

Analysis of Marketing Communication in the Company HP TRONIC Zlín, spol. s. r. o.

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Provedte průzkum literárních pramenů a zpracujte teoretické poznatky týkající se marketingové komunikace.

Analýzujte současné využití prostředků marketingové komunikace ve společnosti HP TRONIC Zlín, spol. s.r.o.

Na základě zhodnocení současného stavu marketingové komunikace navrhněte doporučení pro její zlepšení.

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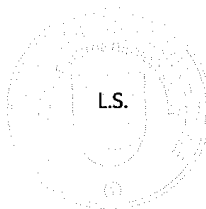
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ABSTRAKT

Tato bakalářská práce pojednává o marketingové komunikaci s ohledem na světovou finanční krizi, úpadek současných marketingových postupů, rychlý technologický pokrok, nové možnosti využití digitálních médií a zjevnou potřebu integrovaného přístupu. Práce zkoumá jak tradiční metody propagace, tak i nové trendy se zaměřením na jejich praktické využití v reálné společnosti. Specifické prostředky marketingové komunikace využívané touto firmou jsou dále podrobeny bližšímu zkoumání s cílem odhalit jejich silné a slabé stránky, příležitosti a hrozby. Na základě této analýzy jsou navržena konkrétní doporučení, která by mohla vést k možnému zlepšení současného stavu.

Klíčová slova: marketing, marketingový mix, integrovaná marketingová komunikace, propagace, spotřebitel, zákazník, digitální média, internet, webová stránka, finanční krize, SWOT analýza, HP TRONIC, Euronics, Proton, Facebook

ABSTRACT

The bachelor thesis deals with the marketing communications with regard to the expanding global financial crisis, declension of current marketing proceedings, rapid technological progress, new opportunities provided by the digital media and a manifest necessity of the integrated approach. It explores both the traditional promotional methods as well as the latest trends with the focus on their practical application in a real company. The specific means of the marketing communications used in the company are closer examined with the aim to uncover their strengths, opportunities, weaknesses and threats. On the basis of the analysis, particular recommendations are proposed in order to suggest potential improvements of the current state.

Keywords: marketing, marketing mix, integrated marketing communications, promotion, consumer, customer, digital media, the Internet, web site, financial crisis, SWOT analysis, HP TRONIC, Euronics, Proton, Facebook

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INTRODUCTION

Thanks to the rapid technological development and the globalization process of the last few decades, a market is no longer limited by geographical borders, cultural differences or laws of physics. Since the customers have gained a freedom to choose among the millions of offered products, at any place and any time, they need to be guided not to get lost in the progressive market wilderness. Marketing and especially marketing communications are the phenomena we should listen to for guidance because they embody an imaginative bridge between a consumer and a company.

However, any marketing communication cannot be really beneficial if it does not attract consumers' attention and encourage their action at the same time. Promotion and predominantly advertising are practically everywhere. Thus, consumers might feel frustrated or persecuted by the omnipresent promotional campaigns and a huge amount of data. Moreover, future visions about marketing communications have become even more insecure and hesitant nowadays. The expanding global financial crisis, declension of current marketing proceedings, inefficient promotion and a manifest necessity of the integrated marketing communications have convinced us that the good old days of relative stability are gone. Really successful marketing campaigns which would contribute to the improvement of production and realization of a sale are quite scarce. Until the marketers take the courage to reassess their strictly liberal rules and rearrange their obsolete marketing techniques, customers will keep disregarding the TV commercials, leaflets, emails, banners and other forms of promotion.

It is a high time to make a change. Only the companies which constantly adapt to changing conditions are able to succeed in the fiercely competitive environment. With regard to the marketing communications, it is necessary to follow modern trends, take advantage of innovative technologies, look for new ways how to attract consumers' attention and encourage their purchase even in the period of the unstable economic situation. We should overcome the feeling of insecurity and try to look beyond the imaginative horizons. As a common saying goes, everything bad is good for something. Hence, also the turbulent times could be seen both as a unique chance to revise what has been done till the present as well as it is a great opportunity to make any major change. Above all, we should not forget that determination, sustained effort and courage to make a difference have to stand in the heart of our performance.

I. THEORY

1 MARKETING COMMUNICATIONS

Words such as technology, business, mass production, commerce, environmentalism, and globalization belong to our active vocabulary. They refer to things and activities which shape the modern world we live in. However, with a fast growing market, sometimes we are not confident how we should behave in this progressive wilderness. Thanks to new technologies, opportunities of the Internet and other future approaches, a market is no longer limited by geographical borders, physical laws or cultural differences. It constantly adapts to changing conditions. Customers have the freedom to choose among the millions of offered products, at any place, at any time. Nevertheless, everything that has its advantages must be necessarily balanced by some disadvantages. In other words, the wider scale of goods and services is offered to us, the more complicated is to make a satisfying decision. When the endless supply overwhelms us, we become confused. Consequently, we started to feel a need to be guided through the wild market jungle to reach satisfaction from the right good or service. Marketing, and especially marketing communications, is a guide we need. It serves as a road sign in the middle of the complicated market crossroad. Communication is the phenomenon we should listen to for guidance.

1.1 Marketing Environment

However, it is necessary to understand the marketing philosophy in its entirety to be able to consequently fully appreciate the concept of marketing communications. Various institutions and professionals have created plenty of definitions that try to characterize marketing environment. Marketing is a business attitude whose intention is to search unsatisfied needs and to prepare satisfying solutions subsequently. Professor of international marketing, one of the world's leading authorities in this field, *Philip Kotler* has simply defined marketing as a concept of "managing profitable customer relationships". (Kotler, Armstrong, Saunders, and Wong 2008, 7)

1.1.1 Balance of Approaches

Kotler's explanation reveals two extreme approaches:

- a) Profitability of the company and business success
- b) Continuous building customer relationship and strengthening loyalty

(Amarasinghe 2010)

Every integrated system functions well only when its particular components work in harmony. Therefore also these two extremes have to be balanced. As there are two contradictory points of view, it is the very basic objective of marketers to find and keep the stability in performing the product or service they present to customers. Whereas customers pursue to satisfy their desires while just living their lives, the main aim of companies is to be successful and profitable. Thus, marketing is viewed as a managerial process that intentionally focuses on fulfilling wants and needs. It is a set of activities that contributes to the whole process of bringing the business objectives to fruition. (Kotler, Armstrong, Saunders, and Wong 2008, 7)

Every company makes effort to earn profit. However, if you achieve short-term profitability, it does not have to mean that you obviously succeed in your long-term efforts as well. For instance, when you sell a product, your current earnings slightly rise. Nevertheless, if the sold product is of poor quality or just do not live up to consumer's expectations, your customers will be disappointed and they would not be willing to buy from you anything more. Even though you manage to strike a bargain, you could fail in a customer relationship and lose the valuable custom. On the other hand, if you evoke a strong sense of loyalty in your customers who are absolutely satisfied but who are not making any significant profit for your business, then again your position is not balanced. Hence, the marketers should create an optimal level between profitability of the company and the positive relationship with customers. (Amarasinghe 2010)

With reference to *the Chartered Institute of Marketing*¹, marketing could be seen as “the management process responsible for identifying, anticipating and satisfying customer requirements profitably.” (The Chartered Institute of Marketing 2010) It studies consumer's wishes in various aspects, observes a company image, follows its visions, and measures the level of managing customer satiation. We should notice the significance of a customer, who stands at the heart of the marketing philosophy. Individual companies attempt to attract new customers and keep the current ones by learning from the results of product sales, improving a product performance and managing an enhanced presentation. As regards the general marketing approach, mere construction of a product is not

¹ Chartered Institute of Marketing is the world's largest organization for professional marketers based in UK. It is the leading international body for marketing and business development. (The Chartered Institute of Marketing 2010)

fundamental. What plays a key role in marketing is a presentation of goods in the proper manner to the target audiences. (Kotler, Armstrong, Saunders, and Wong 2008, 7)

1.1.2 Relationship and Understanding

According to *Peter Drucker*, a famous economist who is considered to be the founder of modern management, “the aim of marketing is to make selling unnecessary.” (Kotler, Armstrong, Saunders, and Wong 2008, 7) In other words, the core mission of marketing activities is to understand the consumer needs so well that the product offered will perfectly fit, and thus easily sell by itself. Knowledge about a customer serves as an extremely valuable source of information which could be used in various ways. For instance, on the basis of the gained consumer data companies are able to distribute their products more effectively, promote them in a more attractive way and offer them for a reasonable price, so that the customers want to take advantage of the offer and buy the products. Understanding to a customer closely response to the process by which companies create value for their clients and simultaneously build a relationship with them in order to gain value from them in return. (Kotler, Armstrong, Saunders, and Wong 2008, 7)

A fundamental marketing objective is the accomplishment of both consumer and business ambitions. However, every marketing effort has to be based on the relationship between a buyer and a seller. It builds on the permanent communicative relationship between a company and its customers. On the other hand, any relationship cannot be possible even without understanding. As it was already mentioned, a marketer should know and understand the consumer attitudes, motivation and behaviour to be able to provide such a product or service whose superior value will fulfil customer needs and wishes. Nonetheless, understanding has to be based on the exchange of information and values. What stimulates these interactions are marketing communications. Communication is considered as a necessary tool through which marketing objectives could be achieved. (Kotler, Armstrong, Saunders, and Wong 2008, 7)

As regards the relationship between a company and a customer, communication provides core pieces of advice so that all interested parties can understand each other and appreciate the value of the services and goods offered. With a bit of imagination we could compare marketing communications to petrol in your new Lamborghini. While marketing objectives represent a destination of our journey, relationship embodies the car, understanding is an engine and marketing communications constitute petrol. Just as petrol

and other parts of the car are necessary for smooth start of a car and subsequent engine functioning, also marketing communications belong to the basic elements that enable the whole market exchange process to function without difficulties. Whole marketing is based on communication.

1.2 Defining Marketing Communications

As there are many interpretations of the matter of marketing communications, to mention just a sole comprehensive definition would appear incomplete and unreliable. However, marketing communications could be explained as a managerial process through which a company engages with its diverse audiences in order to pursue their business and marketing objectives. (Fill 2005, 8) They are all tactics, efforts and approaches involved in conveying a particular marketing message, providing the essence of products and services to intended consumers, not considering the media used. (MarcommWise 2010) The term marketing communications describes “all the promotional elements of the marketing mix which involve the communications between an organisation and its target audiences on all matters that affect marketing performance.” (Broderick and Pickton 2005, 4) Generally, it is the way how an institution communicates what it does and what it can offer to its customers. Marketing communications includes activities such as advertising, public relations, branding, sales promotion, personal selling, direct marketing, etc. (The Chartered Institute of Marketing 2009a, 5)

1.2.1 Marketing Communications as a Part of the Marketing Mix

Marketing communications serves as an irreplaceable part of the marketing mix, which is also well known under an expression the 4Ps.² Individual “Ps” stands for Product, Place, Price and Promotion. However, promotion is a term that could be considered as an equivalent for marketing communications we are talking about. (Broderick and Pickton 2005, 4)

² As marketing has become a more sophisticated discipline, recently three further “Ps” were added to the basic 4Ps concept. These considerations are known under the expression the 7Ps which refer to Product, Place, Price, Promotion, People, Process and Physical evidence. (The Chartered Institute of Marketing 2009a, 4)



Figure 1. Marketing Mix (Learn Marketing 2010)

As far as the marketing communications are concerned, one of the most confusing approaches is to consider this term only as another word for advertising. Advertising is often used by the general public in order to designate all sorts of phenomena connected with commerce persuasion. Everybody has at least a rough notion about advertising because it is an ordinary part of our everyday reality. Nevertheless, advertising serves only as a piece of the whole puzzle. It is one of the channels of marketing communications and thus it is not a substitutive term. (Broderick and Pickton 2005, 4)

1.2.2 Importance of Promotion

As it was previously stated, the core purpose of any marketing communication is to provide information to the target customer in a way that encourages buying or another positive response. (The Chartered Institute of Marketing 2009b, 5) Good marketing communications are ought to catch attention, be engaging, convey a consistent message, and above all give the consumer a reason why to choose your product rather than prefer competitive one. It is not essential whether your promotional material has a form of a tiny two-colour brochure or if it is an expensive television commercial. Regardless of the form and media used, marketing communication must grab the attention of your target audience. It should be easy to understand and enable the potential customers to identify the reason why they should buy the product or take advantage of the service you present. Effective promotion is not one-

way communication. It builds the path for a dialogue with costumers. (The Chartered Institute of Marketing 2009a, 5)

Successful marketing communication:

- grab customers' *attention*
- keep them *interested*
- generate a *desire*
- stimulate them to take *action* (The Chartered Institute of Marketing 2009b, 4)

Marketing communications should notify and highlight the benefits that the consumer obtains from a product or service. However, it happens quite often that marketers forget, ignore or just do not realize the fatal importance of communication benefits with their customers. They promote only the surely excellent and unique features of the product instead of underlining its valuable contribution as well. *Philip Kotler* describes marketing communications as “a way of looking at the whole marketing process from the viewpoint of the customer.” (Kotler and Keller 2006, 7)

