satisfaction of customer’s needs should be the key aspect of functional and successful company. Mr. Selfridge’s statement represents the attitude of the most successful companies.

“The customer is always right.”

H. Gordon Selfridge

This approach will be considered in the whole bachelor thesis. The aim of the bachelor thesis is to analyze the situation of the www.lookandbook.cz startup and to develop an effective marketing strategy, which will enable the company to be competitive on the market, and consider the threats and the opportunities.
I. THEORY
1 MARKETING STRATEGY

Establishing a marketing strategy should be the key target of each company. It determines a direction of the company and its position on the market. Marketing strategy is superordinate to all activities in the company and also to all further decision making and planning. (Kašík and Havlíček 2009, 116)

Kottler and Keller explain that a successful marketing requires a company’s focus on a customer, understanding a customer and creating and keeping valuable products and services. (Kotler and Keller 2013, 68)

According to Vaštíková the main task of strategic planning is modifying the business activities according to the conditions, opportunities and requirements of the market. Strategic planning helps the company to set the goals according to the required information. (Vaštíková 2008, 39)

According to Kašík and Havlíček the marketing strategy is very closely connected to the mission and the vision of the company. It is necessary to respect these during the process of making a marketing strategy. Mission is the key role of the company on the market. It can be understood as a set of values, but also an ethic and social contribution of the company. The mission should be expressed clearly in order to be accepted by the company members as well as by the people outside the company. Vision is the message that shows the direction of the company to all people that are involved in the company. (Kašík and Havlíček 2009, 117)

Kašík and Havlíček say that the marketing strategy is the process which is clearly defined and states how the company will reach its strategic goals by a strategic plan. The plan is supposed to determine the position of the company in a current time and its main goals. The strategic plan than defines how to reach the goals and describes it in detail. (Kašík and Havlíček 2009, 116)

According to Chernew the strategic plan (the action plan) is one part of a three-step marketing management process:

- Situation analysis
- Action planning
- Implementing the action plan (Chernew 2009, 7)
1.1 Situation analysis

According to Kašík and Havlíček the position of the company on the market is the task of the situational analysis. It also covers the specific information about the company’s competitors, distribution and shopping behavior of the customers. (Kašík and Havlíček 2009, 44)

In general, the situation analysis is, according to Chernew, a description of the company itself, its business environment and the process of identifying the potential markets and selecting target markets in which the company wants to operate. (Chernew 2009, 7-8)

1.1.1 Evaluating the company and the environment

Kotler explains that the company’s environment is affected by external and also internal factors. The analysis of these types of business environment specifies the possible opportunities that could be used in the process of setting goals and strategy planning. (Kotler 2001, 101)

1.1.1.1 Internal environment

“The term internal environment refers to the framework, the situations and the factors within the business organization and their impacts on its working. The management structure of an organization, the relationship that exists internally between stakeholders such as shareholders, employees, managers and the board of directors, the physical assets, technological capabilities, its human, financial and marketing resources along with the organizational goals and objectives and the value system influences its functioning would all constitute the internal environment.” (Fernando 2011, 37)

1.1.1.2 External environment

“A business organization is also influenced by certain forces, institutions and organizations operating from outside. These constitute the external environment of business.” (Fernando 2011, 38)

1.1.1.3 SWOT analysis

It is useful to assess a SWOT analysis to specify the internal and external environment. According to Kotler, the SWOT analysis is processing the information acquired from the analysis. The word SWOT is composed of the initial letters of words:

- Strengths
- Weaknesses
- Opportunities
- Threats (Kotler 2001, 90-92)

![SWOT Analysis](http://conceptdraw.com/)

**Figure 1.** SWOT Analysis, accessed April 2, 2014, http://conceptdraw.com/.

### 1.1.2 Identifying potential target markets

According to Kalka and Mäßen defining the field of the company’s business is a key factor to identify the potential market. It can be determined by four different factors.

- It is possible to determine the market according to customer’s needs that should be satisfied by the company’s product or service. Finding the competitors who are
selling the same but also substitution products is necessary. The narrower market found the better the position would be held by the company.

- Geographical determination of the sales place should be considered by defining potential market.
- The position of the company on the market can be involved by the aspect of time, especially with season sales.
- Determination of the market in terms of potential customers is related to the process of planning a company’s target group. (Kalka and Mäßen 2003, 28)

1.1.3 Selecting target markets in which to compete

“The strategic aspect of a company’s targeting involves identifying which customers (segments) to serve and which to ignore. Strategic marketing reflects a company’s decision to develop an offering that matches the needs of particular set of customers, as well as customized communication and/or distribution activities to reach these customers.” (Chernew 2009, 49)

According to Kašík and Havlíček the markets are divided into three types of markets:

1.1.3.1 The customer markets

These markets are formed by households and individuals that buy products or services only for their own consumption. These products or services are delivered from the distributor to the customers by wholesale or retail.

These types of markets are known as business to customer or B2C markets.

1.1.3.2 The industrial markets

These markets are formed by businesses. The products or services they buy can be sold to customers or used by the company for its own production. These types of markets are known as business to business or B2B markets.

1.1.3.3 The mixed markets

These markets are the combination of the B2B and B2C markets. The companies can sell its products or services to both, companies and customers. (Kašík and Havlíček 2009, 40)
1.2  Action planning

The Action plan
Chernew explains that the action plan consists of 5 key elements.

