

# **The Analysis and Improvement of the Marketing Communications Mix of POLÁK WINERY, s.r.o.**

Mário Polák

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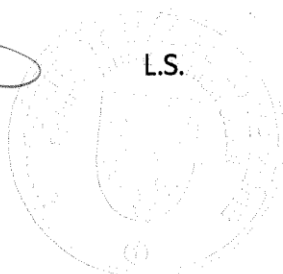
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## **ABSTRAKT**

Táto bakalárska práca analyzuje marketingovú komunikáciu spoločnosti POLÁK WINERY, s.r.o. Je rozdelená na teoretickú časť, kde sú vysvetlené základné pojmy ako marketing, marketingový mix, marketingová komunikácia a opísané rôzne marketingové analýzy. Druhá časť je praktická a teoretické znalosti sa v nej uplatňujú na analýzu marketingového mixu a komunikačných nástrojov a stratégií, ktoré vybraná spoločnosť používa. Cieľom je identifikovať slabé stránky marketingovej komunikácie a navrhnúť odporúčenia na zlepšenie. Na podporenie tohto cieľa sú použité rozličné marketingové analýzy a verejný dotazník.

Kľúčové slová: marketing, marketingový mix, marketingová komunikácia, nástroje marketingovej komunikácie, vinárstvo, marketingové analýzy, dotazník

## **ABSTRACT**

This bachelor's thesis analyses marketing communication mix of the company POLÁK WINERY, s.r.o. It is divided into the theoretical part where are basic marketing concepts explained as marketing, marketing mix, marketing communication mix and various marketing analyses. The second part is an analytical part where is theoretical knowledge applied to analyze marketing mix, tools, and strategies used in marketing communication of the selected company. To support this goal are used various marketing analyses and survey research was conducted with the overall aim to identify weaknesses in marketing communication and suggest recommendations for improvement.

Keywords: marketing, marketing mix, marketing communication, marketing communication tools, winery, marketing analyses, survey research

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I hereby declare that the print version of my Bachelor's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

# CONTENTS

<b>INTRODUCTION .....</b>	<b>10</b>
<b>I THEORY .....</b>	<b>11</b>
<b>1 MARKETING.....</b>	<b>12</b>
1.1 BUSINESS TO BUSINESS MARKETING .....	12
<b>2 MARKETING MIX.....</b>	<b>14</b>
2.1 PRODUCT.....	14
2.2 PLACE .....	14
2.3 PRICE .....	15
2.4 PROMOTION.....	15
2.5 PEOPLE.....	16
<b>3 MARKETING COMMUNICATION .....</b>	<b>17</b>
3.1 MARKETING COMMUNICATION IN B2B VS. CONSUMER MARKETS .....	17
3.2 MARKETING COMMUNICATION MIX .....	18
3.2.1 Advertising.....	18
3.2.2 Sales promotion.....	18
3.2.3 Public relations.....	18
3.2.4 Personal selling .....	19
3.2.5 Direct marketing.....	19
3.2.6 Events and experiences .....	19
3.2.7 Digital and social media marketing.....	19
<b>4 MARKETING ANALYSES .....</b>	<b>21</b>
4.1 SWOT.....	21
4.2 STP .....	21
4.2.1 Market segmentation .....	21
4.2.2 Market targeting .....	22
4.2.3 Differentiation and Positioning.....	22
4.3 BENCHMARKING .....	22
4.4 COMPETITION ANALYSIS .....	23
4.5 PESTLE.....	23
4.5.1 The Political Environment .....	23
4.5.2 The Economic Environment .....	24
4.5.3 The Socio-Cultural Environment .....	24
4.5.4 The Technological Environment.....	24
4.5.5 The Legal Environment.....	24
4.5.6 The Ecological Environment.....	25
<b>II ANALYSIS .....</b>	<b>26</b>
<b>5 INTRODUCTION OF THE SELECTED COMPANY .....</b>	<b>27</b>
<b>6 MARKETING MIX ANALYSIS OF POLAK WINERY .....</b>	<b>28</b>



6.1	PRODUCT.....	28
6.2	PRICE .....	29
6.3	PLACE .....	30
6.4	PROMOTION.....	30
6.5	PEOPLE.....	31
<b>7</b>	<b>MARKETING COMMUNICATIONS MIX ANALYSIS OF POLÁK WINERY .....</b>	<b>32</b>
7.1	ADVERTISING .....	32
7.2	SALES PROMOTION .....	32
7.3	PUBLIC RELATIONS.....	32
7.4	PERSONAL SELLING .....	33
7.5	DIRECT MARKETING .....	33
7.6	EVENTS AND EXPERIENCES.....	33
7.7	DIGITAL MARKETING.....	33
<b>8</b>	<b>MARKETING ANALYSES OF POLAK WINERY.....</b>	<b>35</b>
8.1	STP.....	35
8.1.1	Segmentation.....	35
8.1.2	Targeting .....	36
8.1.3	Positioning.....	37
8.2	COMPETITION ANALYSIS .....	37
8.2.1	Mrva & Stanko winery.....	37
8.2.2	Matyšák .....	37
8.2.3	Karpatská perla.....	38
8.2.4	Mavín- Martin Pomfy .....	38
8.2.5	Vins winery .....	38
8.3	BENCHMARKING .....	38
8.4	PESTLE.....	40
8.4.1	The Political Environment .....	40
8.4.2	The Economic Environment .....	40
8.4.3	The Socio-Cultural Environment .....	41
8.4.4	The Technological Environment.....	41
8.4.5	The Legal Environment.....	41
8.4.6	The Environmental factors .....	41
8.5	SWOT.....	42
8.5.1	Strengths.....	42
8.5.2	Weaknesses .....	42
8.5.3	Opportunities.....	42
8.5.4	Threats.....	43
<b>9</b>	<b>SURVEY RESEARCH.....</b>	<b>44</b>

9.1	QUESTIONS FROM THE SURVEY .....	<b>CHYBA! ZÁLOŽKA NIE JE DEFINOVANÁ.</b>
9.2	SURVEY SUMMARY .....	53
<b>10</b>	<b>RECOMMENDATIONS .....</b>	<b>54</b>
10.1	HIRING A SALES REPRESENTATIVE.....	54
10.2	DEFINING USP AND MARKETING STRATEGY .....	54
10.3	UPDATING CUSTOMERS REGULARLY .....	55
10.4	ORGANIZING EVENTS .....	55
10.5	LOYALTY PROGRAM .....	56
10.6	WINE SETS.....	56
10.7	LEAFLETS .....	56
	<b>CONCLUSION .....</b>	<b>57</b>
	<b>BIBLIOGRAPHY .....</b>	<b>58</b>
	<b>LIST OF ABBREVIATIONS .....</b>	<b>60</b>
	<b>LIST OF FIGURES .....</b>	<b>61</b>
	<b>LIST OF TABLES .....</b>	<b>62</b>

## INTRODUCTION

Marketing communication is an essential element of a successful business. Nowadays, with a rise of innovative technologies, globalization and digitalization are offered various new ways to communicate with customers. These customers can be now reached easier and targeted better than ever before which can generate higher profits for a company and mutually higher satisfaction to the customers.

This bachelor's thesis analyzes communication mix of company POLÁK WINERY, s.r.o. with an intention to identify weaknesses and suggest recommendations to improve them. Moreover, a various tool will be identified to increase competitiveness, find new customers and reward the loyal ones.

The theoretical part of this thesis aims to familiarize a reader with the basic marketing terms and analyses. The theory provides information about 4P marketing mix, tools, and approaches to marketing communication and marketing analyses to draw a clear picture of the company's current status and position.

In the analytical part was the company introduced and their processes and products were described. According to the theory was analyzed marketing and communication mix together with several analyses as PESTLE to identify the impact of macro-environment, STP to define company's target market and customers, competition analysis and benchmarking to compare selected company with their competitors and SWOT to sum up all of these analyses into one comparing internal and external environments at the same time.

In the last part can be found survey research and analysis of the responses to each question. Together with the data collected from the analyses and survey were subsequently elaborated recommendations for improvement of company's marketing communication and its strategies. Hopefully, these recommendations will help the company to improve their communication and to reach more customers.

## **I. THEORY**

# 1 MARKETING

In the center of all marketing activities stands a customer. Even when a customer can see marketing everywhere around in the form of TV advertisements, magazine ads or in social media and websites, there is much more hidden to his eyes. All marketers try, in their own way, to capture customers' attention, find their needs and target these needs to gain profit on the one hand and to satisfy customers on the other (Armstrong and Kotler 2013, 33).

It is widely recognized that marketing is connected with selling and advertising. However, selling and advertising are only small parts of marketing processes. Generally, marketing can be understood as a process during which are satisfied customer's needs. These needs need to be identified, then a product must be developed or modified to suit these needs. Moreover, appropriate price, ways of distribution and promotion should be chosen. Each product should provide unique value to specific customers. It is essential for a customer to understand this value which should be explained by marketing communication (Kotler and Armstrong 2016, 29-30).

Terms customer and consumer are both defined and distinguished in this work. A customer is a party who buys a product from a manufacturer or producer. Whereas consumer stands at the end of a supply chain and buys products for his personal use. In the past, many marketing activities were foremost aimed at the consumers and not at organizational customers. As a result, business-to-business marketing is now being more recognized and equally targeted (Ellis 2011, 7).

## 1.1 Business to Business Marketing

All marketing activities between one organization and another organizations or businesses, who share some common exchange relationships, are described by the term of "business-to-business" (B2B) marketing. Although the term "organizational marketing" is being used too as the B2B principles can be applied to any organization. B2B marketing activities are related to the process of trading between supplying and buying organizations which together form a supply chain (Ellis 2011, 6).

Marketing communication in a B2B environment is usually boring as the main goal is to fit as much information on a page as it can hold. A mindset of many business owners toward B2B marketing communication suggests that it is not worth an effort to create clever, funny and well-designed ads. The prevailing opinion is that it is more effective

being straight-forward and flat, providing only plain data and offers with minimal effort. (Blaney 2013, 57).