Value, utility and contribution stand in the middle of the consumer focus. For instance, it is not so important that *Gillete Fusion* has five blades. What really matters is the result- a smoothly shaven skin. If the man found any other razor that is able to provide him a better shave, he would use it. Even though it would have less than five blades or it would be just an ordinary straight razor. Consumer point of view concentrates not on just the features of the offered product. In reality, what plays a key role is the final contribution which could be achieved thanks to the particular product. (Kotler, Armstrong, Saunders, and Wong 2008, 9)

It is crucial to recognize that marketing communications could not be seen as an isolated subject. They have significant impact on both business and society. Every private costumer or company executive is exposed to the overwhelming stream of advertising which consciously or unconsciously influence our market behaviour and decision making process. We buy globally known or not so famous brands, benefit from sales promotion, we receive direct mails, answer curious questions during research calls or telemarketing, we are approached by various sales persons, are exposed to sponsorship efforts when watching football match of our favourite team, we learn more about the latest products offered on the market while visiting exhibitions and trade fairs, and many other every-day activities

which are interconnected with commerce or other tools of marketing mix. (Pelsmacker, Geuens, and Bergh 2007, 2)

1.3 The Communications Mix

Within the scope of marketing communications we differentiate quite a broad range of disciplines that can be arbitrarily blended together, used in many combinations and different degrees of intensity in order to engage target audience. In addition to these instruments of promotion, there are diverse media by which a marketing message is conveyed. Marketers try to use various methods and means of communication in a synchronized way to be able to achieve as much effectiveness as possible. The specific blend of all the marketing tools and media a company uses for communication is called *marketing communications mix*. There is also an equivalent expression *promotional mix*. (Fill 2006, 20)

Even though all communication instruments follow one common objective, each of them bears its specific characteristics, its typical strengths as well as weaknesses. However, to be able to use the promotional mix effectively, you need to understand the principle of each of the communication tools and thus consequently realize how you could use them to achieve your intentions. To the principal marketing communications tools belong advertising, sales promotion, public relations, personal selling and direct marketing. Definitions, characteristic features and further explanations of the major communication channels are specified closer in the subsequent list.



Figure 2. Promotional Mix (Learn Marketing 2010)

1.3.1 Advertising

Advertising could be defined as “any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.” (Armstrong and Kotler 2005, 427) Advertising includes a range of tools to which belongs broadcast, print, the Internet, various

outdoor forms and many others. Radio, trade journals, Yellow Pages, local newspapers, websites and exhibitions are considered as typical media used in this area of promotion. Nevertheless, irrespective of the instruments or media used, advertising always follows three central aims:

- to create awareness by providing your target audiences with information
- to promote products, services or other company benefits in order to persuade the consumers to choose your brand and buy from you
- to continuously repeat fundamental messages to remind, support and strengthen existence of your company (The Chartered Institute of Marketing 2009, 3)

With regard to various market researches consumers “need to see an advertisement at least seven times before it starts to mean anything to them.” (The Chartered Institute of Marketing 2009, 3) Therefore, successful advertising needs to be conducted regularly and in a consistent and understandable way. This fact contributes also to the quite high level of average costs that are usually connected with this promotion channel. Other disadvantage lies in a monitoring of effectiveness. It is difficult to assess how much your company achieves thanks to the paid-for advertising, unless you include some type of a monitoring system within the advertisement. (The Chartered Institute of Marketing 2009, 3)

1.3.2 Public Relations

Under the expression Public relations, or very common abbreviation PR, we understand a process of “building good relation with the company’s various publics by obtaining favourable publicity, building up a good corporate image, and handling or heading off unfavourable rumours, stories, and events.” (Armstrong and Kotler 2005, 427) PR uses communication tools such as sponsorship, press releases and diverse special events. It is a persistent effort to develop your company reputation by using a variety of media in order to create a trade image you desire. (Armstrong and Kotler 2005, 427)

PR is the way how to keep your business in your customers’ eyes. Latest news and press releases are usually distributed to the media, for instance, to announce various business successes, to introduce a new product range on the market, or to inform about changes in opening times. Hence, consumers could find articles about your company in local newspapers, trade journals and other kinds of press. A company could highlight its awareness among consumers as well as improve its business reputation via sponsorships or charitable donations. These forms of public relations can help you to reach more prominent

positions in the market than your competitors. You could address your target audience and help to promote your business image through the attendance at specific seminars and exhibitions. Public relations could be flourishing and cost-effective method how to promote your company successfully. Nonetheless, you should not forget to pay attention to the fact that publicity could have both good and bad impact. (The Chartered Institute of Marketing 2009, 3)

1.3.3 Sales Promotions

To the basic categories of the marketing communications mix belongs also Sales promotion. *Kotler* defines sales promotion as “short-term incentives to encourage the purchase or sale of a product or service.” (Armstrong and Kotler 2005, 427) In other words it is a specific, typically temporary type of promotion which goes beyond a usual level of supply that would be generally provided to the customers. Coupons, discounts, a variety of customer bonuses, premiums, point-of-purchase displays, demonstrations, samples, rebates, price packs, advertising specialities, patronage reward, contests, games and many other instruments are used within the framework of sales promotions. (Armstrong and Kotler 2005, 427)

An effective usage of this promotion method could bring your many benefits. Nevertheless, the particular form of sales promotion should be relevant both to the target audience and the marketing objectives. A company could achieve a profitable consumer response. Sales promotions encourage repeat purchase, engage attention of new products, could help to lower the amount of old stock, and evoke competitor activity. Moreover, the success of particular sales promotion could be measured and thus could bring the company important information about its progress and profitability. It needs to be effectively managed by setting objectives for each form of promotion and evaluating the outcomes after the event. To the most significant advantages of sales promotions belongs the ability to attract new customers. On the other hand, this benefit has only a temporal perspective as the new customers are unlikely to change their long-term buying habits. An institution cannot expect to gain the consumer loyalty just on the basis of successful sales promotion. (The Chartered Institute of Marketing 2009, 4)

1.3.4 Personal Selling

Personal selling plays a significant role in the promotional mix because it is a channel through which a seller directly influences its buyers. In other words, it is a “personal presentation by the firm’s sales force for the purpose of making sales and building

customers relationships.” (Armstrong and Kotler 2005, 427) Personal selling makes use of trade shows, presentations and a variety of incentive programs for customers. It is considered as the most effective method of marketing communications because it allows the business approach to be arranged accurately according to the needs of an individual customer. (Armstrong and Kotler 2005, 427)

Although, getting a sale seems to be the main aim of the entire selling process at first glance, really useful personal selling goes beyond this single objective and involves much more than this. Personal selling includes a variety of valuable opportunities:

- an opportunity to have a constructive dialog with diverse customers
- to promote your products, services and company contributions on an individual basis
- to have a chance to hear real needs of your concrete customers
- to answer any question directly and provide additional information in a highly sophisticated manner
- to build a profitable relationship with customers
- to help a customer with resolving any problem
- to get consumer feedback before confirmation of the bargain (The Chartered Institute of Marketing 2009, 5)

If a sales person understands the particular needs of their customers, he/she could easily feeds back the gained knowledge to the company and thus, in consequence, contribute to the development and improvement of products, to the extension of customer services, an increase in its standards and to broaden the awareness about the biggest competitors. Even though employing a sales person is quite expensive in the first instance, the costs will return and become worthwhile after a few months. In disregard of the hectic technological upheaval and new promotion techniques which score a success in modern marketing communications, personal selling and its personal approach to customers is still highly appreciated and plays an irreplaceable role in every marketing strategy. Active networking with consumers, suppliers, specialized industry groups and business associations is an important part of promotion that communicate with a wider audience and therefore the value of this activity should not be underestimated. (The Chartered Institute of Marketing 2009, 5)

1.3.5 Direct Marketing

Significance of direct marketing rests in “direct connections with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships- the use of telephone, mail, fax, e-mail, the Internet, and other tools to communicate directly with specific consumers.” Direct marketing involves tools such as catalogues, the Internet, telephone marketing, kiosks, etc. (Armstrong and Kotler 2005, 427)

This promotion technique enables a company to target specific audiences very precisely as each message could be highly personalised in terms of the preferences of different customer groups. Hence, it is considered as a very flexible type of marketing communications. Thanks to the flexibility and personalisation the chances of customer response have risen. The general success is measurable in a direct way according to a number of received responses. Moreover, by means of direct marketing a company can gather information on customers and consequently use them to create its own customer database. Even though it could be quite time-consuming, collected data are extremely precise and valuable to the company. Therefore, direct marketing is an increasingly popular method of promotion. (The Chartered Institute of Marketing 2009, 4)

However, marketing communications goes beyond the limits of different promotion channels and its specific instruments. Whether it is a design of the product, a colour and shape of its package, its price or a shop that sells it; all communicate something to potential customers. Thereby, although the communications mix is the essential promotion activity of a business institution, the entire marketing mix, with its product, promotion, price and place, has to be consistent and synchronized to be able to reach the maximum communication impact. (Armstrong and Kotler 2005, 427)

2 PROGRESSIVE APPROACHES

2.1 Development of Marketing Communications

The origin of marketing communications rests with their very basic purpose to use various means of commerce in order to persuade consumers to buy products or to make use of services. All marketing activities focused on products and one-way communication. Nevertheless, this philosophy predicated only about a short-term perspective. In addition to persuasion and market consciousness, new aspirations such as development of understanding, reminding and encouraging consumers and detection of their preferences were continuously acknowledged as inseparable parts of the communications endeavour. (Fill 2005, 16)

Marketing communications belong to the most fascinating, fast-developing, rapidly expanding and the most widely discussed instruments of the marketing mix. We live in a fast changing world where both companies and their customers should face the rapid speed of modern development. Recent marketing needs more than just to create a great product, offer it for an attractive price and deliver it to the target consumers. Business executives have to go beyond this simple process and enthusiastically contribute to building a profitable relationship with their customers. Every company should actively communicate both with its current and potential customers to achieve valuable data. All of the efforts have to be united into a synchronized and consistent communications plan. However, the gained knowledge about the consumers should not be left to chance. On the basis of the data they communicate marketers appreciate consumer needs, wishes and visions. Just as good communication is essential in building and sustaining any kind of relationship, it is a fundamental element in a company's attempt to build a beneficial customer relationship. In other words, only when a company communicates with its customers, it could fully understand their objectives, develop and present them a suitable product of superior quality and consequently profit from the exchange of values. (Armstrong and Kotler 2005, 427)

2.1.1 Contemporary Changes

As the socio-economic and technological environment significantly changes during the time, the way in which companies communicate with their target customers has to undergo modifications as well. Within the frame of an audience fragmentation process, people have given rise to a range of different ways how to spend their free time. Moreover, modern

technologies have created a fertile ground for development of new media at the same time. (Fill 2006, 20)

A number of consumers who regularly use digital-based technologies and Web-enabled communications has rapidly increased during the last decade. With regard to this fact, companies have to arrange their marketing strategies according to the current direction and the pace of development. Marketers should work on integration of their promotional efforts into highly comprehensive marketing plans and strategic management. It is up to them to face the challenge of continuous building flourishing brands, trying to find the best ways how the business objectives can be achieved, searching for the most instrumental combinations of various promotional tools and their influential application in particular marketing situations. (Pelsmacker, Geuens, and Bergh 2007, 2)

As a response to the new circumstances, organizations have formed new combinations of the communications mix. For instance, many products have adopted direct marketing as a part of their communications plan as they realize the benefits of active usage of direct-response media. Concerning the communication process, consumers have achieved significantly broader responsibilities, opportunities and liberty of action thanks to the Internet and a wide range of digital technologies that enables interactive forms of communication. Thanks to the modifications in the marketing communications mix, individual promotional activities have become highly targeted and more direct than ever before. (Fill 2006, 20)

All these examples signalize that the mass promotion campaigns are becoming obsolete and that the level of their communication effectiveness dramatically declines. Current marketing approach tends to use customer-oriented, personalized and technology driven methods rather than traditional promotion strategies which focus mainly on mass communication and conveying of generalized message. (Fill 2006, 296)

2.1.2 Approach Shift

However, every system conversion has to be necessarily evoked by certain stimulus. Recent marketing shift, which has an influential impact on direct marketing, online communications and partially on personal selling as well, was caused by changes of approaches to marketing communications. The progress is from an intervention-based communications towards permission-based approach. *The intervention communications* have focused on searching for the attention of the consumer who might not automatically be interested. Nonetheless,

this marketing orientation has to given way to more successful and promising approach. *The permission promotion* is based on communication with the members of an audience who have already expressed a concern about a particular offering. In other words, the first stimulus to communicate and to establish a relationship comes from a customer and not from a company. We should notice that this fundamental change has a broad impact not only on marketing communications but also on marketing in general. (Fill 2006, 21)