1.2.1  Goal
According to Chernew it is very important for a company to set a goal because it is the beginning of every action and defines the company’s direction. Setting a goal is based on two aspects: the focus of the company’s actions and specific benchmarks. (Chernew 2009, 9)

According to Knight the goal should be very specific and clear. It is necessary to know what exactly should be done and when. The goal should be understandable and useful for the company. (Knight 2007, 31)

1.2.1.1  Focus
According to Chernew the ultimate goal, as well as the sub-goals, of the company should be set up. The action plan is determined by these goals. The focus specifies the conditions under which the company will be successful. It can include income, earnings per share, return on investments, profit margins, sales revenues, market share. (Chernew 2009, 15)

1.2.1.2  Benchmark
Chernew says, that benchmark means the specific measurable aspect by which the focus will be achieved. Benchmark can be expressed by the percentage increase of shares, rates, sales. It is known as a quantitative benchmark. The temporal benchmarks operate with the aspect of time within which the goal (quantitative benchmark) is to be achieved. (Chernew 2009, 16)

1.2.2  Strategy
According to Dedouchová a strategy is the presumption of developing a successful company. The strategy should be developed by the leaders who determine the direction of the company. The strategy should basically prepare the company for the future. (Dedouchová 2001, 1)

Chernew explains that the strategy represents the plan which defines how the goal will be reached. There are two aspect of the process of making a strategic plan that need to be
identified. The first is a description of the target market and the second is a development of a value proposition. (Chernew 2009, 9)

1.2.2.1 Five C’s

According to Chernew a situation analysis and a strategy begins with analyzing 5 key factors also known as Five C’s.

Customers

It is necessary to know who the potential customers of the company are. What kind of needs they have and if the company is able to satisfy them.

Company

The development of the company’s offer to the customers should be based on goals of the company and also its strategic assets.

Collaborators

Potential collaborators are subjects likely to be working with the company on its offers.

Competitors

These are potential and current companies occupying the same market with a similar offer.

Context

The context can be described as a set of economic, socio-cultural, technological, regulatory and physical conditions. (Chernew 2009, 7-8)

1.2.2.2 Positioning

According to Beckwith a specialization is the key to have a competitive advantage. Many companies are afraid of defining a specific position of its business on the market. They want to target every customer but as a result they have none. It is important that the company targets one advantage that differentiates its service from the others.

The power of positioning is in the fact that, if the key advantage, which is specified by the company as a message to the customers, is at the same time the most difficult task for the company’s competitors. Then the customers think about the company also as an expert in solving smaller problems. Specialization is a very good way to increase the company’s influence on the market. (Beckwith 2010, 100-105)
1.2.3 Tactics

Tactics is an action composed of designing, communicating and delivering the offering’s value. This section primarily includes the marketing mix. (Chernew 2009, 9)

1.2.3.1 The marketing mix

According to Švarcová the marketing mix is one of the basic marketing strategy tools. It is so called 4P, which is the abbreviation of:

- Product
- Price
- Promotion
- Placement (Švarcová 2008, 110)

For the purpose of the product marketing strategy would 4P be enough but in case that we are concerning about the service according to Kotler it is useful to add three more P’s:

- People
- Physical evidence
- Process

According to Kotler the effectiveness of the marketing mix tools should be increased to maximize the profit of the company, considering the costs. (Kotler 2000, 112)

1.2.3.1.1 Product

Kotler says that product is the essential article of every business. It can be in the form of a physical product or in the form of offering a service. It is important to differentiate the product form the competitors on the market to make customers give their preferences to the products of our company or even to pay higher price for that. (Kotler 2000, 115)

According to Švarcová the term product does not cover only the product itself, but it is composed of three main parts:

- The inner part

The inner part is the product itself, for example a book.

- The middle part

The middle part covers a package, quality, design and brand.

- The outer part

The outer part is composed of service, installation and waranty.
Product life cycle refers to a process of placement the product on the market and its development in time. The process has 4 stages: placement on the market, increase, culmination and regress. It is necessary to make the innovation of the product. (Švarcová 2008, 111)

1.2.3.1.2 Price
Kottler says that the company’s aim is to seek the price which would be the most effective and profitable, considering the amount of sold products and the costs. The price is the only part of a marketing mix that produces incomes. Therefore if the degree of the company’s differentiation is high enough the company tries to increase the sales. (Kotler 2000, 117-119)

According to Švarcová a very important precognition of an effective price setting is a consideration of the goal which this pricing should achieve. Švarcová defines 5 goals that can influence the process of pricing:

- Survival
- Competitor’s elimination
- Profit maximization
- Quick return on investments
- Sales talk and market share increase.

The process of creating price requires information about the competitor’s price, consumption tax act, value edit tax act, income tax act.

The categories of prices are following:

- Cost price
- Competitors price
- Price by the value of the customer (Švarcová 2008, 112)

1.2.3.1.3 Promotion
According to Kotler promotion is realized by communicative tools which are divided into 5 categories:

- Advertising
- Sales promotion
- Public relation
- Sales marketing
Personnel (Kotler 2000, 124)

Advertising

“Advertising is a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future.” (Fill 2013, 419)

According to Fill advertising is used to spread the message of the product or service to huge audiences, but the message should target the right audience. It is also used as a means to change attitudes, brand values and influence behavior. Advertising is an excellent tool to differentiate the product or service and can create a competitive advantage. It is also good at informing the audience and positioning brands.

The usage of emotions is very important and effective way to spread the message. (Fill 2013, 416)

Sales promotion
Fill says that the purpose of using sales promotion is to encourage customers to buy the product or service. The reasons why the company starts using sales promotion are basically to increase its sales in a short period of time. (Fill 2013, 537)

According to Kalka and Mäßen sales promotion is often used as a supplement to advertising. Sales promotion can be realized in many different ways. Sales promotion that take place directly in the place of product selling, actions connected with products, actions connected with brand building and actions oriented on personnel. (Kalka and Mäßen 2003, 91 – 92)

Public relations
According to Fill public relations is a planned communication discipline and is very cost – effective. The message does not require spreading through media. It is more often spread by credible sources.