## 2 MARKETING MIX

As Barrow said, successful marketing strategies are often built upon steady structure from mixed ingredients (2016, 110). These so-called ingredients are blended in the convenient ratio and help marketers to decide about a suitable configuration of offering to customers. Moreover, this unique blend is arranged to identify or establish successful relationships between the company and the target market (Lamb, Hair, and McDaniel 2014, 27).

Marketing mix includes decisions about product, price, place and promotion also referred to as 4P 's. This mix was considered as a conceptual tool, some kind of starting point for marketers and together with its counterpart, offering, they were conceived as two interpretations of the same thing (Hill 2013, 126).

### 2.1 Product

Heart of the marketing mix can be identified as product offering and strategy. All other parts of marketing mix revolve around it as it is impossible to choose the perfect strategy for a place, price and promotion without knowing the product. Lamb, Hair, and McDaniel recognized that in this sense product is not only understood as the physical unit, but packaging, after-sale services, warranty, brand image, name, added value and much more must be considered (2014, 27). Identically, Armstrong and Kotler stated that the product can be defined as a combination of goods and all the services associated with the product and subsequently offered to the target market (2013, 80).

Consequently, a product is not only understood as the physical product itself, people buy it not only for its benefits but also for the value it represents to them. This is important thought for marketers to keep in mind when they are starting to define marketing mix (Lamb, Hair, and McDaniel 2014, 27).

### 2.2 Place

“Place, or distribution, strategies are concerned with making products available when and where customers want them” (Lamb, Hair, and McDaniel 2014, 27). Under this P can be also understood physical distribution covering transportation, storage, feasibility of the product and physical location of the company.

Channels of distribution need to be used when customers do not come to the company by themselves or when the direct contact is just not essential. In these cases,

different channels of distribution provide different outcomes as their aim is various. Here are some of them:

- **Retail stores** offer either specialized goods where is help from the staff expected or they can be self-service
- **Wholesalers and distributors** are rapidly changing channels with significant importance
- **Cash and Carry** replaced traditional wholesalers and provides supply for smaller retailers
- **Mail order** is becoming very popular as a direct selling channel
- **Internet** is without any doubts fastest growing and influential channel
- **Door-to-door selling** is on the decline as it is connected with hard-sell techniques
- **Party-plan** selling is when a group of people meets and is presented certain product

(Barrow 2016, 124-26)

Logistics plays a vital role in a marketing mix. It aims to reach the marketing goals with the highest efficiency and cost-effectiveness. While suppliers and customers are benefiting from cooperation, they have conflicting goals when it comes to costs (Barrow 2016, 124-26).

### 2.3 Price

Price is what customers need to pay to obtain a product. It is considered as the most flexible of all 4P 's and might be easily raised or lowered in almost no time. These factors make from price crucial competitive weapon. In connection with a number of sold units these variables equal to total revenue of the company (Lamb, Hair, and McDaniel 2014, 28).

Of course, a flexibility of the price has some downfalls. It is easy to manipulate so one can be under the impression that setting the proper price might be simple. When it is set too high nobody will buy the product, when it is too low there will not be money to pay for the costs (Barrow 2016, 117).

### 2.4 Promotion

Promotion's role is to sell products by providing customers with information and education, while at the same time reminding and persuading them about the benefits of a



company or product. Elements of promotion are blended together to create integrated marketing communications mix (Lamb, Hair, and McDaniel 2014, 28).

Sales promotion is among the most powerful elements in the marketing mix. It uses activities like public relations, publicity, demonstrations and others to supplement personal selling and advertising (Singh 2012, 42).

## **2.5 People**

This element is not part of the usual 4P marketing mix. Nevertheless, its gravity cannot be underestimated as it includes business owners, managers, staff and customers. People element covers customer service, effective communication and staff training. Other 4P's can be to some extent copied by another company, but human element in the fifth P is specific. The human factor is different in every company and can create competitive advantage (Bárta 2013, 27).

### 3 MARKETING COMMUNICATION

Every company tries to be heard but in today's world and it is increasingly difficult. In this rapidly changing environment are all companies battling for customers. Innovative ways allow companies to reach customers faster and more effectively. Nevertheless, it is essential for marketing communication to be clear and easily understandable. Customers should be able to understand the benefits of offered products and services together with the aim of a company, its vision and mission (Clow and Baack 2012, 21-22).

Nowadays, there are three types of marketing communication:

**ATL** (above-the-line communication) uses print media, TV ads, radio ads, social media ads, indoor and outdoor ads and other digital and PR propagation. It is used to target mass audiences and to influence their perception of brands. Main benefits are raising brand awareness, communicating short and easy to remember messages, and creating demand for more information about offered product or service.

**BTL** (below-the-line communication) uses non-media tools as direct marketing, sales promotion, personal selling, direct mailing and some aspects of PR. It targets customers directly and encourages action. Most effective tools of BTL are tools which provide experiences or personal contact with a product like sampling, tests or loyalty programs.

**TTL** (thru-the-line communication) is a current trend in marketing communication. It connects traditional ATL tools like a TV ad, which encourages people to do some BTL action. The aim of this type of communication is to create Integrated Marketing Communication (IMC), connecting Customer Related Marketing with ATL, BTL and PR (Bárta 2013, 28).

#### 3.1 Marketing Communication in B2B vs. Consumer Markets

Difference between these two seemingly very distinctive markets can be narrowed down to the analysis of wants and needs. Advertising directly to the consumers is always targeting their wants. Consumers wants are the trigger which starts a buying process. Even when consumers feel like they need something, it is usually just their want that prevails. On the other hand, businesses need other businesses to grow their distribution network and increase sales. For example, most retailers depend only on other businesses and their need for various products is essential for them (Blaney 2013, 8).

## **3.2 Marketing Communication Mix**

A central element of marketing communication is usually advertising, but it is not the only element neither the most effective in every situation. In fact, marketing communication mix consists of following major modes of communication (Kotler and Keller 2016, 582).

### **3.2.1 Advertising**

Advertising is the most obvious tool of communication mix. It can be a message or presentation of product which a company shared via indoor or outdoor communication media with the intent to support sales. Usually, it is a paid and non-personal form of promotion which uses mass media to communicate with stakeholders on a large scale (Bárta 2013, 29).

Although advertising is not personalized and communicates with large audiences, it can be targeted at individual segments. With the growth of advertising channels are more options provided to target niche customers. Therefore, advertising will reach stakeholders more effectively and the return on investment can be higher (Bax and Woodhouse 2013, 29).

### **3.2.2 Sales promotion**

Both advertising and sales promotion offer reasons to buy product or service. However, sales promotion offers this reason right now. Fitting examples are special deals seen in everyday life like “buy one, get one for free” or “20% off if you buy...” (Kotler and Armstrong 2016, 519).

Sales promotion is used by manufacturers, distributors and even retailers to target final buyers- consumers, retailers and wholesalers or other businesses. It is used to increase sales and to differentiate a product from the competition. Nowadays, sales promotion is often used because customers became more deal-oriented and advertising efficiency declined in the last years (Kotler and Armstrong 2016, 519).

### **3.2.3 Public relations**

Through PR are companies creating their relationship with a market and form their product and brand image. In spite of a fact that PR is a part of marketing communication mix, it behaves individually from other parts of the mix. It has long-term effects and its goal is not the immediate purchase. In the most general terms can be PR, according to

Bárta, described as ways or techniques which help to create and maintain relations with public and audiences. These relations are significantly important for the success of a company (2013, 35).

### **3.2.4 Personal selling**

Personal selling is one of the oldest techniques and is closest to the point of purchase. It can be defined as a communication between two or more people who interact in real time. This type of communication puts customers in the foreground and the direct interaction is essential. Most used types of personal selling are face to face communication or communication through technology like telephones. “Its fundamental aim is to inform, persuade or remind an individual or group to act, in the way desired by the initiator of the contact (Egan 2015, 278-79).

### **3.2.5 Direct marketing**

Direct marketing techniques are used to create an interaction and relationship with specific customers. It uses one or more advertising channels to obtain measurable responses. Direct marketing is unique in a way that once an interest was established, it targets only individual customers as a priority. For reaching this goal are exploited customer’s wants for the product and for the involvement (Egan 2015, 251).

### **3.2.6 Events and experiences**

Exhibitions, product competitions, conferences or events are unique ways to bring the whole market together into one place. Most of the events have potential to expand into experiential marketing, where brands create experiences for customers. Event and exhibitions are usually preceded and accompanied by social media marketing. This way the events are promoted and communication with customers is established (Smith and Zook 2016, 482-88)

### **3.2.7 Digital and social media marketing**

The fastest-growing form of direct marketing is undoubtedly digital and social media marketing. Majority of this success is caused by the use of popular tools as websites, blogs, e-mails, videos, social media and apps. It is only logical that marketing uses more and more often these new tools to target people online (Kotler and Armstrong 2016, 538).

Kerpen, Rosenbluth, and Riedinger suggest that companies should listen more to their customers as social media are not simply broadcasting channels, but they are great channels made for interaction between people and building community. Furthermore, providing value for free is a key element in social media as it builds an excellent reputation and credibility (2015, 14-16).

## 4 MARKETING ANALYSES

### 4.1 SWOT

SWOT analysis is the most known and the most used analysis of external and internal environments. Its aim is to identify what a company is good at (strengths) and balance that against company's weaknesses. Moreover, it analyses external environment regarding opportunities for improvement and threats for a company (Heinze et al. 2017, 38-39).

It can be concluded that SWOT analysis can be divided into two analyses – SW and OT. It is advised to start with OT analysis within which should be mentioned macro environment (political, legal, economic, socio-cultural and technologic environment) and microenvironment (customers, suppliers, consumers). Following SW analysis closer analyze company's goals, processes, systems, sources, company culture, relationships, etc. (Jakubíková 2013, 129-30)

SWOT analysis can be used to define future strategies or as an important summary of other analyses like competition analysis, benchmarking, etc. However, it has also some disadvantages, it is often subjective and not very dynamic (Jakubíková 2013, 130-31).