2.2 Integrated Marketing Communications

Instruments of the marketing communications mix have usually been regarded as separate methods of promotion used to communicate a specific message to specific customers. Nonetheless, an individualistic perspective, which has been used for many decades, seems to be obsolete and ineffective. As there were many structural inadequacies of the marketing industry, both consumers and companies come to realize that their objectives could be achieved more efficiently and effectively than previously. Therefore, new approaches to encourage and maintain a dialogue with clients were required. Individual communication channels can be used in isolation, but on the other hand, it is more effective to take an advantage of the entire set of tools that could have greater influence on the diverse target audiences. (Fill 2006, 296)

The impact of direct marketing, the increasing usage of the Internet and other changes on the marketing field contributed to the development of integrated marketing communications. With regard to the differences among each communication tools and media, marketers endeavour to reach a suitable balance in their usage for effective promotional purposes. Integrated marketing communications is an idea under which an organization incorporates and coordinates its various communication instruments to be able to deliver a consistent and clearly understandable message about the company, its products and services. However, integration should be seen not only as a cooperation of individual promotion elements, but also as a strategic model that strikes at the heart of a company orientation. (Fill 2006, 296)

2.3 Marketing Communications in the Digital Era

Contemporary technological advances established the seedlings for a new digital age. Rapidly increasing number of the Internet users and development of other powerful technologies have a tremendous impact both on consumers and marketers. Many traditional marketing strategies and methods of the past, for example media advertising, mass

marketing campaigns, and product standardization, were well suited to the old business environment. These strategies will be important in the new digital era as well. Nevertheless, there is a growing pressure on marketers to develop innovative practices that would be more suitable and effective in today's new approach. (Armstrong and Kotler 2005, 552)

While many systems and appliances in the past operated on analogue information which requires a physical response, nowadays, recent technological development has enabled a new type of information to expand. A growing number of appliances operate on digital information which does not demand physical-based response. The only thing they need is connectivity carried out over a communication network. Much of the business today is based on networks which connect companies and consumers. We differentiate three basic types of networks:

- *Intranet* could be defined as a network that enables employees to connect to the company network and to communicate with each other within a particular institution.
- *Extranet* provide connectivity with business partners who are outside the company, such as distributors, retailers and suppliers.
- *The Internet* is a broad public web of various computer networks. The Internet connects a range of users all over the world to each other and gives them access to an astonishingly huge amount of information. Hence, the Internet is sometimes called as a great information highway. (Armstrong and Kotler 2005, 553)

2.3.1 The Internet

The explosive growth and popularity of the Internet is the cornerstone of contemporary digital millennium. The Internet is like a phoenix among digital media. It is considered as a revolutionary technology which empowers both customers and companies with benefits of connectivity, communication and data sharing. It provides an extremely large scale of information which is accessible by just a few mouse clicks. That is also the reason why many users of the Internet are gathering online information before they make a major life decision. According to the results of recent studies, one third of consumers rely heavily on the Internet when looking for a job, choosing a school, buying a car, making decisions about an investment, or dealing with a disease. Diversity of data, flexibility, network communication speed, and information availability belong to the most obvious strengths of

the Internet which have contributed to its worldwide popularity. (Armstrong and Kotler 2005, 553-554)

The number of people who actively use the Internet is rapidly growing since 1990's. At that time the World Wide Web and a variety of web browsers were created. As a result, the Internet has changed its role from a sole communication tool into an outstanding technology with extremely large potential. Therefore, to be competitive in today's tough marketplace, it is necessary for businesses to adopt digital technology. Otherwise, they risk being left behind more flexible competitors. (Armstrong and Kotler 2005, 553-554)

It is important to notice that digital media and particularly the Internet enable interactive communication that traditional analogue media cannot provide. Concerning marketing communications, the interaction is driven predominantly by consumers rather than by an advertiser. Media based on a communications network offer to consumers not only the opportunity to find any information, but also the freedom to access it only when it is convenient to them. On the other hand, digital media provide many advantages not only for consumers, but also for marketers. Thanks to the Internet, companies have greater opportunities to control the placement and position of an advertisement, its promotion or press releases. Moreover, it is possible to change individual aspects of communication content much more promptly than is possible with traditional media. (Fill 2005, 581-582)

The Internet network and the virtual environment in general do not have to solve difficulties connected with different time zones, neither with the language barriers. On the other hand, cultural and language issues should not be underestimated even when we communicate via the Internet. Marketers have to be aware of the geographic and cultural variances as these matters influence considerably reputation of the company and success of its marketing communication efforts. (Fill 2005, 584)

2.3.2 Analogue versus Digital Media

With regards to marketing communications, we can find many differences between analogue and digital media. Obviously, both of them have its strengths as well as weaknesses. The most obvious characteristics are mentioned digestedly in the following list.

Table 1. Comparison of Information Content (Fill 2005, 582)

Digital media	Traditional media
Superior at conveying rational information focused on a product	Good at providing emotional aspect of an advertising message
Costs remain stable regardless of the size of the target audience	Costs correlate with usage
Encourage active customer response	Less successful at prompting active response
Effective for short-term, product oriented objectives and long-term corporate reputation	Superior at building long-term values
Poor at encouraging attention and awareness	Strong building of customer awareness
Weak managing attitudes	Able to change and monitor different attitudes
Weak or not yet developed measures of effectiveness	Established methodologies for measuring effectiveness
Orientation on cognition	Focus on emotions

Although, there are many differences between these two forms of media, it is recommended to find the right balance to be able to benefit from strengths and opportunities of both of them. For example, off-line communications play very important role, especially when driving customers to visit web sites. Hence, both traditional and new forms of media should not be used separately. They could be much more effective when they work together. (Fill 2005, 581-582)

2.3.3 Web Sites

What stands in the heart of the Internet activities are web sites. They can be used for a range of purposes. The most common web sites are either product-oriented or corporate-oriented. Product-oriented sites focus on delivering information about the products offered, they provide demonstrations, sales-based enquiries, web sites try to encourage potential customers to make an online interaction, and to use following technical support when needed. On the other hand, corporate-oriented pages are designed to convey information about the performance, prospects, size, financial situation, and job opportunities concerning the company. Moreover, they should relate to issues of social responsibility and ethical expectations accepted by the company. (Fill 2005, 583)

We could find a number of strengths as well as many weaknesses among the characteristics of web sites. Business web sites can inform consumers about all forms of promotional material, for instance special offers, press releases, catalogues, product descriptions, pricing and various aspects of advertising. Users of the Internet can order products directly through the online order pages. Even when the potential customers have not yet decided for purchase, they can request for further information via email facilities. Consumer activities and interests could be monitored and measured quite easily. Moreover, what is very important for a company is the fact that web sites provide the opportunity to receive a direct feedback from the customers immediately after the purchase. As it was mentioned many times, marketing communications is about the dialog and relationship between buyers and sellers. Thanks to the Internet and other digital media, an interactive communication in a form of profitable dialogue with all kinds of audiences is easier and more effective than ever before. (Fill 2005, 584)

Creating and managing a web site is quite cost-effective in comparison with other marketing communications channels. Individual consumers are active in searching for products and services. It indicates a higher level of involvement, perception and positive attitude towards an institution. Consumer self-reliance and activity could significantly reduce costs and save time both for consumers as well as from the company point of view. Superior design of web pages could contribute to brand appeal and business recognition. To the most important advantages of web sites belongs global coverage of diverse audiences. Companies can easily address millions of potential customers all over the world without a need for huge investment or a necessity to employ expensive staff. In the contrary to the costly promotion campaigns which operate by means of the traditional communication channels, via web sites marketers could save a large amount of money in advertising budget, telephone, travel, postage, and other costs. (Fill 2005, 584)

Although, the share of voice and opportunity to benefit from the advantages of virtual environment should be theoretically equal, it does not function in practice. Large companies can afford to buy banner advertisements and increase the chance to appear among the first few results presented by search engines. From the consumer point of view, the most obvious disadvantages of web sites could be the access speed, location of a page, and loading pace. Especially when we use private PC at home, slow speed and unreliable connections may cause frustrations, loss of interest, or even negative collocations of the company or product. In addition to low quality of connections, poorly designed web sites

can also leave a lasting negative impression and thus discourage from repeat visit. Visiting pages that confuse rather than clarify, is a waste of time. (Fill 2005, 584)

Concerning ecommerce, unsolicited emails are extremely annoying to the majority of Internet users and therefore very often counterproductive. Many consumers worry over the security of their private data and financial details. However, there are far more reasons that deter us from online transactions, particularly purchase. Wrong items, delays and other problems associated with delivery, incorrect billing, inconveniences connected with returning products or looking for other solutions, may both discourage repeat purchase as well as harm company reputation. (Fill 2005, 584-585)

Many marketers consider ecommerce to be equivalent to transactional web sites or extended enterprises. On the contrary, it has more to do with matters of information, communication, and relationship than just a matter of pure sale. Ecommerce should focus on gradual building of relationship with established consumers and attracting potential ones. The idea that ecommerce is process efficient is right but only when its features are transformed into benefits for target audience. As it was previously stated, to reach a success in business promoting the whole concept of marketing process should be understood from the viewpoint of the customer. (Fill 2005, 585)

2.4 Latest Trends

Marketing communications are considered as an extremely dynamic and progressive part of marketing mix. Promotion follows latest trends in order to deliver a message to the target audiences more effectively and faster than any other competitor on the market. As it was mentioned before, new technologies enable diversification of an offer in a digital form. The impact of electronic applications is increasing at the expense of traditional printed media. The Internet offers astonishing opportunities and it seems to have even larger potential in the future. We are witnesses of unprecedented boom when social networks are changing our everyday lives. (Petr Frey, Weblog Nové trendy, entry posted July 14, 2009)

With regard to marketing communications, not only the Internet, but also television may be more successful in the future. Due to digitalisation television will achieve un hoped-for potential concerning a variety of interactive applications. Their quality is already today comparable with those we use commonly via the Internet, for instance TV mail, home-banking, or applications for e-business. Internet Protocol Television (IPTV) or cable networks enable two-way communication as well as sharing photos and videos among

users. Moreover, superteletext has reached such a graphic quality that it resembles even web sites. (Petr Frey, Weblog Nové trendy, entry posted July 14, 2009)

All of these changes, innovations and new approaches, have brought unconventional opportunities for interactive marketing communications. Nonetheless, planning of promotion campaigns which make use of interactive media will be more complicated and will require more efforts in comparison with traditional communication tools. (Petr Frey, Weblog Nové trendy, entry posted July 14, 2009)

3 MARKETING COMMUNICATIONS IN A TIME OF CRISIS

Future visions about marketing communications and marketing in general are very insecure and hesitant nowadays. As the market faces the recent situation of the expanding global financial crisis, marketers face the challenge of solving crucial questions. How to deal with marketing in the current turbulent times? Who to listen to for guidance? What advice to follow in the crisis? Which tactics, strategies and specific instruments should we use to improve the situation? How to arrange an effective marketing plan to maintain stability of a company? Which approaches ought to be supported and which should be rather eliminated on the other hand?

3.1 Learning from the Past

The unstable financial situation is very unpleasant and causes difficulties mainly for marketers who were used to follow strictly liberal rules and traditional techniques for many years till today. However, every marketer is responsible for business results and thus should know how to address customers even in an unfavourable period of time. Moreover, even our ancestors managed to restore equilibrium in marketing when the financial recession in 1970s was accompanied by galloping inflation as well. At that time the crisis was caused by three letters: OIL. Today we would probably need much more letters to be able to describe our recent situation. Most organisations have experienced an extensive re-evaluation. Nonetheless, how did the marketing look like in 1970s and what is the difference when comparing it with the current state? The sellers were peaceful and satisfied with the results of their marketing efforts while they were enjoying the profitability of burgeoning market in flourishing decades. However, when the recession came in 1970s, they were forced to reassess their objectives, rearrange then current business habits and re-evaluate existing strategies and used methods. When searching for solutions and smooth paths to reestablishment of stability on the market, we should learn from the past and take advantage of hindsight. (Petr Frey, Weblog Nové trendy, entry posted December 6, 2009)

3.2 Positive Approach

We should overcome our fear and the feeling of insecurity and try to look beyond our imaginative horizons. As a common saying goes, everything bad is good for something. It is necessary for marketers to find positive aspects even of the financial crisis. It should be seen both as a unique chance to revise what has been done till the present as well as it is a great

opportunity to make any major change. (Petr Frey, Weblog Nové trendy, entry posted December 6, 2009)

“Conventional wisdom says that in a down market, when all your competitors are going radio silent, it is the exact time when you should raise your image. It is not only easier to shine, but you let your markets know you are still in the game, you are still there for your customers, and that you are a survivor – and thus a winner.” (Temin 2009, 2)

With regard to marketing and especially marketing communications, many books have been already written about the declension of current marketing proceedings, about inefficient promotion, manifest necessity of integrated marketing communications, etc. Nevertheless, really successful marketing campaigns which would contribute to the improvement of production and realization of sale are quite scarce. Indeed, transformation in the marketing field cannot be considered as a simple matter. However, when such a change is targeted and practised by competent group of people, it may help to overcome even a crisis in a particular business or industrial segment. There could be various ways leading to success. For instance, one of them may be innovative marketing. Though, we should not forget that determination, courage and admire to make a difference have to stand in the heart of our performance. (Petr Frey, Weblog Nové trendy, entry posted December 6, 2009)