There are three roles of public relation:

- The development and maintenance of corporate goodwill
- The continuity necessary for good product support
- The development and maintenance of suitable relationships (Fill 2013, 471)
Personnel
According to Kotler, the focus of personnel is to find the potential customers. They are very effective, have personal contact with a customer. The need of the personnel to travel to their customers makes personnel very expensive for the company. It is also time-consuming because personnel need to be hired, taught and motivated. (Kotler 2000, 130)

Direct marketing
“Direct marketing is a strategy used to create personal and intermediary-free dialogue with customers. This should be a measurable activity and it is very often media-based, with a view to creating and sustaining a mutually rewarding relationship.”(Fill 2013, 499)

According to Fill the features of direct marketing are assumed to be effective target marketing, increased profits by low costs, reaching new customers, offering customers with new product, improving the quality and speed of the service to customers. (Fill 2013, 530-531)

1.2.3.1.4 Place
Švarcová says that there are hidden the ways of distribution behind the fourth P. The distribution may be realized by direct and indirect distribution.

- Direct distribution is the method when the product is sold directly to the end customer.
- Indirect distribution can be realized by a retail sector and a wholesale sector.
  (Švarcová 2008, 118)

According to Kotler there are 3 more P’s that should be added.

1.2.3.1.5 People
People are very important because they are the real performers of the service. So these people should be very skilled, professional and kind, because they are in a close everyday contact with the company’s customer.

1.2.3.1.6 Physical evidence
The service is intangible but the customers still feel perceptions that influence them. They observe the background, style and for example cleanliness.

1.2.3.1.7 Process
The processes are divided into external and internal. External processes are connected with distribution, promotion and they represent usual activities of the company while the internal are connected with training and motivating of personnel. Processes can develop customer’s loyalty to the company. (Kotler 2001, 427)

The differences between the product marketing and service marketing as well as an approach of the customers who are thinking about buying service are described in the second section.

1.2.4 Implementation
According to Chernew implementation describes how the strategy and tactics will be realized. The process of implementation covers the development of the infrastructure, designing the processes, and setting a schedule. (Chernew 2009, 31)

1.2.5 Control
Chernew says that controlling describes reaching the intended goals.
“To ensure successful implementation of its strategy and tactics, a company must develop a set of controls to monitor the progress toward its goal. It is a set of rules that helps the company to reach its goals and helps managers if some problem occurs. It helps to keep required direction of the company.” (Chernew 2009, 37-40)

According to Chernew, the system of controlling consists of two decisions. The first decision is evaluating the company’s performance and the second is analyzing the external environment. (Chernew 2009, 37)

1.3 Implementing the action plan
“The implementation aspect of marketing management is an iterative process in which the company executes its strategy and tactics while simultaneously monitoring the outcome and modifying the process accordingly. This monitoring and adjustment enables the company to take into account the changes in the market in which it operates (i.e., changes related to customers, collaborators, competitors, and the context), as well as the changes in its own goals and resources.” (Chernew 2009, 12)
2 SERVICES MARKETING

Defining the terms service and product is necessary to determine its specifications to do a proper marketing analysis.

Product

According to Beckwith a product is a tangible thing, which is visible. It is a thing that can be touched and sometimes a customer can also taste, smell or listen to it. (Beckwith 11-13)

Service

Kotler says that service is an action or ability that can be offered by one party to another. The service is intangible and do not create any tangible ownership. Providing services may be related to a tangible product, but it is not the condition.

Main features of the services are:

- Intangibility
- Indivisibility
- Variability
- Transience (Kotler 2001, 444)

2.1 Shopping behavior

Kotler explains that from the perspective of customers buying a product is less difficult than buying a service. The most vital difference between a product and a service is that the service is abstract and the customer is not able to see the end result until he or she buys the service. It is more risky because they have to put their trust in it without being convinced about the quality. (Kotler 2001, 430)

According to Knight it should be the product and its main advantage that motivates the customer to buy a product or a service. No advertising can prompt a customer to buy it. The product itself should make the impression on the customer. (Knight 2007, 75)

Beckwith describes the behavior of the customers:

2.1.1 Unconsciousness

According to Beckwith, the majority of the customers who buy services do not behave logically. In general, customers overlook the price and other logical benefits when they are thinking about buying services. They prefer the service that seems familiar to them. Beckwith also says that it is very important to affect people’s unconsciousness. The
significance of the unconsciousness is illustrated on the situation of bad and good advertisement. It is better to be infamous than to be unknown. The unconsciousness operates on a principle of forgetting the negative information so after some time it is not the bad information that is remembered, it is only the name of the company. And if the customers should decide between unknown company and the company that sounds familiar to them, they choose the familiar company. It is vital in entrepreneurship to spread the information about the company.

2.1.2 Satisfying choice
The second evidence of the fact that people behave illogically is the fact that they do not choose the best service. They only want to avoid a bad choice, so they choose a satisfying service instead of the best service. Satisfying service is more acceptable for customers because the best service can cause some concerns, risks and problems, for example the best service is probably the most expensive.

2.1.3 Concerns
Concerns are related to the features of the services. The shopping behavior in this case is based on the decision of the customer who compares possible benefits and possible risks. If it is more risky to buy the service than not to buy the customer decides not to buy. The company’s reaction should be minimization of the risks and boost customer’s confidence. It can be done by offering them to prove their service.

2.1.4 First impression
Beckwith says that people insist on their first impression and their following decisions are based on their first impressions. Successful businesses care about the first impression that they make on their customers, because it is very difficult to change it later.

2.1.5 Last impression
Customers also remember the last impression. That is the reason why the most important information should be told at the beginning and at the end. These information and impression will be remembered by the customers.

2.1.6 Truth
Companies and people sometimes tend to hide the truth. The message the companies send is that there is no bad feature on their service. This approach is not trustworthy. People are
aware of the fact that there is nothing such as perfect service and they know that every service has its pros and cons, but they appreciate if you tell them the truth. The truth makes the company seem more trustworthy and the customers are impressed by the.