### 4.2 STP

Increasing ways to reach customers more effectively and in larger scale are demanding optimization of marketing efforts. Therefore, need for market segmentation, targeting and positioning is emerging. STP analysis is the base for developing suitable marketing communication strategies, allocating resources and prioritizing marketing activities (Baines, Fill, and Page 2013, 165).

#### 4.2.1 Market segmentation

The aim of a market segmentation is to divide large markets and form smaller segments which can be reached more effectively. This is based on assumption that buyers have different wants, needs, locations and other factors. Therefore, a segmented market can be targeted with higher efficiency (Armstrong and Kotler 2013, 193).

Each company has to segment their market according to their specific criteria. However, main segmentation variables are geographic (location), demographic (age, gender, income, occupation), psychographic (lifestyle, personality) and behavioral (loyalty

status, benefits). According to these variables can be market segmented into the smallest units and therefore better defined and targeted (Armstrong and Kotler 2013, 193).

#### **4.2.2 Market targeting**

After a market was thoroughly segmented, it is crucial to choose the right segments. Consequently, the process of evaluation of these segments has to start and then can company choose how many and which exact segment can the company target. When choosing the right segment company must consider its size, growth potential, structural attractiveness and company's own objectives and resources (Armstrong and Kotler 2013, 202-203).

#### **4.2.3 Differentiation and Positioning**

Last but not least task is to identify a specific value proposition for each segment and desired position in that segment. Product positioning is a way in which is product defined by the consumer. These days are consumers overwhelmed by information about various products and they organize all products into some categories, they position them in their minds. This process of positioning is happening even without marketers' interventions, but marketers always plan in which positions the products should be perceived and try to influence natural positioning by consumers (Armstrong and Kotler 2013, 211).

### **4.3 Benchmarking**

ASQ defines benchmarking as "a technique in which a company measures its performance against that of best in class companies, determines how those companies achieved their performance levels and use the information to improve its own performance. Subjects that can be benchmarked include strategies, operations and processes." (ASQ 2018)

In general, benchmarking processes should be continuous and connected with performance improvements. Outcomes of benchmarking are reached by comparing competing companies in the same market. Companies in benchmarking should be the best in the market, so appropriate conclusions can be made. The conclusion should show which areas should be improved. Therefore, the main goal of benchmarking is to identify areas of own improvement in order to optimize company's performance or strategies (Nenadál, Vykydal, and Halfarová 2011, 13-16).

## 4.4 Competition analysis

During buying process customers decide between different offerings and substitutes offered by a competition. The competitors have resembling products which are offered to the similar target segment. If the competition targets the same segment as the company and it is even in the same sector as the company, it poses a significant threat (Kotler and Keller 2016, 34).

On the other hand, competition is one of the most powerful forces which encourages changes and improvements in products and generally in businesses. Nowadays are organizations often competing to deliver value to customers. Value is not only understood as a way of fulfilling customers need but also to exceed them with higher efficiency than the competition (Porter 2008, xi)

## 4.5 PESTLE

External environment can be best described by using PESTLE analysis. This acronym stands for political, economic, social, technological, legal and ecological environments. All of these make a certain kind of impact on the performance of a company. Moreover, they represent a risk because of the fact that they cannot be controlled or that the effects might be visible in the longer term (Baines, Fill, and Page 2013, 37).

### 4.5.1 The Political Environment

Laws and regulations associated with a legal environment are always preceded by actions in the political environment. In other words, a period before laws are enacted and businesses, government and society interact is all part of the political environment. During this period companies can distinguish potential legal changes which might influence their future business. As a result, they are able to impede, adjust or alter this legislation. All things mentioned above make this environment play a critical role in understanding the external environment (Baines, Fill, and Page 2013, 37).

Although this environment might seem hard to control, there are some ways for a company to precede their competitors. Organizations which follow closely political environment are able to respond more flexibly to new regulations and might gain competitive advantage. Another possibility is to form an industry coalition as more companies with similar interest have higher negotiating power (Baines, Fill, and Page 2013, 37).



#### **4.5.2 The Economic Environment**

There are countless factors that influence company from the economic point of view and it is essential to understand their reason, their outcome and to follow the news as the economy is constantly changing. Among these factors, we can find wage or price inflation, Gross Domestic Product (GDP), income, taxes, exchange rates, import, export, capital cost and many other. However, these factors cannot be altered directly, the main challenge is to foresee them and adapt as quickly as possible (Baines, Fill and Page 2013, 39-40).

#### **4.5.3 The Socio-Cultural Environment**

“Companies must monitor the changing nature of households, demographics, lifestyle, and family structures, and changing values in society” (Baines, Fill and Page 2013, 41). Socio-cultural changes should be instantly recognized by companies, otherwise, they are prone to failure. Parts of demographics like changes in population, age or lifestyle play a significant role during marketing campaigns and proper understanding of those factors may help with appropriate customer targeting (Baines, Fill, and Page 2013, 41).

Companies are limited not only by laws and regulations but also by some social rules, codes and ethics. It is also becoming a trend to build an image of a socially responsible company aiming to protect long-term interests in customers and our environment (Armstrong and Kotler 2013, 108-110).

#### **4.5.4 The Technological Environment**

Technology these days is rapidly developing, and it dramatically shapes our future. Such a key element must be recognized and observed as it among others provides many new options for marketers. Innovations become visible in every field from digital marketing to logistics and materials. These technologies create new markets and opportunities but also are replacing or modifying the older ones. Nowadays it is essential to closely watch technological environment because companies which underrated its importance felt an undeniable decline in their business (Armstrong and Kotler 2013, 107).

#### **4.5.5 The Legal Environment**

Every aspect of business in each company is covered by the legal environment. Countless laws and regulations exist in different countries and cover distinctive areas of businesses. The range varies from restrictions on trade, pricing transparency, product safety to packaging, labeling and even further. Regulations are not only enacted by states

but also by political unions like European Union. Companies are required to keep up with recent changes in the legislation because otherwise, it could jeopardize their business (Baines, Fill, and Page 2013, 45).

#### **4.5.6 The Ecological Environment**

Gluten-free, Organic, Non-GMO, Sustainable these are the most popular tags people will see nowadays on most of the products in the supermarkets. Customers are becoming aware of ecological effects companies have on their environment. Therefore, organic food is in increased demand. As these environmental factors became popular and widely recognized by the people in general, it raised standards for many companies which subsequently had to modify their product to withstand the competition (Baines, Fill, and Page 2013, 47).

## **II. ANALYSIS**

## 5 INTRODUCTION OF THE SELECTED COMPANY

POLÁK WINERY, s.r.o is a small Slovak winemaking company with maximum annual production of 60 000 liters of wine. It was established in 2006. This company has its premises in Pezinok (Slovakia), where the wine is made and storage facility in Senica (Slovakia). This winery never possessed its own premises, wine shop or vineyards. Grapes for a wine are bought every year from Slovak producers, mainly from the Southern-Slovak region. This offers a wonderful opportunity to pick every year only the best grapes from the carefully chosen producers and maintain the highest quality of the wine.

Wine from this company is one of the best in Slovakia which is supported by multiple awards from different national and international competitions. During its existence, this winery received more than 650 awards. Some of them were from the biggest wine competitions in Europe and United States like AWC Vienna, Finger Lakes- New York.

It is operating only in Slovak market and main sales came from wine distributors. Wine from this winery could be found, in the past, in Slovak hotels, restaurants and wine shops. Nowadays the situation is different as the company lost almost all of their distributors and is struggling with sales.

Polák winery was founded in 2006 under the name of Winery J&F, s.r.o. with a goal to produce high-quality wine for wealthier customers. Their wine was more expensive, but they had only a little competition regarding quality. Founders were Roman Janoušek (winemaker and oenologist), Branislav Fisher (head of the sales department) and Ing. Mário Polák (executive head and owner).

This company was renamed four times during its existence. In 2007 to JANOUŠEK FISHER, s.r.o., in 2008 to JANOUŠEK, s.r.o., in 2013 to JANOUŠEK & POLÁK, s.r.o. and in 2017 to POLÁK WINERY. These changes were triggered by internal disagreements which also led to high fluctuation of employees. Nowadays, there are only two full-time employees: Mário Polák (executive head) and his brother-in-law Branislav Valjent (distribution manager). As a matter of fact, this winery is now a family business.

## 6 MARKETING MIX ANALYSIS OF POLÁK WINERY

### 6.1 Product

Polák winery currently offers 7 wines under their own brand and three white wines under the old name Janoušek & Polák from the year 2015. They offer different varieties of wine from white to red. This company is the only producer of wine. They do not own any vineyards, but they make wine from the finest grapes available in Slovakia.

Grape varieties offered by Polák winery are carefully chosen according to many factors like location of Slovakia, weather conditions in this region, number of sunny days, etc. However, the main requirement was to use grape varieties of the highest quality from Slovak region, to make the finest wine classified as “quality wine with the attribute”. Only these types of wine meet top quality criteria. This is the reason why one could always find words on the wine label like *Districtus Slovakia Controllatus (D.S.C.)* which indicates a top-quality wine with a protected destination of origin and certain production requirements (Wines of Slovakia n.d.).

Here are some examples of the white grape varieties chosen by Polák winery: Reisling, Pinot Gris, Chardonnay and red wine varieties like Zweigeltrebe, Cabernet Sauvignon, Pinot Noir. These grapes originated from South-Slovak and Lower-Carpathian vineyard area.

Currently, they offer only white and red wines. From white wines, one can find semi-dry, semi-sparkling wine *Frizzante*. However, all the other white wines are dry like Reisling, Veltliner and Sauvignon Blanc. Increasingly popular is rosé wine, which was fermented with red grape skins for few hours to get the pink color. From this category was offered only one wine Cabernet Sauvignon, but it is currently sold out. Three red wines are also offered- *Retro 15* (Cuvée wine), Cabernet Sauvignon and Zweigeltrebe. All of them are also dry.

Polák winery puts wine inside 0,75l dark-green wine bottles and for the highest quality wines uses cork. In the past were also used aluminum caps known also as screw caps. However, these were used only for young wines or rose wines, so wines which are expected to be consumed in one year.