Recent global development and its negative financial events have convinced us that the good old days of relative stability are gone. It is time to make a change. When we focus on marketing communications or just on marketing in general, we notice that the global financial crisis and the rapid technical progress of the last few decades have taught us many useful things. To the most important approaches belongs the fact, that smart, measurable and low-budged promotion campaigns could be much more effective than the large and expensive ones. (Petr Frey, Weblog Nové trendy, entry posted December 6, 2009)

3.3 Marketing Communications in Czech Companies

The global financial crisis has a negative impact even on promotion sphere in many companies in the Czech Republic. According to the opinion of a marketing consultant *Petr*

*Frey*³, helplessness and insufficiency of conceptual approach are typical features of current marketing communications in majority of Czech companies. Many marketers miss a really efficient marketing program which would provide the company necessary support and the feeling of stability that is much needed in this insecure period of time. Therefore, marketers wait for any stimulus coming from the market and react to every innovative marketing trend very spontaneously. They hope that they will finally find the cure for their business. (Petr Frey, Weblog Nové trendy, entry posted July 14, 2009)

To the most usual tactics which have been practiced in marketing communications since the autumn 2008 belongs definitely tactic of marked cost reduction. In crisis situations many marketers and other members of company management go usually into denial and stay inactive for some period of time. Nonetheless, the longer they stay, the worse the situation gets. (Temin 2009, 2)

Of course, at first glance it seems to be a positive result of promotion activities when marketers save a large amount of money of an advertising budget, especially during complicated financial situation. On the other hand, it is very important to notice that there is a big difference between cost-effective marketing communications and poor or even non-existing promotion activity. (Petr Frey, Weblog Nové trendy, entry posted July 14, 2009)

Cost reductions within the promotion budget are useful but only until they contribute to the business objectives. When the cuts are too drastic and ill-considered they could have more probably a negative impact rather than any other positive result. In other words, every change in marketing communications should be premeditated and at least partially planned. It should not be considered just as an automatic reaction to any kind of inconveniences on the market. Marketers should put their marketing activities under analysis and only after that they could make a well-considered decision which elements of their promotion strategy could be eliminated and otherwise which should be supported. Same as the economic situation in each country may differ, methods and tools of marketing communications are

³ Petr Frey is a marketing consultant, author of many specialized publications and an expert on the marketing field. Among other things he focuses on current trends in marketing. In 2007, Petr Frey was awarded for his work by the Czech Marketing Association. (Petr Frey, Weblog Nové trendy, entry posted July 14, 2009)

also not similar in every company. Hence, reaction on the contemporary financial crisis cannot be identical either. (Petr Frey, Weblog Nové trendy, entry posted July 14, 2009)

On the other hand, from the consumer viewpoint reduction of advertising budget could be also beneficial. Marketing communications, and especially advertising, are practically everywhere. Hence, consumers feel often frustrated and persecuted by the omnipresent promotion. There is even a special term for such a situation when people are constantly overwhelmed by a large amount of data. It is called information smog. Marketing communications should not be one-way, expensive neither obtrusive. Hence, the limited budget may partially reduce excessive frequency of promotion activities. (Petr Frey, Weblog Nové trendy, entry posted July 14, 2009)

What plays a very important role in these times is paying close attention to a delivery of truthful information. It would be counter-productive to strain words and facts about products or services, to use inappropriate exaggeration or even lie to potential customers in order to make a profit during current recession. Marketing communications have to inform about real benefits, otherwise an insensible creative promotion in the period of financial instability may result in a long-term damage of business reputation. (Petr Frey, Weblog Nové trendy, entry posted July 14, 2009)

With regards to new trends and their development in the time of the global financial crisis, marketers usually focus on digital media and their application in diverse points of sale. Unfortunately, period of economic recession is quite unfavourable to new experiments. On the other hand, traditional promotion methods are closer re-examined more often. Both individual promotion tools and marketing communications media are evaluated. In comparison to development of new trends, contemporary crisis has contributed to more profound selection of the traditional techniques. (Petr Frey, Weblog Nové trendy, entry posted July 14, 2009)

Everything bad is good for something and thus the global financial crisis could be also beneficial in some aspects. A position of marketers within Czech companies has been underestimated very often. Employees of marketing department were usually unsuccessful workers who had been relocated from other departments as the management needed simply somebody for executing market research results and Excel tables. Nevertheless, contemporary situation has greater demands on marketers' flexibility and creativity than would have had a calm period of economic growth. An increasing number of domestic companies is searching for competent marketing experts who would be really conducive to

business objectives in these days. (Petr Frey, Weblog Nové trendy, entry posted July 14, 2009)

Marketing communications should not be considered only as a strategy how to draw consumers' attention to a reduction in price. The company should maintain in building the profitable relationship with audiences because even after the crisis customers will remember how the institution has behaved. Moreover, passivity could have a negative impact on the reputation of the brand. Those who develop coherent, elaborate and targeted marketing strategies could not only draw customer attention, but also could achieve significantly a better position among competitors in the future. (Petr Frey, Weblog Nové trendy, entry posted July 14, 2009)

Taking everything into account, we cannot give any comprehensive advice which would guarantee an immediate improvement and a significant rise of profitability in the time of financial crisis. However, potentially winning aspects seems to be:

- sedulous and targeted communication to key groups of audiences
- idea and solution-based messaging
- willingness to be flexible and innovative in support of sales
- cost-effective Internet database marketing
- remaining true and honest in brand promotion activities (Temin 2009, 2)

To sum up, there are both conservative as well as innovative approaches to marketing communications which are strongly influenced by the current economic, legislative, social and technological environment. However, as the famous Russian writer, *Anton Chekhov*, implied, "knowledge is of no value unless we put it into practice." Therefore, the theoretical information will be applied and transparently presented on a real company in the following analytical part. The specific means of marketing communication used in the company will be closer examined with the aim to allocate its strengths, opportunities, weaknesses and threats. According to the analysis, recommendations will be suggested.

II. ANALYSIS

4 HP TRONIC ZLÍN, SPOL. S. R. O.

4.1 Basic Information about the Analysed Company

As a distributor of more than sixty exclusive brands known all over the world, *HP TRONIC Zlín, spol. s. r. o.* (later in the text mentioned just as HP TRONIC) belongs to the most powerful leaders in the electronic appliances market. Above all, the company focuses on import, export, retail and wholesale trade concerning consumer electronics, household appliances, photographic technology, and mobile phones. Nowadays, HP TRONIC owns and operates 33 retail shops which are well known under the trade name *Euronics*. HP TRONIC regularly offers products through the successful *Proton* campaign leaflet which informs a wide range of audiences about the current offer of electronic appliances and the latest innovations available both in the retail shops and on the Internet. HP TRONIC supplies more than 2,000 domestic buyers in the entire Czech Republic as well as it cooperates actively with foreign customers especially in the countries of the European Union, in central and eastern Europe. (HP TRONIC Zlín, spol. s. r. o.)

Table 2. Basic Information about the Company HP TRONIC Zlín, spol. s. r. o. (Justice.cz)

Trade name	HP TRONIC Zlín, spol. s. r. o.
Seat of the company	Zlín, Prštné-Kútiky 637
Legal status	Limited company (Ltd.)
Identification number	499 73 053
Statutory body	Executives
Executive head	Ing. Daniel Večeřa Danuše Hradilová
Day of enrolment in the Trade register	January 13, 1994
Subject of enterprise	<ul style="list-style-type: none"> • merchandise purchase for the purpose of resale, sale • sale of audio visual equipment • accounting, bookkeeping • marketing, promotional activities • domestic goods transport, trucking • business mediation and service • economic and administrative service

The number of company's activities is quite broad and thus covers not only trading, but also it offers a range of attractive opportunities how to spend leisure time. Since 1997, HP TRONIC has been running the *Razula Ski Zone* in Velké Karlovice and three mountain hotels -*Horal*, *Galik* and *Lanterna*- which are located in the Walachia region in the heart of the Protected Landscape Area of the Beskydy Mountains. (HP TRONIC Zlín, spol. s. r. o.)

4.1.1 Exclusivity Clause

As it was already mentioned, HP TRONIC is a dealer of more than sixty world brands which focus on wide scope of electronic appliances. It trades in consumer electronics, small and large household appliances, audio and video equipment, computer technology and PC accessories, photographic technology, mobile phones, GPS navigation systems, equipment for hobby and gardening, etc. The extensive range of products offered by HP TRONIC finds its target consumers across the entire spectrum of audiences. For instance, the attention of young generation is attracted by *GoGEN* consumer electronics brand. On the other hand, families appreciate various kitchen and household appliances produced by the *Gallet* and *Goddess* brands. Moreover, HP TRONIC distributes *Alde*s recuperation and ventilation systems as well as the *Axpir* central vacuum cleaning systems, which are considered as the world most successful leaders of this field. HP TRONIC is the only domestic company that has gained the exclusivity clause in representation of consumer electronics and electrical appliances of *Hyundai* brand in the Czech, Slovak and Polish markets. It is Hyundai that is considered as a flagship among all the brands which the company offers. (HP TRONIC Zlín, spol. s. r. o.)

4.1.2 Subject of Enterprise

However, HP TRONIC concentrates not only on the retailing. Major source of company's profit is provided by the wholesale operations. All the goods are supplied to more than 1,500 electrical shops across the entire Czech Republic. With regard to the wholesale trade, the company owns and runs three warehousing facilities which extend on the total area of 40,000 m². The central warehouse is located in Týniště nad Orlicí, and the other ones are in Planá nad Lužnicí and Zlín. HP TRONIC regularly delivers various electronics and household appliances to the largest wholesale chains of *Tesco*, *Globus*, *Makro* and *Ahold*. HP TRONIC is considered as the major supplier for the largest domestic Internet shops. Moreover, the company actively attracts new customers when performing the wholesale of

goods for the companies which are not directly engaged in electronics trading. HP TRONIC operates successfully both in the Czech Republic as well as abroad. The distribution of electronic goods is organised in the foreign European markets, especially in Slovakia, Poland, Hungary, Slovenia and other countries of Central and Eastern Europe. (HP TRONIC Zlín, spol. s. r. o.)

5 ANALYSIS OF THE MARKETING COMMUNICATIONS IN THE COMPANY

5.1 Structure of the Marketing Communication

As for the marketing activities and promotion, the marketing communications may seem to be quite complicated at first glance because of the high number of business activities and the structure of the company itself. The company could be divided into the several subdivisions that are closely connected with the parent company represented by HP TRONIC. Each business layer is highly specific and thus requires appropriate promotional mix as well. For better understanding, there is a simplified figure which shows the basic structure of the analysed company.

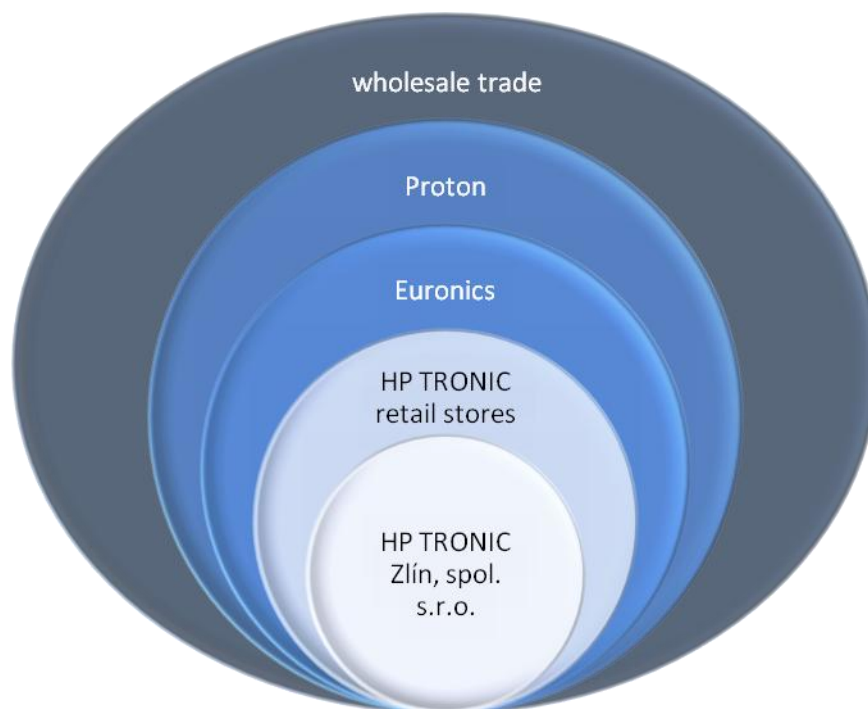


Figure 3. Levels of the Marketing Communications of the Company HP TRONIC Zlín, spol. s. r. o. (Komín 2010)

HP TRONIC Zlín, spol. s. r. o. operates as a mother company. It embodies imaginative headquarters that runs, supplies, supports and cooperates with all the subsidiaries represented by the trade names of HP TRONIC, Euronics or Proton. Whereas trading and cooperation with more than 1,200 business partners are based solely on the B2B communication level; ordinary private consumers are addressed by means of the individual

Euronics and Proton retail shops, whether physically in traditional street shops or virtually via the Internet. In other words, HP TRONIC communicates with the Proton and Euronics networks (B2B communication) in order to be able to address end users on their behalf (B2C communication). (Komín 2010)

However, all the company activities including marketing communications are highly customer-oriented. Significant emphasis is put on satisfaction of both customers and the company employees. HP TRONIC is concerned as “a company about people and for people”. (HP TRONIC Zlín, spol. s. r. o.) With regards to electric appliances, end users are those who utilize them in their everyday lives. End users stand in the heart of the marketing activities and product development and last but not least, the end users are those who offer a profitable value in return to the company.