2.1.7 Details

If the company operates on the competitive market, the decisions of the customers will be made on a base of details. (Beckwith 2010, 80-91)
3 ONLINE BUSINESS

“The internet has transformed marketing and business since the first website went live in 1991. With over billion people around the world regularly using the web to find products, entertainment and soulmates, consumer behavior and the way companies market to both consumers and businesses have changed dramatically.” (Chaffey 2009, 3)

Olsher says that when the online business is realized it should be based on two aspects. The product should facilitate the solutions of various challenges or make them more automatic.

The pricing of the internet product should be based on the principles of the customer’s value price. The first offers of the product are for free in many cases. It is good for development of the long-time partnership with customers and the aim is to sell them more products in the future. Services have to be part and parcel of the internet products.

(Olsher)

Jeník describes four important aspects of online businesses:

3.1 Uniqueness
The success of a new product/project depends on the fact of how unique the project is. The less unique the project is the more promotion it will require in the future and the more money will be spent according to it.

3.2 Enough finance
Unique project can be sold to customers without high investments and without special knowledge.

3.3 Enough time
This aspect can be replaced by high amount of money. There are only two possibilities of having successful business according to Jeník. You have enough time to work on the project or to have enough money to pay the people working on it.

3.4 Enough knowledge
Knowledge is very important aspect of starting new online businesses. It can be replaced by enough money or enough time but it is necessary to have a unique product.
According to Jeník, it is vital to have at least three of these aspect to start new online business. (Jeník 2012)
4 MARKETING RESEARCH

For the purpose of the marketing strategy of the www.lookandbook.cz project qualitative marketing research will be used to get the information that are very important for the marketing strategy development. The qualitative research will be provided by the in-depth interviewing.

According to Bačuvčík the qualitative research explores the intentions and motivations of the participants of the particular research. The qualitative research can draw the attention to the problems that might occur and ideas of the customer, which is desirable. (Bačuvčík 2010)

According to Machková the aim of the in-depth interview is to explore the attitudes, the opinions and the behavior of the research participants and it helps to perceive the customers behavior, which in many cases can be very irrational. It is desirable to receive honest and open answers from the research participants. (Machková 2009, 55)

Kozel explains that it is necessary to follow three basic principles to get revealing results.

- The first principle is to give the respondent enough time, and enable him or her to express his or her ideas. It is also necessary to give the respondents the impression that the ideas will be considered and that they are important to us.
- The second principle is the fact that the interview should be spontaneous but professional. It should lead the respondent to respond honestly and quickly. The interview should be based on the situations that were experienced by the respondent.
- The third principle is about importance of the research for the respondents as well as for the organization or individuals that stand behind the research. The respondents will be then more responsible. (Kozel 2006, 153-154)

According to Parasuraman and Grewal the in-depth interview is a good way to do a qualitative research. They usually last half an hour or one hour. (Parasuraman and Grewal 2007, 196)
5 COMPETITIVE ANALYSIS

Competitive analysis will be realized by Porter’s competitive analysis.

“Porter’s (1998) competitive analysis identifies five fundamental competitive forces that determine the relative attractiveness of an industry: new entrants, bargaining power of buyers, bargaining power of suppliers, substitute products or services, and rivalry among existing competitors. Competitive analysis leads to insight in relationships and dynamics in an industry, and allows a company or business unit to make strategic decisions regarding the best defendable and most economically attractive position.” (Have and Stevens, 44)

5.1 Porter’s competitive analysis

- Blažková explains the first force of the Porter’s analysis that influences the business. It is the possibility that a new competitor appears on the market. It is necessary to know how easy it could be for a new competitor to start the business and enter the market. It is also important to think about the obstacles that a new company has to stand up to if it is going to enter the market. The costs that are connected with entering the market and the connections to distributors are the other aspects that influence the appearance of new competitors. (Blažková 2007, 58)

- Blažková says that substitution products belong to the forces that can influence the business. Substitution products are the products of a slightly different kind that can replace your product so there is a risk of losing a customer. (Blažková 2007, 58)

- The third power, according to Have and Stevens, is buyer’s bargaining power. The buyers have more power when they buy bigger amount of product or when they buy the majority of your production. They have the power of negotiating a better price. The power of buyers rises along with the amount of information. (Have and Stevens, 45)

- The fourth force is represented by suppliers. “Suppliers can have a significant impact on the industry’s profitability a margin distribution, depending on several levels.” (Have and Stevens, 45) The suppliers have, according to Have and Stevens, more power in the case that their product is of vital importance to your business.

- Have and Stevens say that the fifth power is represented by existing competitors. The existing competitors may display the power by lowering their prices, doing promotion. It can cause slow industry growth which creates bad conditions for your business development. (Have and Stevens, 45)
6 THE PROCESS OF ANALYSIS

The www.lookandbook.cz project will be explained in detail in the practical part of the bachelor thesis. The environment of the project will be described to understand the conditions fully. The marketing research is very important to understand the needs of the customers. The marketing research will be realized by an in-depth interview which is a qualitative method and is very effective for understanding the company’s potential customers. The prerequisite of developing a useful marketing strategy is analyzing the company, its strengths, weaknesses and possible threats and opportunities. This will be the role of SWOT analysis. The company’s competitors will be analyzed by Porter’s model of five forces. After explaining the company’s mission and vision, the goals of the marketing strategy will be set. The description of the way in which these goals will be reached is the purpose of the marketing strategy. The Five C’s will be analyzed and the position of the project on the market will be specified in the next part of the bachelor thesis. Tactics will be designed by the usage of marketing mix. In the very end of the practical part of bachelor thesis the threats and benefits of implementing the marketing strategy will be considered. The main focus of the practical part is to decide if it is profitable for the owners to continue with developing the portal in the light of the results of the research.