The production process is kind of specific in this winery. First of all, grapes are usually hand-picked and processed as fast as they can be, to keep the quality. Later, during fermentation, when sugar transforms to alcohol, a wine gets naturally warmer. By cooling

wine in this stage, it keeps more CO<sup>2</sup> which makes wine at the end a little sparkling. It is not so obvious in the taste, but experienced wine expert will notice that.

Although the production process did not change since the beginning, wine with label 2016, which was the last wine produced, are no longer classified as “quality wine with the attribute.” To gain the attribute, vineyard company, which grows the grapes, had to register these grapes. If this is not done by them, then the grapes cannot receive an attribute.

Since the beginning of their production in 2006, this winery received more than 650 awards in Slovak and in the best known international wine competitions for their production. Among others, they participated in biggest European competitions like AWC Vienna, Concours Mondial de Bruxelles and Vinalies Internacionales Paris, which are the biggest and most prestigious in Europe. Even when winemakers changed in 2013, the quality remained unchanged and awards kept coming.

Polák winery also offers wine tasting for smaller groups of people. These tastings happen usually in various places as they do not own any representation premises.

The first impression about the product is created through visual appearance. Design of the logo and label on the bottle are the first noticeable things. The logo consists of two dragons protecting the coat of arms with initials MP- Mário Polák. On the front label is an only logo, the name of the winery and name of the wine. All other information is provided on the back label.

As far as packaging is concerned, Polák winery is focused on wholesale so their only packages are boxes for 6 wines with printed logo on the side. There is no other commonly used packaging for less or more wines.

It is important to mention here also the image of the company. As this company produces quality wines they do not have many complaints. Sometimes can only happen accidental cork malfunction, but the bottle is always replaced. The overall image of the company in the Slovak wine market is satisfactory but the winery is relatively unknown. Even when their products can compete with products of larger companies regarding their quality, they fall behind when it comes to sales and marketing.

## 6.2 Price

White wines cost from 7,50€ to 9€, red wines from 8€-10€, rose 6,50€ and semi-sparkling Frizzante costs 3,90€. When it comes to paying options, only two are available – paying in a cash or by an invoice.

Polák winery offers a different discount to their customers but mostly to distributors. For example, it is common that distributors have 25% off and retailers 10-15% off. These amounts are common and expected in this market. Discounts for customers are not that often. The winery organizes competitions on their Facebook page, where followers can win some wine for free. This also spreads awareness about the company. However, main discounts are related to the prices. Price list is updated every 2-3 month with some exclusive offers in which can be found individual discounted wine or a mix of 6 wines for a special price.

Wine tastings have usually various prices as it depends on a number of people and wine samples. Some of them are free, to raise awareness about the winery, another cost around 50-80€ not including the price of wine. These tastings are led by distribution manager or directly by founder, who both have extensive experiences with them.

### **6.3 Place**

Products are usually sold in the wine shops or to the wholesalers. You could also buy wine directly from the wine storage which was a very convenient option when the storage facility was in Pezinok near Bratislava, where is the company's main target market. Now, this option is not used anymore as this storage was moved to smaller town Senica, approximately 100km from Bratislava. Possibility to buy wine is also through an e-shop, which is run by a subsidiary company, but it is not currently generating any profit. Wine is also sold at some wine tastings or similar events right after them.

Their main distribution channels were distributors, so the company operated mostly in the B2B market. The previous winemaker was well-known and new deals were closed because of his reputation. However, after he left the company, whole distribution network fell into pieces. As a result, wine from Polák winery now cannot be found in many places because the distribution network is not big enough.

The company supplies their wine on their own. This way they are able to eliminate some additional expenses for shipping. However, they are supplying only to the distributors and wine shops.

### **6.4 Promotion**

New customers are usually acquired during direct selling after wine tastings and different events. Polák winery takes part in some events like new premieres of theater

plays or some tastings connected with quality food in restaurants. They also organize their own tastings in wine stores. However, these events are rather rare.

In the past, you could find some billboards in Bratislava and some commercials in the wine magazine Vinotéka. Currently, they also have their own Facebook fan page and profile on Instagram, but they are not active on these social networks. Average activity is once or twice a month.

Polák winery does not have any order in their customer database according to which they would reward loyal customers. Keeping in touch with those customers is happening only by email communication and sending price lists. On the other hand, they know some loyal customers who regularly buy wine, so they give them a bottle of wine for free or some discount, but exact loyalty system is not established.

## 6.5 People

The company is run by 2 people. Founder Mário Polák and his brother-in-law Branislav Valjent, who joined company shortly after it began. Until last year part of this team was also oenologist and winemaker, but he has decided to make his own way. Winemaker before him was Roman Janoušek, who was also one of the original founders. He was fired in 2013 after some internal conflicts.

Wine tastings are organized and led by either Mário Polák or Branislav Valjent, who are experienced in this field. Mario Polák was also a sommelier, but his license expired. As there are only two of them they also do the sales and other aspects of the business.



## **7 MARKETING COMMUNICATIONS MIX ANALYSIS OF POLÁK WINERY**

### **7.1 Advertising**

As was mentioned, advertising is used for large-scale and non-personal communication to reach large audiences, but it can still be targeted at a chosen segment of customers. Polák winery uses only product-oriented advertising with outdoors advertising tools in the form of billboards and print advertising tools in magazines. However, these types of promotion are rare in this company as it only happens once or twice a year. The winery is using digital advertising tools too. For example, Facebook is nowadays commonly used for advertising and the company pays for the promotion of some of their post. Promoted post are supposed to spread awareness about products or winery itself. On Facebook are organized also competitions for followers.

### **7.2 Sales promotion**

The company uses sales promotion to encourage sales and find new customers. Competitions and price discounts are used. Competitions are usually on the Facebook page and require an action in order to win a prize which is mostly bottle of wine. These competitions are also promoted on Facebook to reach wider audiences and to spread awareness about the winery.

Discounts, on the other hand, are aimed at customers who already know the winery. Here the possibility to buy a wine at a discount is much higher. For this purpose, are used discounts on individual wines and also combinations of two or six wines from different varieties for a special price.

### **7.3 Public relations**

Public relations are frequently used way of communicating messages to wide audiences. Different tools can be used by Polák winery when it comes to PR communication. Website and social media like Facebook or Instagram are the main tools used.

The website contains all the information about the winery, their history, vision, contact and wine list. There is also newsletter sign-up option, but no regular newsletters are

being sent. Although the website offers many information about wine, their awards and other details, there is no blog sections or news feed.

The winery uses sponsorship as PR tool. Lately sponsored events were marathon running in Myjava, theater premiere in Bratislava and a golf tournament.

#### **7.4 Personal selling**

While personal selling can be a very effective promotional tool it requires high-cost approach and the results regarding marketing communication may vary. Currently, Polák winery uses personal selling to approach customers after wine tastings or wine-related events, where is the possibility to sell wine directly to the customer. However, when it comes to distributors, face-to-face selling is often not used but email or phone communication is preferred.

#### **7.5 Direct marketing**

Although the company uses direct marketing tools like e-mails, it does not use direct mail, telemarketing and leaflets. As was already mentioned the e-mails are not sent regularly. Moreover, no specific strategy or customers database is used and therefore no analysis of results is made.

#### **7.6 Events and experiences**

Events such as wine tastings in the restaurant, wine shops or the renown Little Carpathian Wine Route are always generating profit. Above all, it is an excellent way to spread awareness about the company and their products. However, wine tastings happen only once or twice per month and bigger event as Little Carpathian Wine Route is only once a year.

During these events is no additional program created and the structure is not changing. This result in lack of interest from existing customers but still draws the attention of new customers.

#### **7.7 Digital marketing**

Polák winery does not currently use many digital marketing tools or strategies. From social media were chosen only Facebook and Instagram. The main purpose of their Facebook page and Instagram profile is to create a community, keep the followers updated

about new offers and to spread the awareness about the brand. Facebook page and Instagram are sometimes used for advertising.

Website of the company is providing sufficient information about the company and it has a responsive design. Although the website is good, there is no Search Engine Optimization used and therefore it is hard to find on the internet.

## 8 MARKETING ANALYSES OF POLAK WINERY

### 8.1 STP

#### 8.1.1 Segmentation

As mentioned before, the main aim of segmentation is to identify target customers, their needs and to segment a market. According to these criteria, the winery will be analyzed.

3 main segments were identified:

- distributors
- retailers (wine shops, shops, restaurants, hotels)
- consumers

The company was always targeting B2B market. The first segment is, therefore, distributors whose role is to sell products to retailers like wine shops, restaurant, and hotels. They are offered large discounts as high as 25%. It is important for a winery to have some profitable distributors, so they can have always some stability. Unfortunately, this segment almost does not exist as the winery has only two distributors which are not currently enough profitable for the company.

Retailers have the choice to buy wine either directly from Polák winery or from distributors. Hotels and restaurants are commonly supplied by distributors. A direct way to these two retailers is very complicated and unusual in this field. On the other hand, retailers like wine shops and other brick-and-mortar shops buy products directly from the winery.

Many consumers used to buy wine directly from the winery when there was a storage in Pezinok which lies near Bratislava. Current development changed this, and direct sells are maintained only with long-term customers or during wine tastings.

Consumers can be further segmented by gender, age, income, occupation, geography and so on. As this segmentation would be only efficient while using direct emails, it will be mentioned only briefly. Both men and women buy wine, it is important to differentiate wine varieties they prefer, for example, women prefer rose wine or sweet wine. The key factor is also the age of customer as people aged 18-26 are still mostly students who will not buy expensive wine.

Advised differentiation would be into two segments. People aged 26-37 who are skilled in an online environment, so the online campaigns could reach them better and then 38-50 who prefer offline communication like ads in magazines, offers sent by post, etc. As the wine has the higher quality it is also more expensive than usual wine from the supermarket so people with higher income and better-paid occupations like managers, who want quality product are more likely to buy this wine more often. For these reasons, are bigger cities appropriate choice for segmentation, especially capital city Bratislava.

### 8.1.2 Targeting

In the previous part was market segmented. For each segment must be used distinctive communication strategies as all of them are different. These segments have considerable size and successful winery should target most if not all of them even though they have their ups and downs.