As it was previously stated, HP TRONIC operates in many diverse activities and deals with various audiences. Each business activity requires also particular marketing communications strategy. Nevertheless, analysing of all marketing communication levels would be both technically demanding and time-consuming. Hence, with regards to the prevailing consumer-orientation of the company, this analysis is devoted just to the consumers and focuses on the B2C marketing communication level as well.

5.2 Trade Name

One of the elemental criteria for a successful marketing strategy is a principle of unity. Also a marketing communications mix has to be very cohesive to be able to reach the maximum impact and thus profit from the effectiveness of a promotional campaign. The HP TRONIC's marketing communications concentrate particularly on the Euronics retail shops and the Proton campaign leaflet which are well known, effective and rooted among individual consumers. Potential promotion of the HP TRONIC trade name could have a confusing influence. General public might perceive it as another competitor on the market with electronic appliances and therefore such a promotion of a parent company would be rather contra-productive than beneficial.

It is very important to notice that HP TRONIC does not try to achieve popularity as a company. The trade name and the company itself stand in the background usually. It is used only within the scope of B2B communication. The fact that the broad public is not familiar with the name of the analysed company serves as the sufficient evidence. Nevertheless, what is much more important than the trade name of HP TRONIC are

the products and services offered via the Euronics retail chain and the Proton campaign leaflet. Thus, Euronics and Proton serve as primary means through which HP TRONIC communicates with its target audiences. (Komín 2010)

5.3 Proton

HP TRONIC owns and operates one of the best known campaign leaflets with electrical appliances in the Czech market. Since June 1997 the Proton leaflet has been informing each month about very favourable prices of a large assortment of electronics and consumer goods. Hundreds of products with considerable discounts are available in 650 Proton shops across the entire Czech Republic. The high number of electrical shops reduces the distance between a customer and an offered product. Furthermore, the considerable retail coverage supports the image of the familiar electric shop which you can find just in your street. (HP TRONIC Zlín, spol. s. r. o.)

Proton tries to accommodate demands of every customer. The products can be also purchased via the Proton e-shop at www.epron.cz. Consequently, the customers can make use of an opportunity to have the goods delivered to their homes. Moreover, they may take an advantage of buying goods on a flexible instalment plan which is compiled accurately according to their needs. The Proton leaflet supports the brand campaigns by offering the considerable discounts, flexible instalments, opportunity to exchange a new electronic appliance for an old one, option to make use of a delivery service, etc. (HP TRONIC Zlín, spol. s. r. o.)

5.4 Euronics

HP TRONIC is the co-founder and main shareholder of *Euronics ČR, a. s.*, the largest network of independent dealers in electronics and household appliances on the domestic market. Euronics as a chain of electrical shops associates about 195 shops through the entire Czech Republic. (Komín 2010) The high number of members serves as a guarantee for the customers that the dealer of more than sixty world brands of electrical appliances is really close to them. This fact corresponds to the company slogan which introduces Euronics as the “electrical shop from your street”. (HP TRONIC Zlín, spol. s. r. o.)

5.4.1 Euronics International

Since 1999, Euronics ČR, a. s. belongs to the largest European family of electrical retailers called *Euronics International*. The numerous group consists of almost 6,300 independent merchandise dealers from 28 countries who run about 11,500 electrical shops. Thanks to the extensive geographic coverage, the Euronics shops are available to more than 600 million consumers all across the Europe. (HP TRONIC Zlín, spol. s. r. o.)

The common Euronics conception is based primarily on association of independent dealers who take advantage of combined purchasing power, strong trade name and collective marketing activities. Moreover, the successful combination of centrally driven purchasing policy, unique know how, knowledge of needs and requirements of individual retail shops and comprehensive overview on local trade terms supports and strengthens the position of Euronics as the largest retail trade network in the Czech Republic as well as in the whole Europe. (HP TRONIC Zlín, spol. s. r. o.)

As it was mentioned before, the marketing activities of the national Euronics network are centrally-driven by Euronics International. Euronics ČR, a. s. pays regular subscription to collective marketing policy which is common for every shop under the Euronics brand. Given corporate identity, which regulates for example a shop image, design, and trademark exposure, should follow instructions according to the Euronics manual. (Komín 2010)

5.4.2 Professional Approach

Consumer electronics and principally household appliances are considered as quite expensive, technically complicated goods which are expected to function for many years. Therefore, customers usually experience all phases of decision-making process such as identification of a need, information search, consideration of possible alternatives, decision about purchase, and post-purchase evaluation. Those are the reasons why the main objective of all dealers under the Euronics brand is to build a network of specialists who become a qualified advisor to their customers when purchasing an electrical appliance. The customers can rely not only on the short distance of a shop from their home and the top quality of offered products, but also on perfect services which are crucial for the overall success in the competitive environment. The Euronics marketing communication is based on understanding, relationship and professional approach to customers. What plays the essential role is the permanent building of strong, long-term and reliable relationship with customers and understanding of their needs and wishes. These are the preconditions

for satisfaction of choosing such a product that perfectly complies with customer's requirements. The priority is to provide first-class services in order to be able to create the counterbalance of the lack of interest which the consumers usually experience in large-scale shops. (HP TRONIC Zlín, spol. s. r. o.)

“For us, a customer is someone more than just a person who comes, selects an electronic appliance, queues, pays at the cash desk and leaves. Our objective is a long-term positive relationship with a customer which is based not only on satisfaction of a price level, but also of service support. We are aware of price significance in the contemporary highly competitive environment. Price competitiveness enabled by combined purchasing power is our response to the stiff pricing policy of large-scale shops. However, low prices are not provided at the expense of the compromise on quality. Instead of permanently low prices for poor-quality appliances, we offer regular price reduction campaigns of high-quality appliances or prolonged guarantee terms,” said David Beneš, Executive Director of the Euronics ČR, a. s. (HP TRONIC Zlín, spol. s. r. o.)

5.5 Target Customers

HP TRONIC offers via the Euronics and Proton retail chains an extremely broad range of consumer electronics and household appliances which are able to satisfy needs and wishes of diverse consumers of all age brackets. However, people older than 18 years are considered as the social segment which actively uses various electronics and household appliances most often. Electronics present an inseparable part of their everyday lives. Hence, HP TRONIC has also decided to focus on the working age target group in the first instance. Concerning gender of the customers, their composition is almost balanced. Especially when talking about a purchase of a household appliance which is expected to function for many years, women and men are equal partners in decision making. The marketing communications is tailored to their needs and the specificity of their buying behaviour. Moreover, according to the requirements of the target audience, the company arranges its marketing communication plan, carefully considers the choice of particular promotional tools and the amount of annual marketing budget. (Komín 2010)

6 PROMOTIONAL PLAN

HP TRONIC utilizes an extensive range of marketing communication activities in order to attract the attention of the target audience, increase the product and service awareness, awaken consumer interest and finally motivate to purchase. The marketing communications mix as well as the annual marketing budget, which is devoted to the promotional activities, could be divided into the three fundamental parts:

- ATL sales promotion
- BTL sales promotion
- Non-addressed direct mail

Nevertheless, it is necessary to notice that the division into ATL and BTL sales promotion is not strict and unchangeable. The HP TRONIC marketing communications plan follows an integrated approach which takes advantage of diverse promotional techniques and integrates marketers' efforts. Every promotional campaign of HP TRONIC is conducted at several levels in order to maximize its effectiveness and the chance of success. For example, a campaign in a form of printed leaflet is attended simultaneously by topical promotion at web sites and TV commercials. (Komín 2010)

The annual marketing budget is influenced by many macro- and micro-economical factors. Moreover, the financial resources are closely related to the cooperation among HP TRONIC, Euronics International and the business partners who represent world brands of electronics. On average, the marketing budget increases annually by 10%. The HP TRONIC marketing budget for 2010 is approximately 150 million CZK. (Komín 2010)

6.1 Above the line Sales Promotion

Generally, ATL sales promotion is considered as an impersonal way of advertising a brand to consumers. Mass media such as print, television, radio, web banners, search engines and many others are usually used for this type of communication because of their high effectiveness especially when the target audience is wide and difficult to define. With regards to the B2C marketing communications and its ATL promotional techniques, HP TRONIC as well as its Euronics and Proton subsidiaries make use of the benefits of television and radio broadcasting, web sites, online advertisements and various forms of outdoor promotion such as billboards, advertisements in public transport means, etc. One third of the annual marketing budget is devoted just to the mass broadcast marketing.

Nevertheless, recent development of the budget allocation signalizes that the emphasis has moved more towards BTL promotion. (Komín 2010)

6.1.1 Web Sites

The HP TRONIC web site (www.hptronic.cz) corresponds to the consumer-oriented approach of the company. Even though it provides information about the company's history, its objectives and wholesale trade activities, the majority of attention is devoted directly to customers and useful information which might interest them when considering a purchase of electronic appliance. Hence, at www.hptronic.cz you can find presentations and references to all its subsidiaries through which HP TRONIC communicates with the end users, for instance Euronics, Proton and individual mountain hotels. Moreover, hptronic.cz refers also to the number of web sites which represents the world brands such as Hyundai, Gallet, GoGEN, Axpír, Aldes, and Goddess. (HP TRONIC Zlín, spol. s. r. o.)

The Euronics and Proton web sites (www.euronics.cz, www.proton.cz) offer hundreds of electronics for favourable discount prices. Both web sites primarily serve for a complex presentation of a current campaign offer as well as they provide detailed descriptions of individual cut-price products which are available in the Euronics and Proton retail networks. Technical terminology is explained directly in the product descriptions or in the well arranged specialized dictionary. Furthermore, the latest campaign leaflets are always available at www.euronics.cz and www.proton.cz. Consumers may read them on-line or download them in the PDF format into their PC. However, it is necessary to emphasize that the web sites have only informative character. In other words, customers are encouraged to order the goods in one of the 650 street shops as they are not able to do so on-line via the Euronics or Proton web sites. For this purpose the Internet shop at www.epron.cz is used. (Euronics ČR, a. s. , HP TRONIC Zlín, spol. s. r. o.)

HP TRONIC runs an e-shop for the Proton and Euronics retail chains offering daily more than 12,000 items of household appliances and consumer electronics at the web site www.epron.cz. This partnership allows the Euronics and Proton customers to purchase the products from the printed leaflets conveniently through the Internet. eProton.cz belongs to the most reliable Internet shops in the Czech market. This opinion is also supported by

the *APEK*⁴ award which is granted only to the verified e-shops. (HP TRONIC Zlín, spol. s. r. o.)

In 2007, HP TRONIC became the first company in the Czech market which opened a traditional street shop that is combined with an e-shop. The small-area electric shop called *eProton Webshop* is located in Prague and offers a broad range of electronic appliances for Internet prices. The web shop benefits from the advantages of both sales conceptions such as personal approach to customers and unlimited assortment of the products offered at www.eproton.cz. (Studio 9, HP TRONIC Zlín, s. r. o.)

6.1.2 Online Advertising

With regards to the Internet marketing communications and online advertising in particular, in the past HP TRONIC used to utilize traditional forms of electronic promotion more often than it does today. The declining tendency was caused mainly by the low effectiveness of these tools. Firstly, the Internet users are overloaded by huge amount of banners, pop-ups and other forms of online advertising. Therefore, consumers have gradually learnt how to ignore the advertising elements. Secondly, even when a banner is noticed, the distance between this moment and the real act of purchase is too long to have any significant impact on response rates. (Komín 2010)

⁴ APEK is an independent association of more than eighty financial institutions, software companies and the top specialists on the Internet trade. Since 1998, APEK has been supporting the development of electronic trade in the Czech Republic. It is considered as the leading trading authority in the Czech market. (APEK.cz)

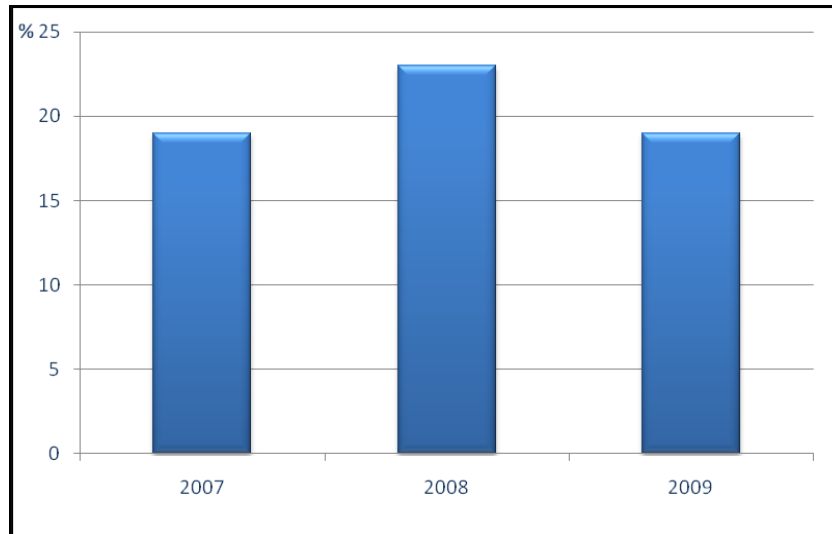


Figure 4. Consumer Awareness Development of the Euronics Internet Promotion (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s. r. o.)