The main focus of the practical part is to decide if this project could be successful on the market and is so, on which conditions. These conditions will be described in the strategic plan. The explored facts will be considered.
II. ANALYSIS
7 THE CHARACTERISTIC OF WWW.LOOKANDBOOK.CZ

The task of this chapter is to describe the project, its background and the values of this startup.

7.1 The project specifications

The www.lookandbook.cz project is an online portal which aim is to connect small companies and self-employed people, from the field of health and beauty, with their customers. It is realized by the system of online booking of the health and beauty services by the customers. These services are offered directly by the companies using an online diary available on www.lookandbook.cz portal. The advantage for the companies is to have a chance to sell their services to the last minute, to promote their service and they also have the possibility to add a discount to the service. The advantage for the customers using the portal is that they see immediately the available appointments so that the chosen service can perfectly match to their free time. They do not need to call the companies to order a service and according to the available appointments published by the companies at last minute the waiting times for the services will be shortened.

This is the basic idea of the www.lookandbook.cz project but there also certain other options provided by the portal. The most significant is the fact that it is compulsory for every company to create a profile for its presentation. Each company is required to provide at least 250 words of information about itself and add at least 5 pictures of their work. This process of creating the profile takes a long time and it is not user-friendly. The necessity of creating the profile may seem unimportant to the customers of the portal (small companies and the self-employed) and it may associate online catalogues of companies which is not the aim of the www.lookandbook.cz portal. This fact will be researched by the in-depth interviews which are described in the following chapter.

The booking system is realized on a basis of email notifications which seems to be a good solution for booking, yet it works only for the businesses that use computers.

7.2 The background of the www.lookandbook.cz project

The www.lookandbook.cz project is owned by two partners. The structure of the company changed dramatically from the time when the project was ordered till the time the project was realized, because there was a four month delay which caused huge problems. It caused
financial problems as well as personnel problems. Initially, there were supposed to be five sales representatives whose task was selling the product – registration on the portal. Technical support was provided by an external company which was very expensive, caused the delay and did not meet the quality expectations.

The delay of the transformation of the project caused the following problems. The project lost sales representatives who could not wait 4 months to get the job. The costs increased rapidly, because of the fact that there were no incomes for 4 months. The owners of the project also experienced a decline in motivation.

The current marketing activities of the company are at a zero level. The only channel that was used for a company presentation was www.facebook.com. The portal’s profile has about 1300 fans. It seems to be a good basis for further marketing activities.

7.3 The mission of the www.lookandbook.cz project

The mission of the company is to support smaller companies and businesses in the field of health and beauty, provide them with a special marketing tool for better online presentation and give them the opportunity to use an online diary through which they can offer their available appointments to customers.

7.4 The vision of the www.lookandbook.cz project

Vision is to develop a web portal where the supply of the companies and a demand of customers meet. The www.lookandbook.cz project aims to be a leader on the market and to have the registered users in every country seat.
8 MARKETING RESEARCH

An in-depth interview was implemented as a method of qualitative marketing research. I was doing in-depth interviews to discover the shopping behavior and customer needs and intentions. I have chosen 10 people that have their own business or are self-employed in the field of health and beauty to be the representative sample of the possible customers. I tried to be professional and empathetic to acquire the informative outcome that would help to make a useful and functional marketing strategy.

Clarity, understandability and simplicity were the criteria for the choice of questions. I did not want to affect the results so the questions were not misleading and the interview was done with no hidden intentions. The research was done responsibly to obtain useful and informative answers. I wanted the participants of the research to be honest and open so I tried to create a pleasant and open atmosphere. Each interview lasted about 1 hour.

8.1 The in-depth interview questions

The participants were asked the following questions:
- In which field do you do business?
- How old are you?
- Are you a self-employed person or an owner of a company? (If so, how many employees does it have?)
- Do you think you spend a lot of time working? (In the case of being the company owner, the question was oriented on their employees. If the owner thinks that they spend a lot of time working.)
- Are you satisfied with the amount of your customers?
- Are you satisfied with your salary?
- Do you think that your salon needs more publicity?
- Do you know of any marketing activities to gain more publicity? (If so, what kind of activities can you think of?)
- Do you use modern technologies? (If so, which modern technologies do you use? Smart phones, tablets, etc.)
- Do you have a computer in the place where you do business?
- How often do you check your email box?
- Do you use social networks for your business presentation?
- Have you ever paid for any kind of advertising for your salon? (What kind of advertising was it? What was the output of this action? Was it helpful?)
- How do your customers make reservations? Is it satisfactory for you?

After these questions were asked, I showed the respondents the www.lookandbook.cz portal and watched their reactions. After that I asked them whether they understand what the portal is about and we talked about it. I introduced them the whole idea and asked whether it could be beneficial for their business or not. I also asked them for any suggestions on how to improve the portal. If they found the portal or the idea of online booking useful I asked them how much money they would be willing to pay for such service.

8.2 The outcomes of the in-depth interviews

The questions were asked 5 hairdressers, 3 photographers, 2 fitness trainers and 1 beautician. Seven of the participants were self-employed and 3 of them were the salons owners.

8.2.1 The salon owners

Generally it is possible to say that the salon owners were willing to take risk more that the self-employed. They are open to new solutions of the problems and they want to have control over their employees. They think that their employees could work more and they have more finance to realize some marketing activities. Two of the three have their own web pages for better presentation of their salon. They generally have experience with some other marketing activities such as offering their services on www.slevomat.cz portal. The experience with this portal was not profitable for them because of very low prices of the services and costs. These costs include a fee to this portal and material. Partially due to this experience are they suspicious to this kind of services. Two of the three have computers in their salons and also think that they are skilled computer users. One of the three owners of the salons presents the salon on www.facebook.cz social network. This owner clearly realizes the necessity of marketing activities and improving their services and therefore provides her employees with training to make services of her salon more professional. All owners are generally satisfied with incomes from their businesses.
The seven self-employed people were not really used to use marketing activities. Only one of them tried to offer his services on www.slevomat.cz and he also was not satisfied. The costs were higher than the incomes and the customers that came because of the www.slevomat.cz portal generally did not return to pay the full price for the services. Three of the self-employed have their own webpage to present their work, and they also public their work on the social networks, though not very often. Social networks are also used by two others of this group to attract new customers. The three of this group are satisfied with their salary in relation to the time that they spend working. The other four are not satisfied with their salary which is connected with unsatisfactory amount of customers. Some of the respondents are, on the other hand, suspicious to the new ways of marketing activities, such as registration to some online catalogues. The majority of the seven self-employed people are used to the use of modern technologies. They very often own smart phones, but only one of them has computer in her salon. It can be said, that in general the people at the age of 24 to 40 are active computer users.