Distributors bring stability to the company as they generate regular sales. Thanks to their network of retailers they can generate extensive sales. However, it is hard to find good distributors with many retailers in their distribution network and to close a profitable deal for both sides. Moreover, the biggest distributors with their network of retailers are not open for new wineries as there are many producers with wines of similar quality. Although the biggest advantage of having some distributor is that they have already established retailer networks and can quickly increase sales.

Retailers, on the other hand, generate lower sales but have some regular customers, mostly consumers. It also needs to be mentioned, that wine shops offer many wines and there is no promotion in the store. Customers must come to the wine shop with the resolution to buy wine from the special winery. Otherwise, customers are not very likely to choose some unknown wine. Nonetheless, the winery should have some retailers like wine shops in their network so loyal customers have the possibility to buy wine from this winery near a place where they live.

Targeting customers directly is a challenging task. The main target area is Bratislava and there is no place to sell this wine other than wine shops or some wine tastings. Although, there is a possibility to build an e-shop or connect with existing one, which would provide an option to sell their wine to more customers.

### 8.1.3 Positioning

The company tries to position itself among renown wineries with quality wine. The disadvantage of this positioning is that the market becomes highly competitive. Furthermore, Polák winery cannot be direct competition for these wineries as their product range is wider and they sell wines ranging from different qualities and prices.

All in all, when quality and the higher price is concerned it can compete with renown wineries, but Polák winery does not have strong positions in the market and the brand is relatively unknown to general public.

## 8.2 Competition analysis

In this part is main competitions analyzed. Companies introduced below are the main competition of Polák winery. Each company is described and their prices for products (wine in 0,75l bottles) are stated. Moreover, their marketing communication is analyzed.

### 8.2.1 Mrva & Stanko winery

This winery was established in 1997 and it is one of the oldest and well-known wineries in Slovakia. Their wine is of the highest quality and in their production can be found only quality wines with the attribute. The range of offered products is also extensive with some premium boxes and packaging available. Their prices for quality wine with attribute range from 7€-12€ or the top offer is for 16€-20€ for white wine and 8€-12€ and even some for 20€-25€ for red wine.

They have many partners and distribution channels. Their commercials can be found on TV, magazines and they also sponsor several events. Mrva & Stanko winery has also fan sites on most popular social media networks as Facebook, Instagram, Twitter and YouTube. This company was added to benchmarking as a notable example of a successful business model (Mrva & Stanko winery n.d.).

### 8.2.2 Matyšák

Matyšák winery was established in 1991 which makes it even older than the previous winery. During those years they gained many loyal customers not only because of their quality wine but also because of their exceptional services. Moreover, they have own hotel, gastro service and e-shop. Their prices for quality wine with attribute range from 9€-12€ for white wine and 7,50€-10€ for red wine.

Although the company has a long history, they are innovative and quickly adapt latest trends to their advantage. This and many more make it one of the best wineries in Slovakia and it had to be mentioned in benchmarking (Vino Matyšák 2016).

### **8.2.3 Karpatská perla**

Similar to Matyšák winery, Karpatská perla was founded in 1991. This company is always on the top list with above-mentioned companies. Quality wine, professional services, gastronomy, well-known events and great promotion are only a few keystones of this winery. Their prices for quality wine with attribute range from 9,5€-11€ for white wine and 7€-13€ for red wine (Karpatská perla 2018).

### **8.2.4 Mavín- Martin Pomfy**

Mavín winery is younger than the previous ones. Founded in 2001 it quickly developed into well-known winery mostly because of their quality wines with the attribute. Although they do not have so many awards, they participated only in the biggest ones to gain recognition. Currently, they produce around 250 000l of wine per year which makes them closer competition for Polák winery, considering quality and production. Their prices for quality wine with attribute range from 7€-16€ for white wine and 9€-24€ for red wine (Mavín n.d.).

### **8.2.5 Vins winery**

This winery is the closest competition when quality, production and existence in the market is considered. Vins winery was founded in 2007, so one year after Polák winery and has almost identical production capacity and quality. However, Vins winery has a wider range of products and more expensive wines. Their prices for quality wine with attribute range from 6€-11€ for white wine and 9€-12€ for red wine (Vins winery, 2018).

## **8.3 Benchmarking**

These competitors were chosen by the company itself. As was already mentioned, Mavín- Martin Pomfy and Vins winery are close competitors, and Mrva & Stanko, Karpatská perla and Matyšák are renown and bestselling wineries in Slovakia.

	Polák winery	Martin Pomfy-Mavín	Vins winery	Mrva & Stanko winery	Karpatská perla	Matyšák
<b>Website- overall user experience</b>	8	8	9	8	10	10
Responsive design	9	9	9	9	9	10
Product information	9	8	8	10	10	10
Blog/news	0	6	6	8	9	9
Newsletter sign-up	10	0	0	0	10	0
<b>Social networks</b>	/	/	/	/	/	/
Facebook	5	8	7	10	9	10
Instagram	7	0	7	9	8	10
YouTube	0	0	0	10	4	0
<b>Product</b>	/	/	/	/	/	/
Number of products in price range 5-9€	9	9	9	10	10	10
Number of products in price range 10-15€	5	10	10	10	10	10
Range of products	7	10	9	10	10	10
Additional services	0	0	0	10	10	10
Gift boxes	0	0	0	10	10	10
<b>Awards</b>	9	8	8	10	10	10
<b>Advertising</b>	5	7	6	8	9	10
<b>Participation in events</b>	6	8	8	10	10	10
<b>Organizing events</b>	0	0	0	10	10	10
<b>Sponsoring</b>	5	7	7	10	9	10
<b>E-shop</b>	0	0	0	0	0	10
<b>TOTAL</b>	94	98	103	162	167	169

Table 1 Benchmarking

Source: Own elaboration



As was mentioned in competition analysis, these companies are fierce competition to each other and to the rest of the market. That is why there are no big differences. Of course, last 3 companies have a higher overall score as they are leading the wine market. They are part of benchmarking to offer innovative ideas on what to improve.

First, two companies are examples of closer competition. When websites were compared the situation was almost the same as they all were responsive in mobile phone and tablet and same information was offered about a products. Although Polák winery is missing blog or news section, they offer the possibility to sign-up for a newsletter.

Social networks were rated according to their use and success. As can be seen in benchmarking table, Facebook and Instagram are the best options to use. All of these companies except Polák winery has a wider range of products and more products in the more expensive category 10€-15€. From the leading companies in the market can be observed that they also offer additional services like different packaging and their own restaurant or wine shop. Various gift boxes are also offered by these leading companies.

Polák winery falls behind in advertising, participation in events, an organization of their own events or wine tastings and in sponsoring of other events.

## **8.4 PESTLE**

### **8.4.1 The Political Environment**

Politics indirectly influence the winemaking industry by new laws and regulations. These will be further mentioned in following part. However, politic situation, the formation of new unions and international cooperation's can affect the company in many ways. For example, while being in European Union, companies can be granted some money from European funds but also are suspect to new regulations. On the other hand, the considerable impact has a free trade in EU as foreign wineries can now more easily import their wine and that creates higher competitions in Slovak wine market.

### **8.4.2 The Economic Environment**

Value-added tax (VAT) for wine is 20% in Slovakia. The tax rate on wine is determined per hectoliter and for still wine, it is 0€. Therefore, there is no other tax except VAT. Income and inflation affect company's price offer in long-term development. It is important to mention that as the company offers more expensive quality wine, the increase in income and GDP can encourage more people to buy this kind of product more.

As the company itself does not import or export, there is no need to mention exchange rates or additional taxes. Although, import of new products to the market, especially foreign wine, can influence the company and even lower their profits.

#### **8.4.3 The Socio-Cultural Environment**

Socio-cultural elements are significant to winemaking company. Knowing customers demographics, their needs, lifestyle and values is the key to marketing communication. Polák winery is currently targeted on males in their 30s-40s with higher income.

Furthermore, the socio-cultural environment is especially important in connection with the nature of the product, as wine can be perceived as cultural phenomena. Wine is being associated with many events like wine tastings, wine routes, openings in art galleries, etc.

#### **8.4.4 The Technological Environment**

The company makes wine with adequate technology. As the process of making wine is complex and it takes time and careful observation, the newest technology is needed to meet the high-quality goals. At the beginning of the production was a large sum of money invested in the latest technology, which is still effective today.

#### **8.4.5 The Legal Environment**

Legislations and regulations are also applied in winemaking industry. Wine is considered as an alcoholic beverage and its production, packaging and distribution are subjects to winemaking and wine growing law. This law covers all aspects of winemaking and wine growing.

Some other laws are applied to the wineries too, for example regarding selling products or working with customers data. Recent GDPR is making new and more strict rules when it comes to manipulation with customer data.

#### **8.4.6 The Environmental factors**

Polák winery also needs to think about its ecological marks. As they are creating trash by selling wine in glass bottles, using aluminum caps, cardboard boxes, etc. They are obliged to send exact numbers about their production to the company Natur-pack and pay given amount for their production.

## 8.5 SWOT

In this analysis are mentioned most important internal factors as strengths and weaknesses and external factors like opportunities and threats. SWOT analysis was created after benchmarking and competition analysis to get the most accurate results.

### 8.5.1 Strengths

- Quality product- strong focus on dry white and red wines
- Multiple awards from Slovak and International wine competitions
- Good reputation in the industry – known for quality wines with attribute
- Appropriate technology for quality wine
- Experienced staff

### 8.5.2 Weaknesses

- Weak corporate identity – history of renaming
- No marketing communication plan or strategy
- Not enough distribution channels- low sells
- Limited financial resources- for creating a product, marketing, difficulty raising financial capital
- Unclear unique selling proposition
- The narrow range of products – unstable production, no differentiation in products
- No representation premises or wine cellar
- Small staff

### 8.5.3 Opportunities

- Unification of corporate identity
- Differentiation from competition
- Increase in wine consumption
- Wine as cultural phenomena- organizing or attending cultural events
- New distribution channels
- New markets in different part of Slovakia, different countries
- EU funds- projects helping to support sales
- New investors

#### 8.5.4 Threats

- High competition from Slovak wineries
- High import of foreign wines
- Soaring prices of grapes
- Stricter legislation regarding winemaking and packaging
- Change in customers' preferences
- Increase in fixed cost
- New taxes on wine as an alcoholic beverage

## 9 SURVEY RESEARCH

The main aim of this survey research was to identify, what communication and selling strategies should be used by Polák winery in order to increase sales and brand awareness. For these reasons is the survey collecting information about target audience, their buying decisions, desirable forms of communication and improvements ideas. This survey also verifies whether the company uses right strategies now.