6.1.3 TV Commercials

Marketing research conducted by the *Factum Invenio* agency proved that television still serves as the most effective medium for conveying promotional messages. High percentage of respondents admitted that TV commercials have the best chance of being noticed. The highest percentage level was achieved by the TV Nova and Česká televize. Accurate results of the research are presented below: (Factum Invenio)

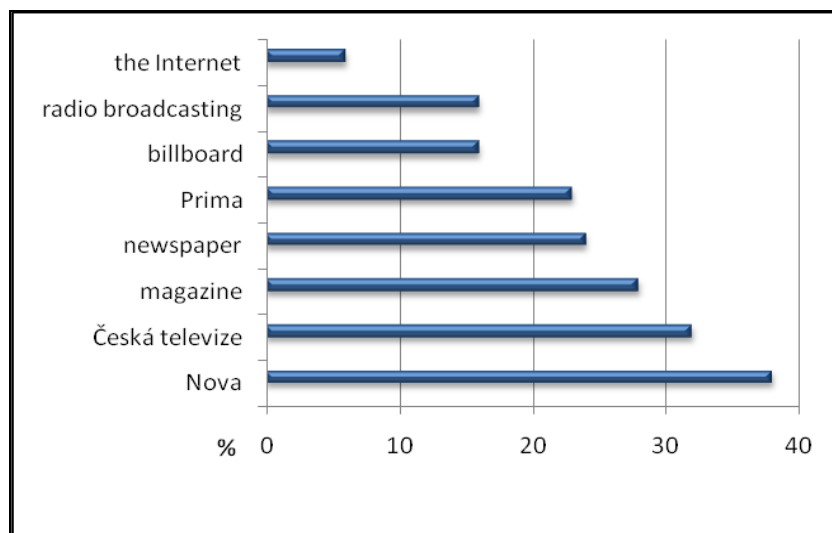


Figure 5. Media with the Highest Probability of Being Noticed (Factum Invenio)

This fact is also supported by another research which focused specially on the Euronics brand. As the results show, the majority of the Euronics promotion activities have been

noticed just by the means of television broadcasting. The Euronics commercials appear on television usually from September to December. Otherwise, during the year they could be noticed only occasionally, for example when launching a new product on the market. According to the research results, the Euronics TV commercials have been noticed by full 84% of respondents. Moreover, the annual results have shown that the awareness percentage has a growing tendency. (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s r. o.)

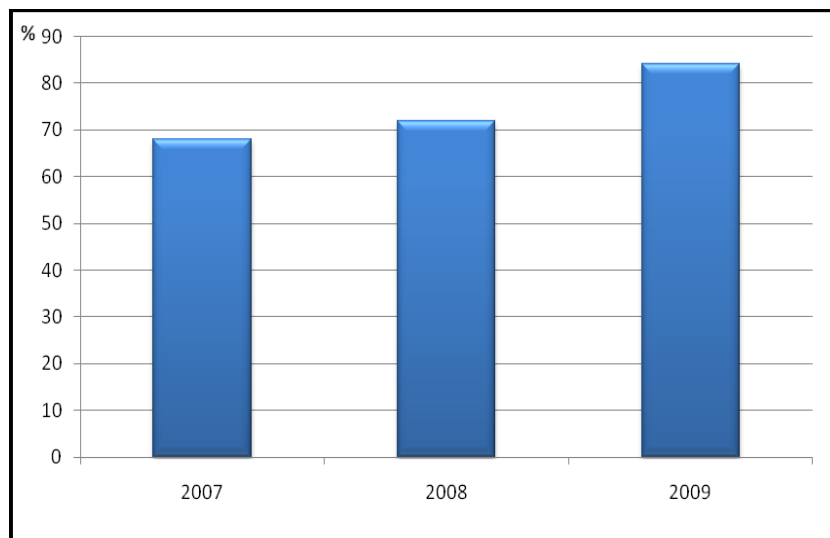


Figure 6. Consumer Awareness Development of the Euronics TV Commercials (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s r. o.)

On the other hand, usage of television for promotional purposes is also obviously balanced by disadvantages. The main one is represented by costs which are closely connected with commercials and mass media in general. For instance, a 20-second promo broadcasted by one of the domestic leading trio - *Nova*, *Česká televize*, *Prima* - costs approximately 20,000 CZK. For comparison, a commercial broadcasted by Czech sport channels costs about 5,000 CZK on average. In spite of a relatively high expense level, TV commercials are regarded as the cheapest promotional instrument when considering the enormous capacity of audience addressed. (Komín 2010)

6.1.4 Radio Commercials

As it was already stated, HP TRONIC follows an integrated approach which takes advantage of diverse promotional techniques at the same time. Generally, HP TRONIC uses

radio commercials for the purpose of the Euronics and Proton campaign support. For instance, special Christmas campaign in the form of printed leaflet is usually attended simultaneously by topical promotion on the radio as well. Whereas national radio stations such as Impuls, Frekvence 1, and Evropa 2 are often used for special discount offers, regional radio stations inform rather about opening of a new electronic shop which is also supported by the latest offer. The contemporary radio campaign for 2010 that promotes the Euronics brand is going to be broadcasted on January, April, and September 2010. (Komín 2010)

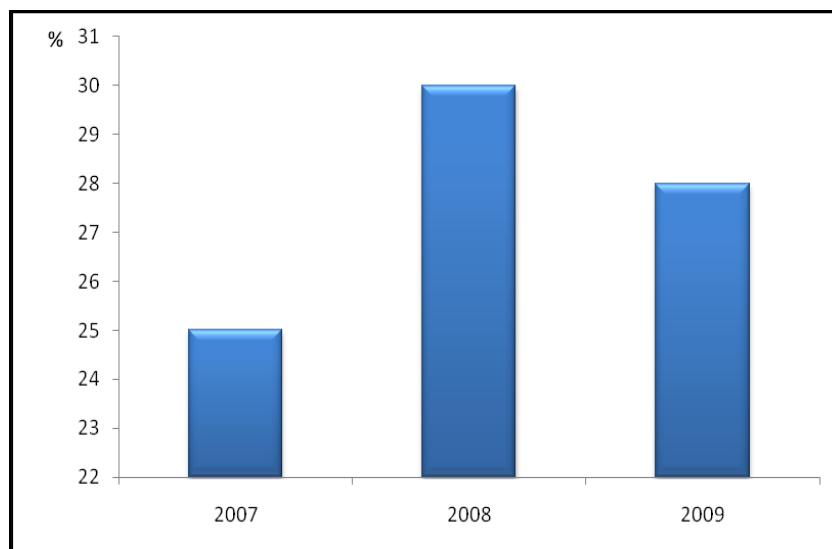


Figure 7. Consumer Awareness Development of the Euronics Radio Commercials (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s r. o.)

6.1.5 Outdoor Promotion

In the first instance, outdoor promotion operated by HP TRONIC focuses on advertising of the Euronics and Proton brand. It takes advantage of traditional outdoor tools such as billboards along roads, advertising in means of public transport, and other outdoor forms which have the big advantage of being exposed to the public view round the clock, sunshine and rain, day and night. Till 2008, HP TRONIC used to run two or three outdoor campaigns a year. They have usually been in sight for the audience during three months. Nevertheless, the effectiveness of the outdoor campaign is very difficult to measure. Moreover, the costs related to the advertising are quite high. Hence, despite the rising

awareness of the Euronics billboards, HP TRONIC rather tends to make use of other advertising tools. (Komín 2010)

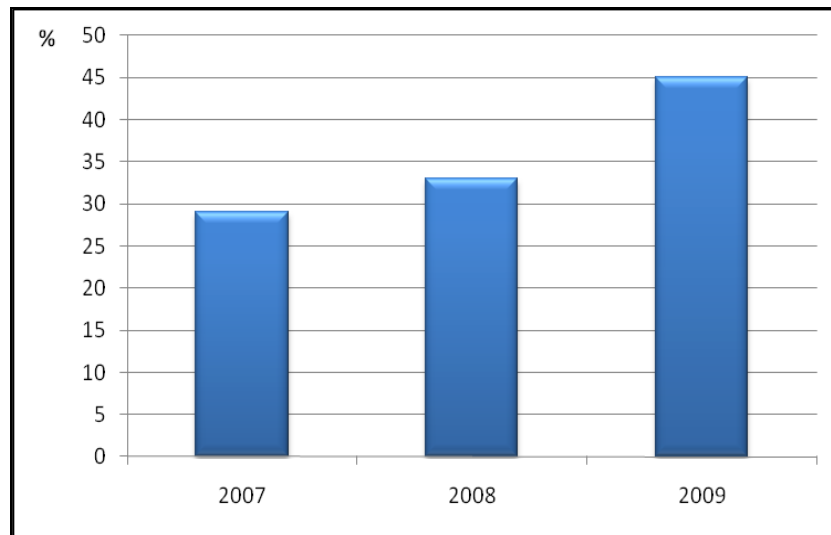


Figure 8. Consumer Awareness Development of the Euronics Billboards (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s r. o.)

6.2 Below the line Sales Promotion

Whereas ATL promotion is able to impersonally address an enormous number of audiences, BTL sales promotion focuses on direct targeting a limited and very specific group of consumers in order to increase the response rates. BTL techniques raise brand awareness and at the same time stress the benefits of the products offered. As for the marketing communications, HP TRONIC sets one third of its marketing budget for several operations:

- POS materials and centrally-driven corporate identity of all Euronics shops
- publishing of the Inspiration customer magazine aimed at electrical appliances
- support of the professional training centre - Euronics Academy
- public relations support (Komín 2010)

6.2.1 Campaign Leaflet

Special attention and the whole one third of the promotional budget are devoted to the non-addressed direct mail represented by the Proton and Euronics campaign leaflet. The Euronics leaflet is published 14 times a year (two times in January and December) and it is distributed in the amount of 49 million copies in total. On the other hand, Euronics' more popular brother - the Proton campaign leaflet - is issued 13 times a year (two times in

November) in approximately 60 million copies in order to be distributed consequently to the overwhelming majority of domestic households. Moreover, both the Euronics as well as the Proton campaign leaflet are available at www.euronics.cz, www.proton.cz and www.epron.cz. Consumers may read them on-line or download them in the PDF format. Although both printed leaflet brands cooperate and focus on electronic appliances, they are not identical. Whereas the Euronics leaflet specializes solely in consumer electronics and household appliances for the purpose to keep up the image of an expert at electronics, the Proton leaflet offers in addition considerable discounts and innovations of kitchen- and metal ware. (Komín 2010)

Even though, promotion in a form of printed leaflet may seem to be quite ineffective from the consumer point of view, the reality is slightly different than the common belief. According to the annual market research which is regularly made by *the Focus agency*⁵, the leaflet campaign has achieved quite positive results. The awareness of the campaign ranges up to 73% (as of 2006). With reference to the research results, the Euronics leaflet has been noticed by 65% of respondents in 2009. (HP TRONIC Zlín, s. r. o. , FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s. r. o.)

⁵ The Focus agency is a private independent company which concentrates on social and marketing analysis. It provides to its clients a wide range of researches such as media, marketing, advertisement, sociological and public opinion research, which are relevant and practically useful for operational and strategic decision-making. Focus is a member of the Czech Marketing Company. (Focus: Social and marketing analysis centre)

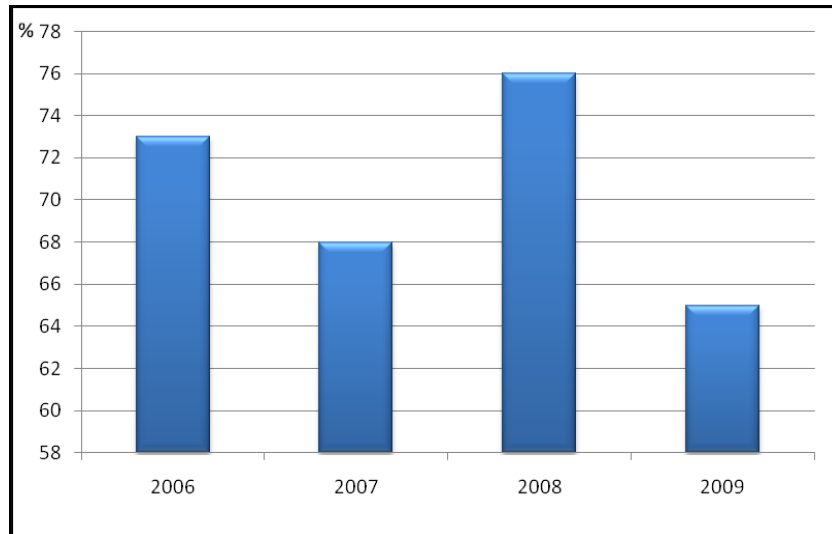


Figure 9. Consumer Awareness Development of the Euronics Leaflet (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s. r. o.)