If I should consider the whole group of ten people making their business in the field of health and beauty, they tend to be cautious. My intention from these interviews was that they are afraid of being deceived. According to their answers, they are more likely to believe the recommendations of their friends, acquaintances or customers. They are not used to spend money and risk the loss of the money, but if it was profitable, they would try something new. They would be satisfied if they could use the registration on some portal for some time for free as a trial. Their customers are used to make reservations by calling them during their working time. They are used to it but some of them say that it can cause problems while they are having customers, so they prefer to call back later. They are all used to use a paper diary for their offerings. The most of them realize that their younger customers search for the services on the internet.

When the www.lookandbook.cz portal was shown to them the reactions were mostly positive. They liked the design, but they did not get the message of the portal and generally did not understand the idea. Many of them thought that it is an online catalogue of the services. After introducing the idea of the portal they were interested in the idea of online booking. For those who already had their own webpages the idea of creating a company’s profile seemed unimportant but they liked the idea of offering their available appointments that were not booked yet. They would prefer to have the booking system on their own websites. The self-employed people that had no webpage and no experience with other
catalogues or other portals liked the idea of creating a profile and presenting their work. Those from the group who were middle aged, which was majority of them, liked the idea of online booking and promoting their available appointments. The system of booking by email notification was not suitable for them, though. As it mentioned above, the majority of them did not have computers in their salons, so they were worried about confirmation of the offering notifications. Those who have smart phones would find useful to use mobile applications. They found it more useful, fast, and not disturbing from their work. The most of the hairdressers, on the other hand, were worried about the offerings, loss of personal contact and the fact that the times of their services can differ depending on each particular customer. If there was an option to promote for example the available appointment lasting 1,5 hour which can be booked by a woman who wanted to make a haircut and dyeing, they would find it fine and useful.
9 ANALYSIS OF THE COMPETITORS

The competitors are analyzed according to a Porter’s model.

9.1 New entrants

Entering the market could be a very easy task, especially for companies that run the online catalogues of companies. There is a real risk that these companies that have more experience, more finance and a developed brand will offer their customers a similar service. This is a very serious threat. Among such potential competitors belong www.firmy.cz, www.topkontakt.cz, sluzby.cz, www.zlatestranky.cz, webnode.cz.

9.2 Bargaining power of buyers

This power does not influence the www.lookandbook.cz portal.

9.3 Bargaining power of suppliers

The power of suppliers was already experienced by the www.lookandbook.cz owners. This power could be devastating. It is very difficult to demand the promised services if you do not have enough time and money to prosecute the supplier. Only the supplier can provide the requested service. If the company is not satisfied with the quality or the price, everything the company can do is to get used to it or to convert the whole system to other supplier and hope that it will be better. The power of suppliers is enormous.

9.4 Substitute products or services

The potential customers can use Google calendar as a substitute product. It functions only as a diary without a booking system but for some users it could be enough. There is also a possibility for some users to create their own booking system designed specifically for their own existing webpages.

9.5 Existing competitors

These are the three main existing competitors: www.supersaas.cz, www.reservio.cz and www.isportsystem.cz. The www.supersaas.cz is very user-friendly system that can be easily connected with the company’s own web page. It is available for users in a mobile version and it is also possible to make bookings via text message. This system is available
in 26 different languages and the basic version (with advertising) is for free. The paid versions cost 150 to 750 crowns per month.

The www.reservio.cz is a portal which is very similar to the previous one but it is available only in Czech language and booking system via text message is not possible. The basic price begins at 199 crowns per month.

The www.isportsystem.cz is targeting the similar market as www.lookandbook.cz does. The booking system is not as good as the system of www.reservio.cz or the www.supersaas.cz.
10 ANALYSIS OF THE WWW.LOOKANDBOK.CZ PROJECT

The www.lookandbook.cz project operates on the B2B market. The target market is the group of small companies and self-employed people implementing their health and beauty services.

10.1 SWOT analysis

10.1.1 Strengths:
- The service that helps companies to sell their services those were not booked yet.
- The need of the customers of these companies to book services online.
- The controlling system for the owners of the health and beauty companies. They can supervise their employees when using this online booking system.
- The saving of time with online booking, accompanied with higher comfort for the customers who are not disturbed by phone calls.
- The need of the companies from the field of health and beauty to have a competitive advantage on the market. Their need can be satisfied by this innovative project. The project www.lookandbook.cz is one of the firsts occupying the market.
- The necessity of some of the health and beauty companies to make marketing actions to attract new customers and to keep their current customers.

10.1.2 Opportunities:
- The increasing demand for the health and beauty services.
- The increasing trend of the customers and computer users in general desiring to have information available online.
- An increasing customer’s tendency for online booking.

10.1.3 Weaknesses:
- The technical support is provided by an external company. That may cause problems when quick solutions to possible problems are needed.
- The owners of www.lookandbook.cz have a lack of finance which is necessary to further development.
- Lack of skills in the field of online business.
The payment for using the www.lookandbook.cz portal by the companies is paid annually which is, according to materials of the www.lookandbook.cz, not suitable for smaller business or self-employed. They prefer payments per month.