The survey was distributed only online in Facebook page of Polák winery. To encourage more people to fill in the form, survey was accompanied by a competition and the post was promoted. Target audience for promotion were people in Bratislava and Trnava region. The survey was also shared in Czech Facebook pages with the aim to explore this new market. Total number of respondents was 121.

### 9.1 Questions from the survey

#### 1.-3. Demography and geography questions

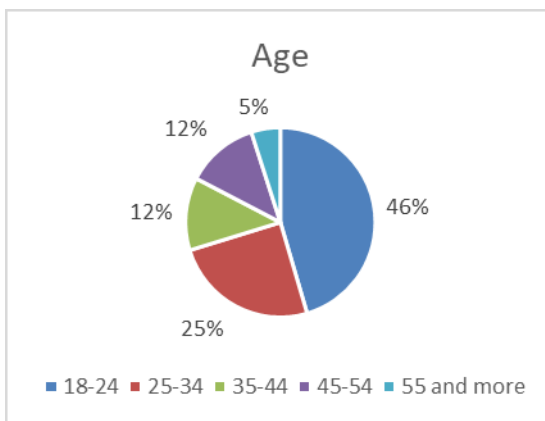


Figure 1 Age

Source: Own elaboration

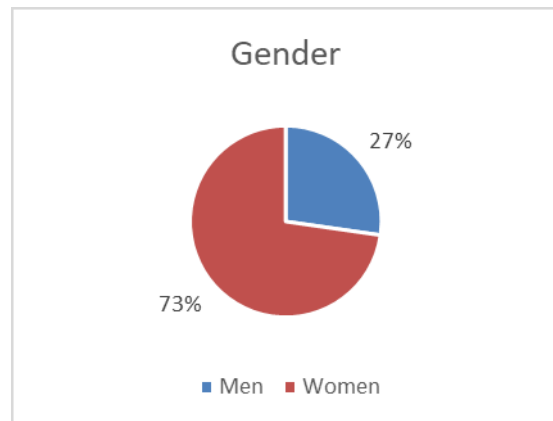


Figure 2 Gender

Source: Own elaboration

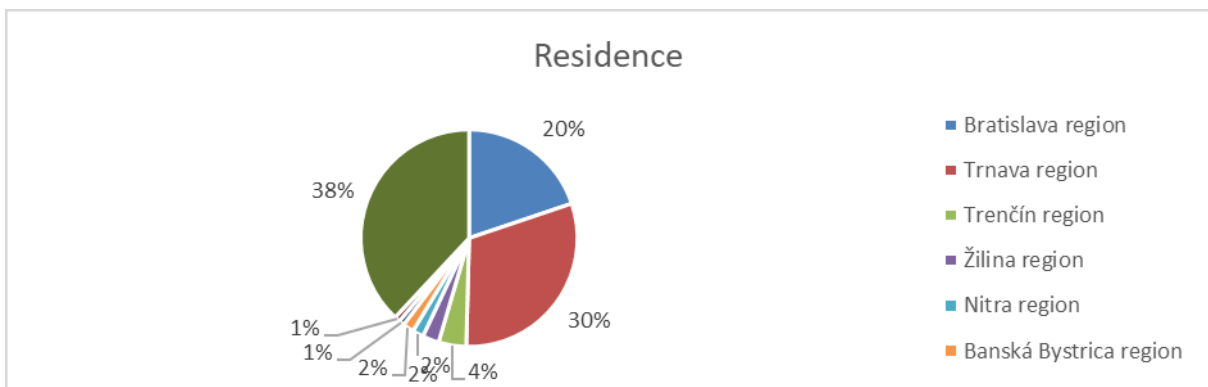


Figure 3 Residence

Source: Own elaboration

First three questions identify demographic and geographic data of respondents. As can be seen from graphs above, majority of the respondents were women. Almost three quarters of respondents were between age 18-34 and most common place of residence was Czech Republic and from Slovakia it was Trnava and Bratislava region. These demographics were achieved by the distribution as the survey was shared only online. Considering that young people and women are usually more online, it is only logical that they are the majority of the respondents (Figures 1-3).

**4. How often do you buy wine?**

Fourth question was about purchase frequency. According to the collected data in Figure 5, most people buy 1 to 5 bottles of wine per one month. Moreover, as much as one half of respondents buys only one or two wine bottles per month. It is also interesting that 13% of respondents which is 16 people do not buy wine at all.

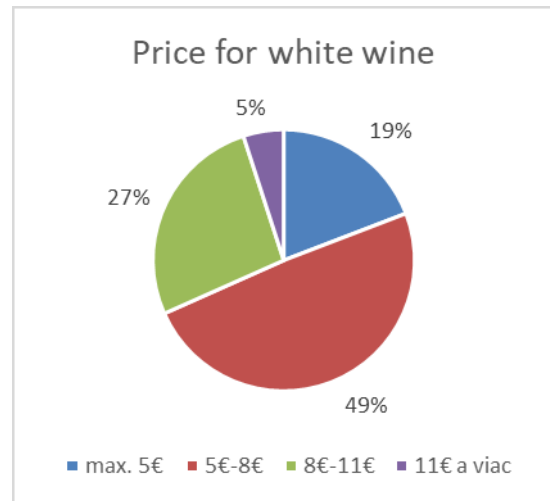
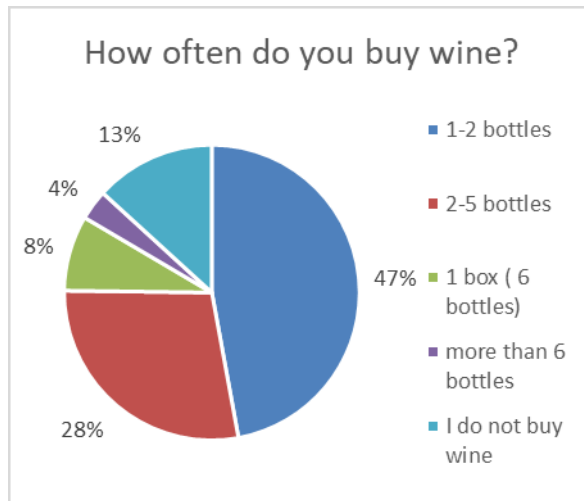


Figure 4 How often do you buy wine?

Source: Own elaboration

Figure 5 Price for white wine

Source: Own elaboration

**5. How much are you willing to pay for one bottle (0,75l) of quality Slovak white wine with an attribute?**

Fifth question is providing information about respondents' willingness to pay for quality Slovak white wine. From the graph in Figure 4 can be seen, that half of the respondents is willing to pay 5€-8€ for quality white wine. However, 27% of respondents would be willing to pay 8€-11€.

Polák winery offer white wine from 7,50€ to 9€ which means that majority of respondents would be willing to pay this amount for quality Slovak wine.

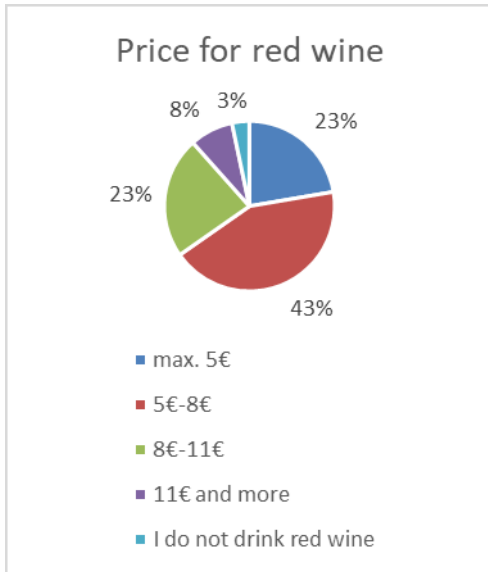


Figure 6 Price for red wine

Source: Own elaboration

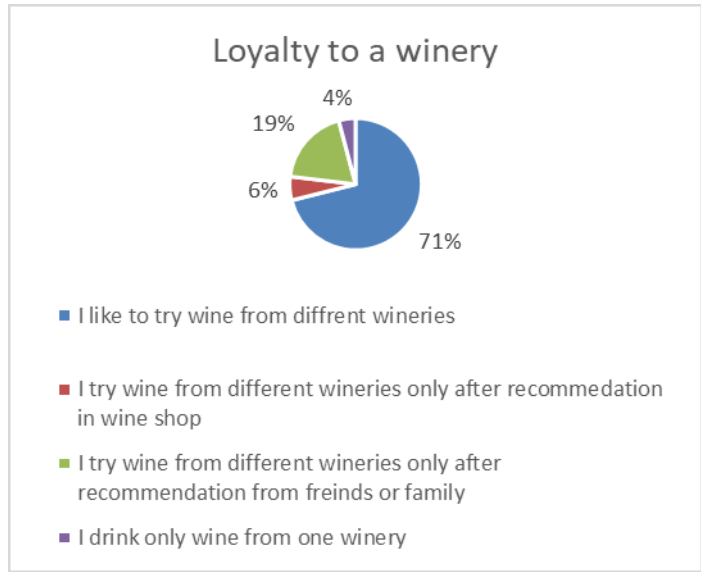


Figure 7 Loyalty to a winery

Source: Own elaboration

**6. How much are you willing to pay for one bottle (0,75l) of quality Slovak red wine with attribute?**

Question number six is similar to the previous one, but this question is focused on how much are people willing to pay for one bottle of red wine. From the graph in Figure 6 it is obvious, that respondents are willing to pay less for red wine than for white wine. This is interesting fact considering that red wine is usually more expensive.