On the other hand, there are also people who may oppose that only 30% of the respondents have confirmed that they have really read the leaflet. Nevertheless, contrary to popular belief, the printed leaflet is with its 30% successfulness the second most effective medium which attracts the attention of the Euronics customers. (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s. r. o.)

This fact is also supported by the general consumer research conducted by *Factum Invenio*⁶ in January 2009. During personal interviews with more than thousand respondents a high percentage of them have admitted that printed leaflets in their mail boxes have a good chance of being read. Although 65% of Czech consumers feel overwhelmed by printed promotional materials, 40% of them have confirmed that in practice they look through campaign leaflets regularly. (Factum Invenio)

⁶ Factum Invenio is a private research agency which is considered as one of the best marketing experts in the Czech Republic. Since 1991, Factum Invenio has been conducted complex market analysis of both Czech and Slovak market. (Factum Invenio)

6.2.2 Euronics Academy

The professionally trained personnel, which is always prepared to give an advice and help to make a satisfying choice, is taken for granted in all Euronics shops. (HP TRONIC Zlín, spol. s. r. o.) Every shop assistant has completed an educational training of the *Euronics Academy* that was established in 2005. Since that time it serves as a special training centre which regularly informs the personnel about the latest technologies and product innovations in order to extend their expert knowledge of the offered assortment, technical qualification, and broaden practical experience. For instance, recently the Euronics personnel have taken the opportunity to experience and test a brand new range of built-in kitchen appliances launched by the *Bosh* brand. The professional training has taken place right in one of the best high-tech plants in Germany. (Euronics ČR, a. s.)

6.2.3 Consumer Magazine

In 2010, HP TRONIC published already the 7th volume of consumer magazine called *Inspirace Euronics*. The magazine published six times a year is devoted principally to the customers of the Euronics retail shops. It provides useful information about electronics as well as amusement columns in almost 70 pages. Above all, *Inspirace Euronics* offers to its readers valuable pieces of advice such as energy-saving tips, detailed product analyses, innovation presentations, consumer advisory column, interview with a popular person, contests and crosswords for tempting prizes, etc. (Herwig 2010) The choice of products which will be analysed in depth and closely presented in the magazine follows the prior mutual contract with the business partners. Currently, the HP TRONIC marketing department works on editing the layout and design of the magazine in order to make it even more attractive and reader-friendly. (Komín 2010) Since April 2010, the magazine is accessible at ww.euronics.cz. Consumers may read it on-line or download it in the PDF format.

6.2.4 Point of Sale

According to the latest market researches, point of sale belongs to the promotional tools with the most considerable potential for growth. Nowadays, it is regarded as the fastest developing communication channel, especially thanks to the immediacy and directness in addressing customers. Most visible is the growth in popularity of the small-area shops that provide professional services and thus form the counterbalance of the lack of interest which the consumers usually experience in large-scale shops. (HP TRONIC Zlín, spol. s. r. o.)

As it was previously stated, the marketing activities of the domestic Euronics network are centrally-driven by Euronics International. Given corporate identity follows instructions of the Euronics manual. The common manual regulates design, trademark exposure, and comprehensive image of every shop which represents the Euronics brand. However, as the manual is identical for all 28 countries of the Euronics network, some aspects are too general to be able to reflect the specifics of individual shops. Therefore, the HP TRONIC marketing department is preparing a detailed manual version which focuses solely on the Czech Euronics retail chain. The main objective is to correlate closely with the specific domestic requirements in order to make the shops even more attractive for the customers. (Komín 2010)

7 PLACE ON THE MARKET

7.1 Competitors

Domestic market in electronics is highly competitive. HP TRONIC, as the wholesale trading company which supplies the Euronics and Proton retail network, has to manage varying demand volume, deal with price wars, and face strong competition on the part of the Internet e-shops as well as traditional retail shops. With regards to the Euronics and Proton chains, to the biggest competitors on the Czech market belong the *Okay*, *Datart*, and *Electroworld* brands in the first instance. This claim is also proved by the marketing research made by the Focus agency. (Komin 2010)

Table 3. Consumer Knowledge of the Domestic Electronic Brands (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s r. o.)

	Top-of-mind knowledge (impromptu)	Spontaneous knowledge (considered)	Supported knowledge (Have you heard about...?)
Okay	20%	50%	83%
Datart	19%	49%	82%
Electroworld	13%	46%	82%
Euronics	8%	29%	69%
Proton	–	22%	70%

The results affirm that Okay, Datart, and Electroworld are very well known among the consumers. Nevertheless, even though Euronics and Proton have achieved slightly lower result level, their popularity is significantly widespread and their position on the Czech market is very strong. Moreover, the percentage has a rising tendency. Whereas in 2005 the supported consumer knowledge of the Euronics brand amounted to 48%, till 2009 it has risen up to 69%. One of the main factors which influence the development of consumer awareness is the comprehensive marketing communication operated by HP TRONIC. According to the research, the most frequent characteristic which corresponds to the Euronics brand is “the most appealing promotional campaign.” The Euronics promotion has been noticed mainly thanks to the TV commercials and the campaign leaflet. Its primary message is to provide the information about attractive prices and rich assortment. However,

what is considered as the most successful promotion on the domestic electronic market is the advertising campaign of the Okay brand with 43% consumer awareness. Datart as well as Euronics have achieved 37%, Electroworld 29%, and Proton 11%. (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s. r. o.)

7.2 Consumer Preferences

In every competitive environment, it is crucial to understand consumers as well as competitors. The most significant subjects on the domestic market with electronics are Okay, Datart, Electroworld, Euronics, Proton, and Planeo. These brands were closely examined by the marketing research conducted by the Focus agency in 2009. As the results reveal, the most important factors which influence the consumer decision making are favourable prices, an extensive range of assortment, short distance between a shop and customer's home, good quality of products, and professional service. These general results correspond also to the reasons why consumers prefer the Euronics or Proton retail shops. (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s. r. o.)

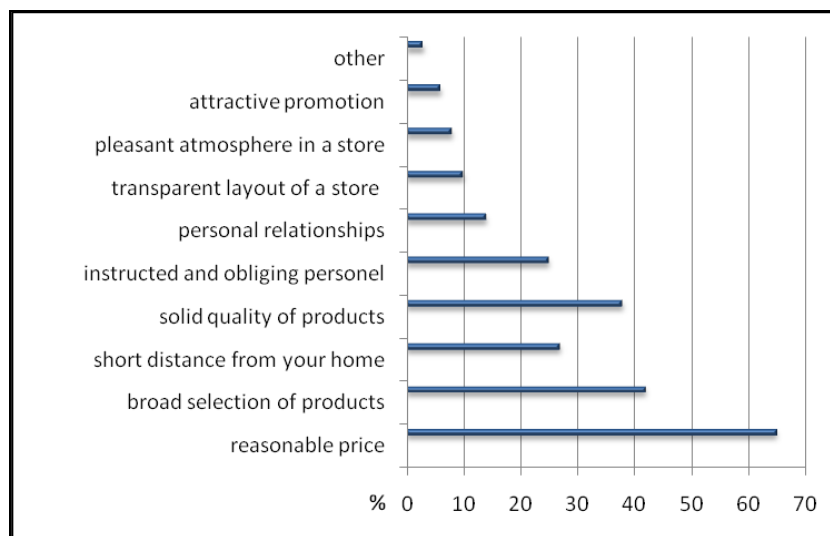


Figure 10. Consumer Preferential Factors for the Euronics Brand (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s. r. o.)

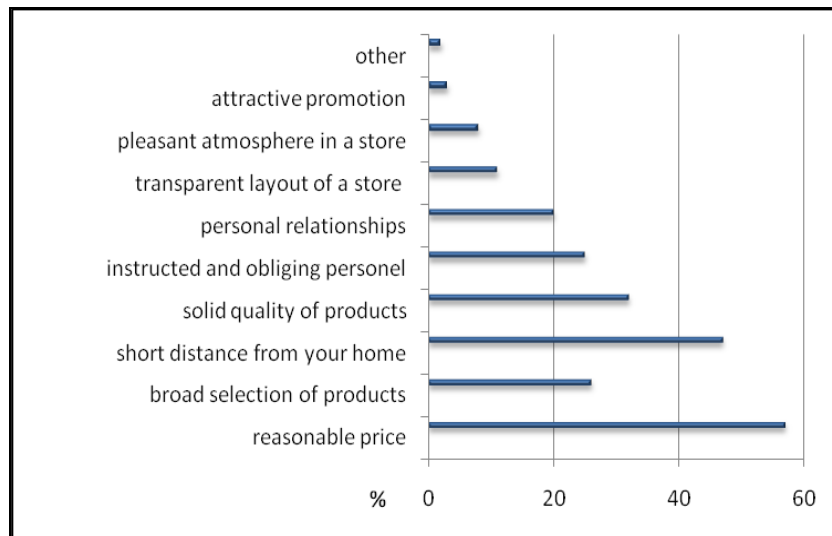


Figure 11. Consumer Preferential Factors for the Proton Brand (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s. r. o.)

However, the price factor seems to be extremely vague because favourable prices are supposed to be the biggest strength of all analysed competitors. Under the circumstances, we could assume that the preferences depend greatly on the subjective experience, market overview, and opinions of individual consumers. Nevertheless, when comparing all the competitors, products of the best prices are expected to be offered by Okay. On the other hand, according to the respondents' opinion, one of the Proton shops is always located somewhere close, Electroworld is popular thanks to its wide assortment, Datart is supposed to sell products of the best quality, and in the Planeo shops consumers expect most often a professionally trained personnel. With regard to the HP TRONIC marketing objectives, the gained pieces of information create a solid basis for potential improvements which could strengthen the position of the Euronics and Proton network on the Czech market. (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s. r. o.)

8 SWOT ANALYSIS

HP TRONIC is considered as a leader in the electronic appliances market. Its marketing communication covers a diverse range of subjects. Each of them is promoted through the specific promotional tools. However, it is important to make a complex point of view on the analysed company in order to fully understand its promotional activities and objectives. The comprehensive information about HP TRONIC could be summarized transparently by the means of a SWOT analysis which focuses on the B2C marketing communications.

8.1 Strengths

- leading position in the electronic appliances market
- exclusive distributor of more than sixty world brands
- exclusivity clause in representation of the Hyundai brand in the Czech, Slovak and Polish markets
- co-founder and owner of 33 retail shops representing the Euronics network
- extensive geographic coverage of the Euronics and Proton retail chains
- widespread popularity and significant effectiveness of the Proton campaign leaflet
- increasing public awareness of the Euronics brand
- cooperation between the Euronics and Proton brands
- common e-shop at www.epron.cz
- extensive area (40,000 m²) of warehousing facilities
- diversity of the company's business activities
- strong purchasing policy
- emphasis on a professionally trained personnel
- broad assortment of products and services
- energy-saving appliances
- increasing marketing budget

Taking everything into account, extensive geographic coverage, professionally trained personnel, and rich assortment of exclusive products could be emphasized as the most important strengths of the analysed company. Among other advantages the growing popularity should be stressed because it is a very positive result of the marketing communication. Public awareness of the Euronics and Proton brands is spreading thanks to the TV commercials and the successful leaflet campaign. Moreover, regardless of the global

financial crisis, the marketing budget of HP TRONIC increases gradually and thus provides further opportunities for promotional activities.

8.2 Weaknesses

- given corporate identity has to follow instructions of the mutual Euronics manual
- impossibility to purchase a product online via the Euronics web site
- lower public awareness of the corporate image of a specialist in the electronics field
- varying demand volume within a year
- unclear link between euronics.cz and eproton.cz
- difficulties connected with monitoring and measuring of promotional campaigns in terms of their effectiveness

When considering the rapidly growing popularity of online shopping, the absence of a stand-alone Euronics e-shop should be emphasized as the most obvious competitive disadvantage. The situation is even worsened due to the unclear link between the Euronics web pages and eproton.cz where the common e-shop is accessible both for Proton and Euronics customers. Another significant weakness is the fact that in comparison with the biggest domestic competitors a quite low number of consumers really perceive the retail chains operated by HP TRONIC as the specialists on the electronic appliances market. The corporate image of a specialist is not of such popularity as it could or should be with respect to the efforts of the HP TRONIC marketers and the concept of Euronics Academy.