The portal is very complex. It targets to businesses and to their customers at the same time. That is confusing for both groups, as a result.

There is no mobile application which would be required by the self-employed and companies.

10.1.4 Threats:

- Competitors of www.lookandbook.cz are bigger companies with higher amount of money.
- Older owners of the health and beauty companies are not very interested in modern technologies and new ideas.
- There are some people in the health and beauty sector that are self-employed and they do not want more work for them. They are satisfied with their salary.
- The companies are glutted with a large amount of offers of online catalogues and even though the offer of www.lookandbook.cz is different, it may not seem trustworthy to them.
- If none of the investors join the www.lookandbook.cz startup, there won’t be enough finance for further development.
11 MARKETING STRATEGY

11.1 Goal

Goal of the Marketing strategy consists of two parts:

First part is a continuous development of the www.lookandbook.cz brand. It is necessary to develop the public knowledge about this project and its advantages for the users. It is vital to teach the public to use the portal every time they are thinking about booking their service.

The second part of the goal is to attract companies, doing their business in the field of beauty and health, and register at least 140 of them in www.lookandbook.cz portal until December 2014.

It is important to attract the companies firstly and then to attract their customers which will not be an easy task. These two goals, however, must be reached within short time period to develop the credibility of www.lookandbook.cz portal for the companies. It is the presumption of developing a functional portal.

11.2 Strategy

11.2.1 Five c’s

11.2.1.1 Customers

The customers of the www.lookandbook.cz project are small companies or self-employed people doing their business in the field of health and beauty. The customers of the www.lookandbook.cz portal are also the purchasers of these health and beauty services. It will not be possible to develop functional portal without a demand of the public. These three groups of the portal’s customers will be described separately for the purpose of better understanding the specifications and problems of each group. The following description is based on the marketing research, results of which results are described above.

The small companies: These companies have its owners and they, generally, want to have more customers and they also want their employees to work more. They realize the need of marketing actions and the need of increasing the quality of their services. There are some owners that are not as used to modern technologies as it is needed. They can be suspicious
and that may cause a problem when the registration on the www.lookandbook.cz portal is offered to them.

The typical customer of the www.lookandbook.cz project from group of the small companies is the owner of a smaller business, who is innovative, may have problems with his or her employees and is an active computer user.

**The self-employed people:** There are two groups of self-employed people. The one of them are satisfied with their salary and their customers. They could have more customers but they do not want them because it would mean more time spent working. The others want to raise their salary or they are in the process of starting their business and do not have many customers. These could be the customers of the portal, but it can be supposed, according to their situation, that they would rather pay smaller amount of money for the registration monthly than bigger amount of in the beginning of each year.

The typical customer of the www.lookandbook.cz project from the group of self-employed people is the person who wants to attract more customers or the person who wants to keep his or her customers and to give them a special service.

The customers that will pay for the service of www.lookandbook.cz are those, who realize the value of modern technologies and marketing, who already have their own web pages. These are the active computer users.

**The purchasers of services:**

The purchasers of the services that will be searching for the services on www.lookandbook.cz are modern people who are used to use social platforms or sales portals. The typical customer will be a woman at the age of 15 – 40.

**11.2.1.2 Company**

Currently the company is owned by two natural persons but that is going to change. The partners want to establish the limited liability company in 2014 because of the changes in law and more favorable conditions for establishing the company, for example lowering the amount of financial contribution.

According to the company’s goals and values that are described in the beginning of this chapter, the offer to the customers should be more simple and user-friendly.
11.2.1.3 Collaborators

There are no collaborators in current time. The external company is no longer participating on the project, due to their unreliability. There are two investors who are thinking about taking part in the project and support it financially. The negotiation is going on with them at present.

If the investors join the company and support it financially it will be desirable to broaden our team. The technical support could be provided by the company iTech21 s.r.o. which would be cheaper than the previous one and its services should be good-quality. For the future development the iTech 21 s.r.o. should be able to create mobile application, which, according to the research, seems to be necessary for further development.

11.2.1.4 Competitors

The most important competitors of the www.lookandbook.cz project are according to the competitive analysis the www.supersaas.cz and the www.reservio.cz. The biggest advantage of both www.reservio.cz and www.supersaas.cz is the way their online booking system is offered to the companies. There is no need to create a profile and add information or pictures. The online booking system is connected to the company’s web page. The biggest advantage of www.reservio.cz is the collaboration with an online catalogue www.sluzbomat.cz. The biggest advantage of www.supersaas.cz is the mobile version of the portal and the possibility of booking via SMS.

11.2.1.5 Context

The following aspects are the conditions that involve the company and its operations on the market.

Considering the marketing research the socio-cultural aspect is following. The society, in general, is not inclined to innovative products. They are conservative and they rather wait until the product is proved by the others. They are suspicious so they tend to rely on recommendations. It is necessary to convince the companies and self-employed who are risk-takers to register. When this condition is satisfied it will be possible to register the other companies.

The technological aspect, in terms of the www.lookandbook.cz project, could be perfect in the case that there would be enough money that can be spent on the project development. The technological aspect, in terms of the customers of the project, may be slightly difficult.
There are not enough companies or self-employed that have computers in their salons or in the places where they provide services. This is therefore a limitation for email notifications during the process of booking service on the www.lookandbook.cz portal. The development of a mobile application would be the solution of this problem.

11.2.2 Value proposition and positioning
The www.lookandbook.cz project directs its services only toward the businesses occupying the field of health and beauty. The future aim is to develop a community of people that are interested in the health and beauty lifestyle. The project’s aim is also to connect the professionals from these services with the public. The value of this project for the public could be in the fact that they could get advice from the professionals who want to attract them this way.

11.3 Tactics
The tactics is designed according to the marketing mix of seven P’s and is described in the specification of every single P.