**7. Do you try new wine from different wineries or are you loyal only to one winery?**

The seventh question examines respondents loyalty to a winery. It can be easily concluded from Figure 7 that there is not much loyalty to any winery among respondents. Recommendations in wine shop or from family and friends would influence only 25% of respondents.

This can be a wonderful opportunity for improvement to encourage customers loyalty to a winery. It seems, that people expect more than wine to stay loyal to a winery.

**8. Where do you usually buy wine?**

Question number eight offers information about place, where respondents usually buy wine. 44% buys wine from wine shops, 27% buys from supermarkets and 19% directly from a winery (Figure 9).

Remaining 10% makes their own wine or buys wine in markets or e-shops. This statistic can illustrate preferred ways of buying products. The main are wine shops, supermarket and direct selling.

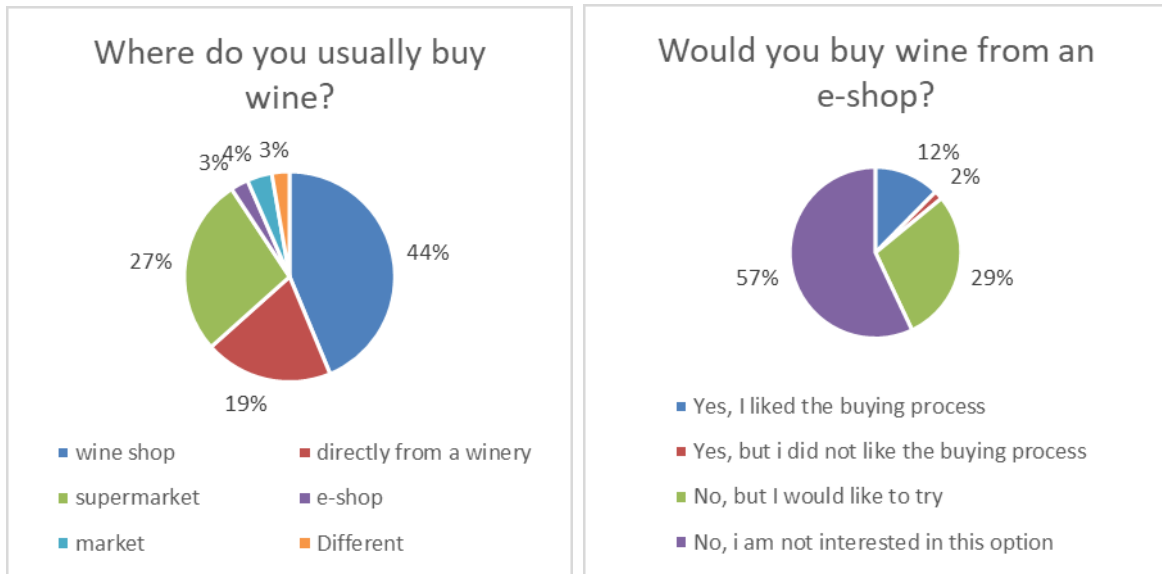


Figure 9 Where do you usually buy wine? Figure 8 Would you buy wine form an e-shop?

Source: Own elaboration

Source: Own elaboration

**9. Would you buy wine from an e-shop?**

Purpose of question number nine was to identify whether respondents would be interested in buying wine online. Although majority of respondents is not interested in buying wine online, 29% of respondent would be willing to try it. However, as the Figure 8 shows, only 14% of respondent have some experience with buying wine through an e-shop.

**10. What do you prefer to eat or snack with white wine?**

This was an open question to study preference of foods and snacks which can be combined with wine. Cheese was the most used response- it appeared in 92% of responses. In addition, multiple kinds of cheese were mentioned, usually it was hard cheese. Other words according to their appearance in the survey were nuts, olives, chips and grapes. Eating no snacks with wine was chosen only 5 times. In conclusion, majority of people like some snack with wine.

**11. What do you prefer to eat or snack with red wine?**

Similarly, this question identifies, if the preferences of food and snack which can be served with red wine change from previous question. As the results show, cheese was again most used option paired with red wine. However, other options were more connected with food and dinner than with snacks. From food was mentioned steak and various kinds of meat prepared in several ways. Some snacks were also mentioned like nuts, chocolate, cheese or dried sausage. It was also found that more people prefer only red wine.



**12. If winery would offer some packages, which one would you choose?**

The twelfth question further discusses which food and snack could be paired with wine. Especially, which wine packages would be desired by the respondents. It can be

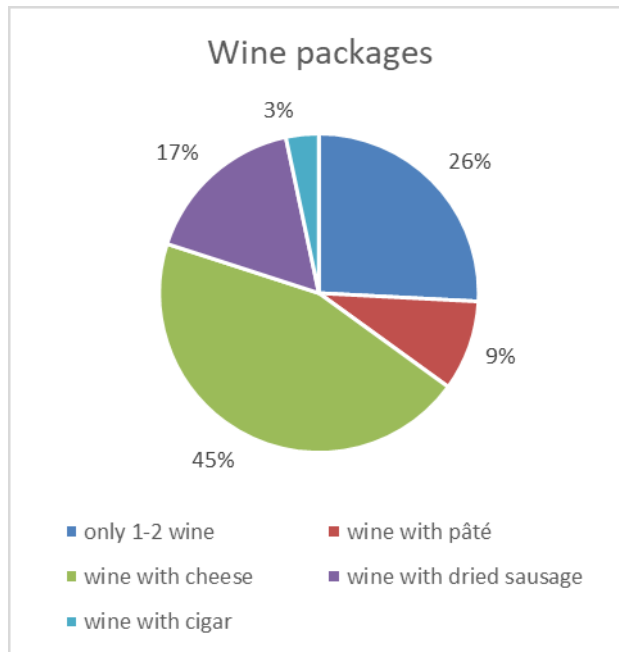


Figure 11 Wine packages

Source: Own elaboration

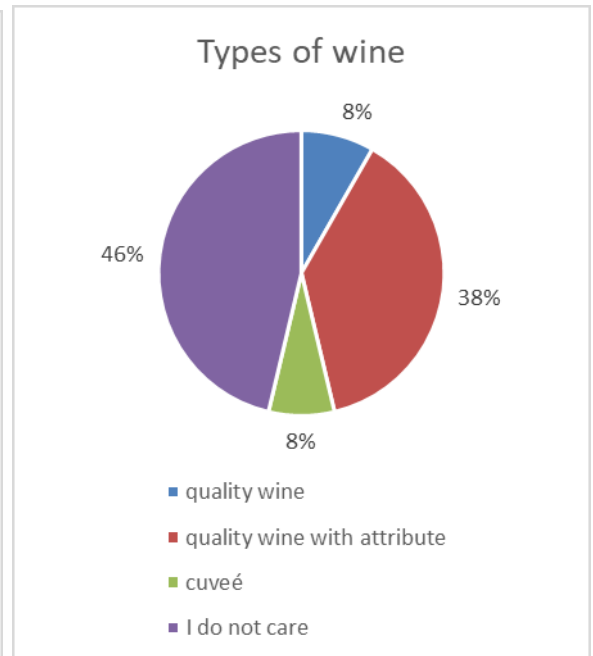


Figure 10 Types of wine

Source: Own elaboration

observed from the Figure 10, that most people would choose some package with snack rather than only few bottles of wine. From snacks were advised cheese, pâté and dried sausage, from which cheese was the most popular choice, gaining 45% of votes.

**13. Which type of wine do you prefer?**

This question examines the knowledge about wine classification in Slovakia. In Figure 11 can be seen two extremes. 46% of respondents do not care about the classification of wine. On the contrary, 38% of respondent would prefer quality wine with attribute.

**14. How important are these factors for you, while buying wine?**

The fourteenth question informs about importance and influence of some chosen factors on buying decisions. From the first look it can be concluded, that there are no outstanding differences, and everything plays its separate role. However, most influential is quality and price, which makes together 37%. These factors are followed by recommendations from a friend or family (13%), number of awards (12%) and by brand awareness (12%). On the other hand, visual appearance is the least influential factor (Figure 12).

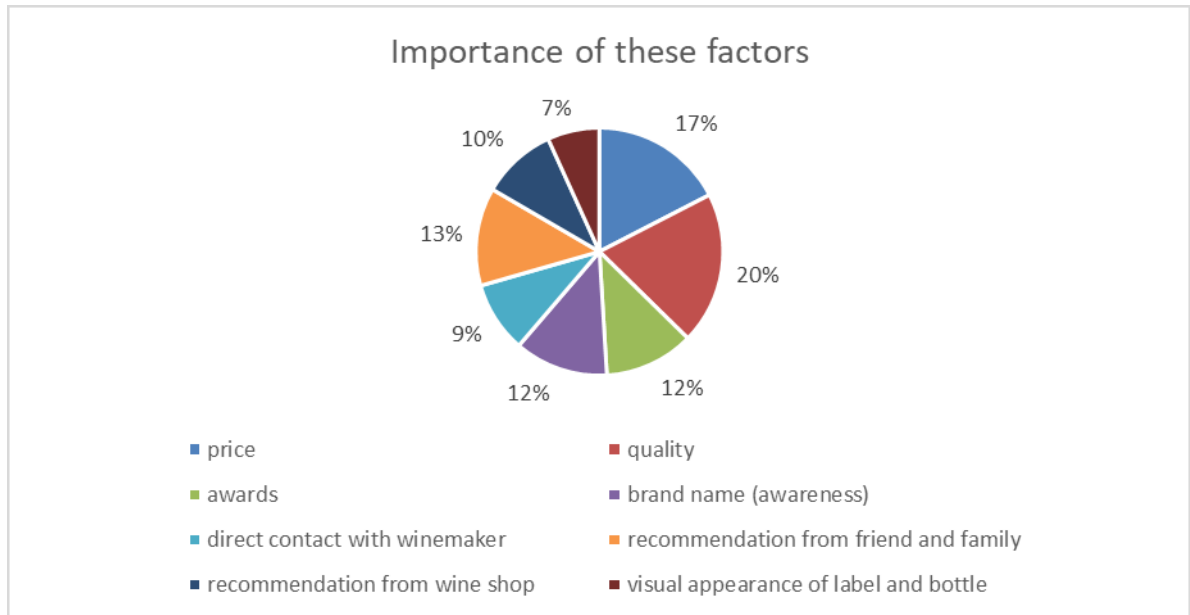
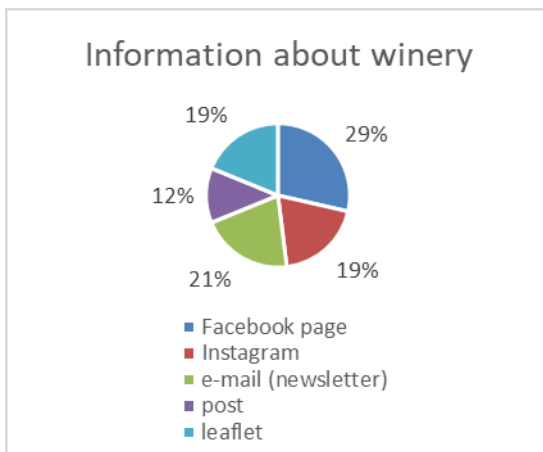


Figure 12 Importance of these factors

Source: Own elaboration

**15. How would you like to be informed about news and special offers from a winery?**



Facebook page (29%) and email newsletter (21%) were two most popular ways of staying informed about news from winery. Although, there was not a substantial difference between other two options like Instagram (19%) and leaflet (19%).