8.3 Opportunities

- stand-alone e-shop accessible via the Euronics web site
- new distributive places of the customer magazine
- strengthening of the corporate image of a specialist in the electronics field
- addressing younger age bracket by the means of social the digital media
- attract and communicate with consumers through the popular social networks
- promotion of energy-saving appliances
- publishing a detailed corporate manual which focuses solely on the Czech Euronics network
- cooperation with university students

- more intensive promotion of available services
- extraordinary sales promotional campaigns
- increase in amount of key words at all web sites operated by HP TRONIC
- competitive advantage of the exclusivity clause in representation of the Hyundai brand in the Czech, Slovak and Polish markets
- favourable price level

To sum up, the most considerable opportunity of the analysed company seems to be the decision of HP TRONIC management to start already within 2010 a stand-alone Euronics e-shop, which would not be dependent on eproton.cz anymore. Moreover, the Internet offers even more opportunities for online advertising and social media marketing. Such a promotion could both address new target audiences as well as provide to the advertiser valuable information about consumers. The costumer magazine, Inspirace, seems to have also very promising potential. Its impact could be maximized when providing it at more places of distribution. Even the corporate image of a specialist on the electronics field could be supported and strengthened by the means of the magazine. Furthermore, HP TRONIC should take the advantage of its product exclusivity and emphasize that it is the only company on the Czech market which offers electronics of the Hyundai brand. With regards to the growing prices of electric power, promoting of energy-saving appliances serves also as a very good opportunity how to attract and make an impression.

8.4 Threats

- price wars
- strong competition among the Internet e-shops as well as traditional retail shops
- negative influence of the global financial crisis on consumer behaviour
- stronger consumer awareness of the competitive brands
- increasing prices of electric power
- lack of customers' loyalty
- slow reactions or scepticism towards the latest trends in marketing communications

Slow reactions or even scepticism towards the latest promotional trends could be considered as the biggest threat for the HP TRONIC marketing communications. Since

the competitors have been making use of the new marketing tools, the consumer preferences for them have been rising faster in comparison to the analysed company. On the other hand, there is also the lack of customers' loyalty and the current financial crisis which influence every promotional effort in a very negative way.

9 RECOMMENDATIONS

Being aware of strengths, weaknesses, opportunities and threats is certainly worth, but the other side of the coin is the ability and courage to take advantage of such knowledge. A key to success are reciprocal connections among individual elements. The complex understanding could contribute to improve weaknesses and thus eliminate threats, maximize strengths and consequently make use of potential opportunities.

9.1 Targeting of a New Age Bracket

As it was mentioned above, it could be very difficult to monitor and measure effectiveness of a promotional campaign. HP TRONIC makes use of services offered by a range of agencies which focus on market research, for instance the Focus agency, Google analytics, Click Tracks, etc. Data gained by the means of the research are very complex, comprehensive, and usually covers development of campaign awareness during whole year. However, as it is conducted usually on the national level, the results might be too general to be able to reflect effectiveness of particular billboard, shop or service offered. Therefore, when monitoring marketing communications on the local level, HP TRONIC could take advantage of university students which could focus on a particular promotional tool or point of sale and make a research either as a summer job or under the terms of their diploma thesis. Under the circumstances, the company would obtain detailed information in a quite cheap way or even for free, draw consumers' attention to the brand as well as to its activities, and thus promote its good name. Moreover, while students would gain practical experience, valuable data and benefit from their own research during their studies, they would be a credit to the company at the same time. Furthermore, not only a market research could be organized cost-effectively by students. Under the terms of temporary job, they could also distribute discount coupons or leaflets informing about special offer, newly opened shop, trade fair or other promotional event.

As for the young generation, HP TRONIC could expand to new consumer segment just through this age bracket. Students belong to the marginal consumer spectrum which is difficult to attract. Young people are proud of their individuality and thus do not let themselves be influenced by advertising. Nevertheless, they are considered as a very interesting group of potential customers, because they are willing to pay for their distinctiveness. (Jindřich 2009)

The young potential customers could be addressed by the means of occasional lectures presented directly at a university. With consideration of particular field of study, a competent member of management representing a company would explain how marketing, trade, personal management, or other parts of business are applied in a real company, in a real live. Hence, students could compare theory with praxis, broaden their horizons, and get the picture of their future scope of employment. At the same time, a company could make a strong impression, attract new customers as well as potential employees. Among other promotional forms targeted at this consumer segment could be also mentioned advertising in a cinema, sponsorship of educational workshops, student clubs, and university events.

9.2 Power of the Internet

As the latest market research conducted by *Eurostat*⁷ in 2009 proved, the most numerous group of the Internet users consists especially of men in the age bracket of the 16-24 year old (62,8% in the Czech Republic, 74,4% on average in all 27 countries of the EU) and the 25-34 year old (36,8% in Czech Rep., 54,1% in the EU 27). (Český statistický úřad) These numbers serve as a signal for all marketers that when focusing on the young consumer generation, the Internet is the right place, where to invest time and money.

9.2.1 The Facebook Phenomenon

Contemporary development of digital media has brought a wide range of opportunities how to address young generation via the Internet. One of the opportunities is called *Facebook*. This social network is undergoing a huge expansion nowadays. During the last few years, Facebook has developed from a college photo-sharing portal to a burgeoning global network which can be also used besides other activities as a cost effective advertising platform. However, before taking advantage of the opportunities which the social network has to offer, it is necessary to emphasize once more that Facebook is a realm of students and young adults predominantly. Hence, the marketing strategy has to be also adapted to these circumstances. (Inside CRM)

⁷ Eurostat is the statistical office of the European Union situated in Luxembourg. Its task is to provide the EU with statistics at European level which enable comparison between countries and regions. (European Commission)

HP TRONIC could use Facebook in order to attract new audiences as well as to gain valuable information about its present customers. First step might be creating of fan pages through which the company can communicate with its customers. By reading through comments and other posts from the fans, HP TRONIC marketers could realize real needs of its customers, follow their buying habits, learn from their feedback, and become aware of possible complaints or innovative suggestions. Thanks to the gained knowledge, the following advertising is able to reflect the differences and individual requirements of diverse target groups. Consequently, the company could address its potential customers more properly and with a bigger impact. In addition, the customers might be divided into segments according to gender, age, or region, and thus help the marketers to plan more effective marketing strategy around those groups. (Jones 2009)

Taking everything into account, the main objective is to engage the consumers in conversation in order to prevent the fan page of becoming dormant or even being forgotten. Therefore, it is also worth to discuss news and current events which interest the target group and are relevant to the company at the same time. In case the fans are rather passive, HP TRONIC might let them know that it would like them to share their feedback on the products and services. Another opportunity is to use Facebook as a viral marketing tool. If the consumers communicate with the company via the social network, the comments are accessible to their friends as well. Hence, new potential customers might be attracted. (Jones 2009)

Nevertheless, using the social network for marketing purposes concerns not only creating of fan pages, but it is also necessary to promote them and take time to run them properly in order to achieve the peak efficiency. Search engines cooperate with Facebook for the purpose of updating the search results. Thus, it might be very beneficial to increase the frequency of keywords which appear on the fan pages. (Jones 2009)

On the other hand, although social networks seem to be a very cost-effective promotional tool at the first sight, their business potential has not been fully developed and exploited yet. Only few business subjects have succeeded and used all the benefits which Facebook has to offer so far. From the companies' point of view, future utilization of Facebook will be probably provided mainly by interactive applications which will connect the customers directly with relevant services accessible on the company's official web sites. (Petr Frey, Weblog Nové trendy, entry posted June 12, 2009)

9.2.2 Online Shopping

As for the Czech market with electronics, role of the Internet has been rising mainly in terms of an online purchase. According to the *Electro 2009* study⁸, every fourth buyer of an electronic appliance has made a purchase via an e-shop. The reasons for doing so were convenience, saving of time and lower prices in comparison with a traditional street shop. Large household appliances, computer technology and PC accessories belong to the items which were in 2009 sold online most often. The customers prefer high-tech products of top quality but still for favourable prices. (České a Slovenské odborné nakladatelství, s. r. o. 2009)

All the research results support the opinion that an investment in attractive and transparent web pages and solid online marketing are more important than ever before. Under the circumstances, the decision of HP TRONIC management to start already within 2010 a stand-alone Euronics e-shop, which would not be dependent on eproton.cz, seems to be as a good idea that might come to fruition. (Komín 2010)

9.3 Emphasizing of the Strengths

Consumers pay attention to quality, design and life-style aspirations of a product. Hence, one out of three customers actively looks for information accessible online before each purchase realization. (Marketingové noviny 2007) Consequently, company web pages are regarded as a great opportunity to promote advantages of traditional street shops at the same time. In addition to detailed product analyses and innovation presentations, HP TRONIC could also more strongly emphasize the exclusivity clause in representation of the Hyundai brand in the Czech, Slovak and Polish markets, support the image of a specialist on electronics, highlight particular customer benefits, and promote high-standard services provided by professionally trained personnel. With reference to social responsibility, modern life style and rising prices of electric power, HP TRONIC could also point out more strongly that all household appliances and majority of consumer electronics offered by the Euronics and Proton network are energy-saving. (České a Slovenské odborné nakladatelství, s. r. o. 2008)

⁸ Electro 2009 is a study conducted by Incoma GfK, s. r. o. Since 1991, Incoma organises research projects which focus on trade and shopping habits in the whole region of Central and Eastern Europe. (Incoma GfK)

An extremely broad range of detailed, highly professional and very useful information is conveyed by the Inspirace Euronics magazine. It is available in the retail shops and since April 2010 also at euronics.cz. Nonetheless, even though the magazine is devoted to the present consumers in the first instance, it could be used as a promotional channel which might attract new potential customers as well. For example, there could be magazine stands installed in a waiting room at a doctor or dentist, in a railway station, at a bus stop, at an airport terminal, at a fitness centre, at a hair dresser, at a post office, etc. Generally, the magazine could be distributed in public places where the potential customers have to wait for a while. People are usually bored while waiting and thus search for an amusement. The Euronics magazine should take an advantage of the opportunity to appeal potential customers in such an easy way. However, by all means the company should consider the costs needed for publishing and compare them to the benefits which the magazine stands could bring.

9.4 The Main Objective

As the latest research has revealed, 26% of respondents have visited one of the Euronics shops during 2009, whereas only 16% of the respondents have really made a purchase. There are several suggestions which could propose a sufficient explanation of the phenomenon. However, with regard to the consumer preferences, it is a price level which seems to be the most probable factor that influences customer decision making. (FOCUS: Centrum pro sociální a marketingovou analýzu, spol. s r. o.) Nonetheless, according to the company's philosophy, low prices are not provided at the expense of the compromise on quality. Instead of permanently low prices for poor-quality appliances, Euronics offers regular price reduction campaigns of high-quality appliances or prolonged guarantee terms. (HP TRONIC Zlín, spol. s r. o.) Under these circumstances, it is necessary to fully realize that professionally trained personnel play a crucial role during a process of sale. The only person who can persuade a hesitating customer to make a purchase is a perfect shop assistant.

The concept of Euronics Academy is highly beneficial to the professional approach. Nevertheless, personnel should be not only trained, but also kind, friendly, helpful, active, communicative, and always prepared to give a competent advice to a customer. Therefore, the last recommendation refers to all shop assistants representing "the electrical shop from our street". Do not be afraid; make use of the professional knowledge, practical experience,

and interpersonal skills in order to actively communicate with a customer because that is the aim of marketing communication.

CONCLUSION

Promotion and communication in general belong to the most important marketing skills. Marketing communications goes beyond the limits of different promotion channels and its specific instruments. Whether it is price, product's package, image of a shop, or behaviour of personnel; all these elements communicate a certain message to customers. There is a strong emphasis on the concept of integrated marketing communications which synchronize individual approaches of a marketing strategy in order to maximize its effectiveness and a chance of success.

Marketing communications operated by HP TRONIC Zlín, spol. s. r. o. follows also the integrated approach which takes advantage of diverse promotional techniques. The main objective of the analysed company is a long-term positive relationship with customers which is based not only on satisfaction of price level, but also of professional service support. Hence, HP TRONIC and its subsidiaries pay attention to quality of its goods principally, favourable prices and professionally trained personnel.

Even though the marketing communication of HP TRONIC Zlín, spol. s. r. o. is highly professional and comprehensive; there is still something what could be improved. In the rapidly changing world and its fiercely competitive environment, it is necessary to follow modern trends, take advantage of innovative technologies, look for new ways how to attract consumers' attention, and encourage their purchase even in the period of the economic crisis. Therefore, the most important recommendation for successful marketing communication could be foreshorten by a simple quote:

"Knowing is not enough; we must apply. Willing is not enough; we must do."

Johann Wolfgang von Goethe

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LIST OF ABBREVIATIONS

PR	Public relations
PC	Personal computer
B2C	Business to customer
B2B	Business to business
POS	Point of sale
ATL	Above the line promotion
BTL	Below the line promotion
EU	European Union

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