11.3.1 The marketing mix
The following description and recommendations are based on the marketing research.

11.3.1.1 Product
The product is very complex and is not really clear to the customers. The advantage that should be highlighted to the customers of the www.lookandbook.cz is the booking system. In order to attract the customers it is necessary to satisfy mainly the need of the booking system and online diary. The customers want to have their own web presentation and they want to differentiate from their competitors.

The product should be broadened with a mobile application which will be more user-friendly. The aim of creating the mobile application is to provide mobile notifications of service bookings by the customer, and to confirm the order and respond to the customer immediately. This will satisfy the needs of the customers who do not have computers in their salons.

The product, www.lookandbook.cz portal, should be divided into two single portals. This is for the sake of targeting the right audience. It is very difficult to target the
businesses and their customers at the same place. The best way would be to develop the user-friendly application and to modify the portal which for targeting only the companies and offering online booking system. The second portal would be only for the customers of the health and beauty companies. The second portal will start in 2015. By that time, there should be enough companies registered and we could offer them a benefit of offering their available appointments on a separate portal and offer these directly to the customers. This should also be the solution of the problem with supply and demand from the companies and their customers.

11.3.1.2 Price

The price in a current time is 1890 crowns per year. According to the in-depth interviews with the potential customers are annual payments not suitable for them. They would prefer to pay on a monthly basis even if the annual payment would be more profitable for them. In their opinion the appropriate price for the online booking system would be 150 – 200 crowns according to them. If the customers and the competitors are taken into a consideration the suitable price should be 189 crowns per month.

11.3.1.3 Promotion

Based on the fact that www.lookandbook.cz is an online business, the promotion should be based on internet advertising. Customers of www.lookandbook.cz are active computer users and they mostly use social networks, especially www.facebook.com. These channels should be used for advertising and for brand development. The main advantage of the www.facebook.com social network is in the fact that advertising is targeting the right audience.

Due to the bad financial situation of the owners the direct marketing should be a good way of selling registration with low costs. It would be suitable to have at least one sales representative per one.

11.3.1.4 Place

The product would be sold directly to the customers online or by direct marketing.
11.3.1.5 People

The sales representatives can create or destroy the business. It is necessary to hire skilled people. The best option would be hiring people who are used to work on self-employed basis. It would be the most cost-effective option. It is also necessary to provide professional customer support.

11.3.1.6 Physical evidence

The www.lookandbook.cz was designed to evoke the feeling of a trustworthy innovative project. The design, according to the in-depth interview, looks young and corresponds with the company’s aim.

11.3.1.7 Process

The processes such as training and motivating the personnel will be provided during meetings with sales representatives. It is necessary to share the message with them and motivate them, so that they could be professional and successful.

11.4 Implementation

- The first step is to redesign the portal to target the companies only. This action should be done till the end of June 2014.
- The second step is developing the mobile application. This action should be done till the end of June 2014.
- The third step is to promote the registration. The best way of promoting is an advertisement on www.facebook.cz to target the self-employed and companies from the field of health and beauty. This action should begin in July and last at least half year (till the end of December 2014).
- The fourth step is to train the carefully chosen sales representatives and start selling through direct marketing channel. This action should last 1 month till the end of July 2014. The selling should start also in July 2014.
- The fifth step is to develop a customer’s portal where they can see all available appointments and can ask for an advice from the professionals. This action should be done till the end of December 2014.
- The fifth step is to offer the chance of promotion the company’s available appointments on the separate page. This action should begin in January 2015.
The sixth step is to promote the customer’s portal. This action should begin in February 2015.

Most of these actions should be possible only if one of the investors joins the portal.

11.5 Identifying controls

The system of controlling would be realized according to the steps that were set in the schedule and according to the goal of registering at least 140 companies till the end of December 2014.
12 POTENTIAL THREATS AND BENEFITS

The four important aspects, which are described in the third chapter as being very important for the online business, would be considered. Although the owners have enough time and their product can be still considered as unique, they do not have enough finance and enough knowledge. The prerequisite of establishing a successful business is to fulfill at least three of these four aspects. This condition of having successful online business is not met.

Even if the competitive environment is not fully developed yet, it is very easy for some of the very influential companies that have huge experience in the field to enter the market.

There is also the other important fact that should be mentioned. It is the fact that the company www.lookandbook.cz would depend fully on the investor’s finance, if they were willing to participate in this project, which they do not perceive as attractive.

The potential benefit, on the other hand, is the market which is in the beginning of development and the expectation of increasing demand from the businesses and customers. As the public gets older the demand for these types of services will be growing. According to the facts that were introduced in the practical part of the bachelor thesis, it is obvious that this business will work in a future, provided it is backed with enough finance and knowledge in the beginning. However these two prerequisites are the same two resources the owners of the project www.lookandbook.cz have a lack of.
CONCLUSION

The aim of this bachelor thesis was to develop a successful marketing strategy for the www.lookandbook.cz project and to evaluate the threats and opportunities of this solution. The www.lookandbook.cz, its environment and the competition were analyzed. This analysis was based on a theoretical knowledge described in the first part of bachelor thesis. The most important marketing tools, such as Porter’s competitive analysis, in-depth interview, marketing mix, SWOT analysis and Five C’s analysis, were used in the process of designing the marketing strategy. The strategy considered the wishes of the owners and the company’s values. According to the conditions and information that were researched, a marketing strategy was suggested, that should provide the development of the www.lookandbook.cz project. The conclusion is that the structure of the portal was confusing for the potential users. As a reaction, a plan was suggested to divide the portal into two separate portals. Creation of a mobile application was also suggested in the light of the current conditions in the health and beauty salons. The changes of the portal would be expensive and they are dependent on the participation of one of the possible investors. The owners of the www.lookandbook.cz and the possible investors did not want to publish the prices and the costs, so these were not covered.
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