Surprisingly, 12% of asked would like to receive information by post (Figure 13).

Figure 13 Information about winery

Source: Own elaboration

**16. What news or post would interest you on Facebook page of winery?**

The sixteenth question was an addition to the previous question. It further specifies the type of information which would interest the respondents. One quarter of these respondents stated that they do not know or simply do not care. Other suggestions were mostly about sharing information about new wine, awards, events, special offers and wine making process.

**17. Where would be a commercial for a winery most influential for you?**

Question number seventeen analyzed the best promotional channels for a winery. When online and offline promotional channels are considered, there is almost equal situation. From online promotion is leading Facebook (35%) and Instagram (11%). On the other hand, in offline promotion would be most influential leaflet in restaurant or wine shop which was chosen by 31% of the respondents (Figure 15).

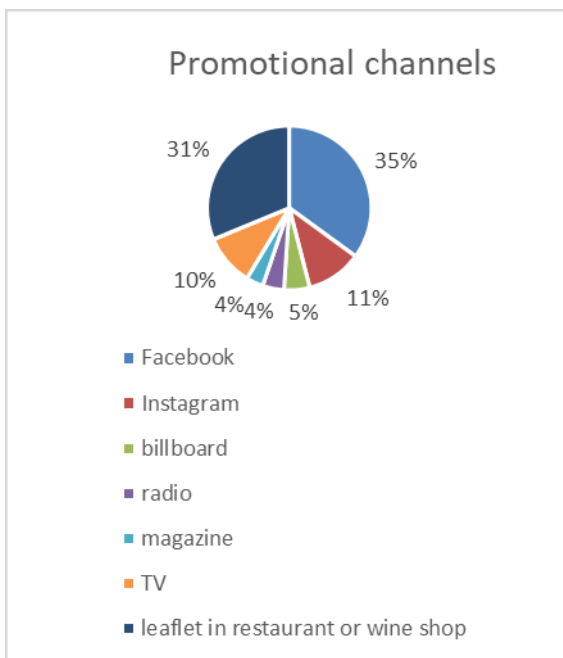


Figure 15 Promotional channels

Source: Own elaboration

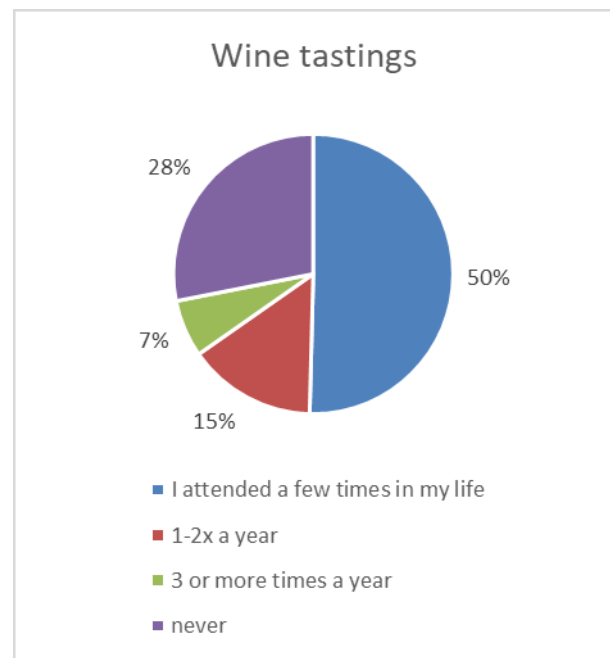


Figure 14 Wine tastings

Source: Own elaboration

**18. Have you ever attended wine tasting?**

The eighteenth question tracks how many people attended some winetasting. From the collected information can be inferred that half of the people attended few wine tastings (50%) or did not attend any at all (28%). Regularly in one year are wine tastings visited only by 22% of people (Figure 14).

**19. What was the main reason for low or no attendance at wine tastings?**

The nineteenth question was further elaborating the previous question. In fact, most people answered that they either did not have time for such an event or did not even know about such event near their location.

**20. How much are you willing to pay for wine tasting (8 samples of wine, each 0,5dl)?**

As can be seen from a graph in Figure 17, first three options have almost the same percentage of answers. Nevertheless, maximum price of 10€ is the most often selected answer which was chosen by 34% of the respondents.

**21. What place do you consider the best for wine tasting, if winery doesn't own any representative premises?**

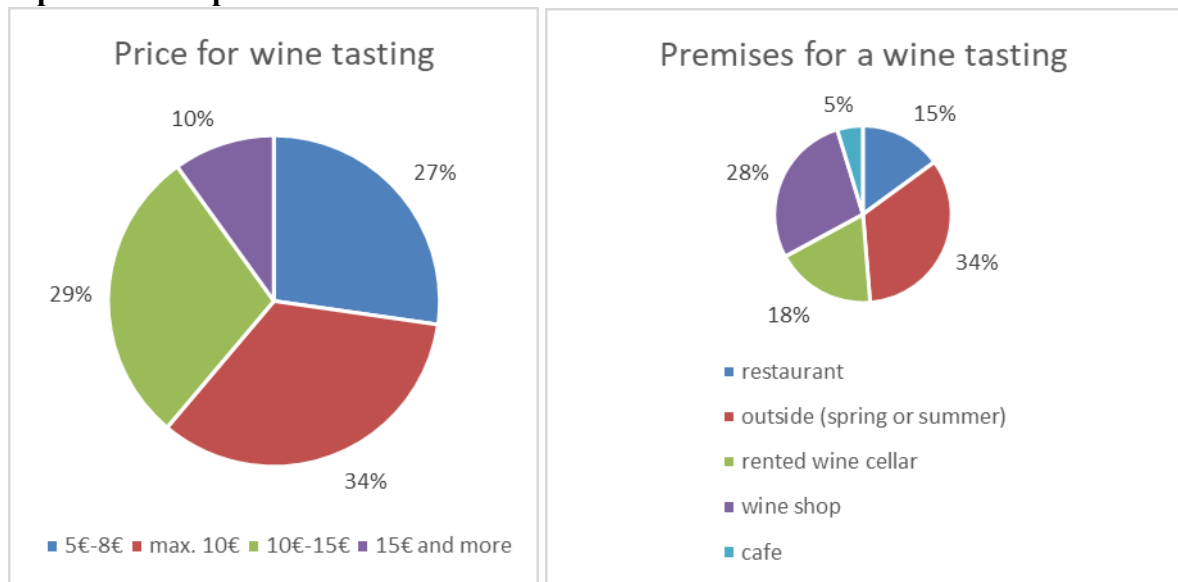


Figure 17 Price for wine tasting

Source: Own elaboration

Figure 16 Premises for a wine tasting

Source: Own elaboration

Polák winery does not own any representative premises and this question was supposed to find the best solution where a wine tasting can be held.

34% of the respondents would prefer wine tasting outside in summer or spring. For the rest of a year could winery try winetasting in wine shop (28%), rented wine cellar (18%) or a restaurant (15%) (Figure 16).

**22. What did you like about wine tasting or what do you find necessary for a good wine tasting?**

Responses for likes and the necessary things are in fact the same. Professional who will present good wine, introduce every wine and tell information about grape variety or production process was essential topic in this question. All these criteria should be met by the presenter to satisfy customers. Although, place and atmosphere were important too. It should be neat place with calm music and preferably there should be some snacks.

**23. Did you ever hear about Polák winery?**

Aim of the twenty-third question was to find out how many people ever heard about Polák winery. The company exist only first year under its new name so half of the respondents did not heard about this winery and additional 21% are not sure. On the contrary, 25% of respondents knew the winery (Figure 19).

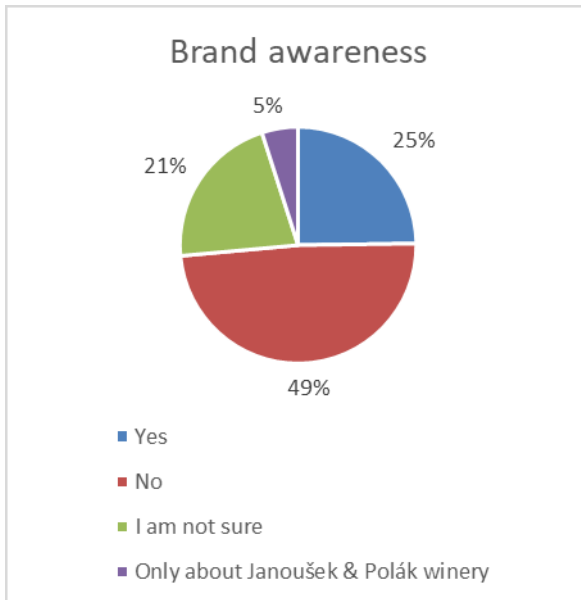


Figure 19 Brand awareness

Source: Own elaboration

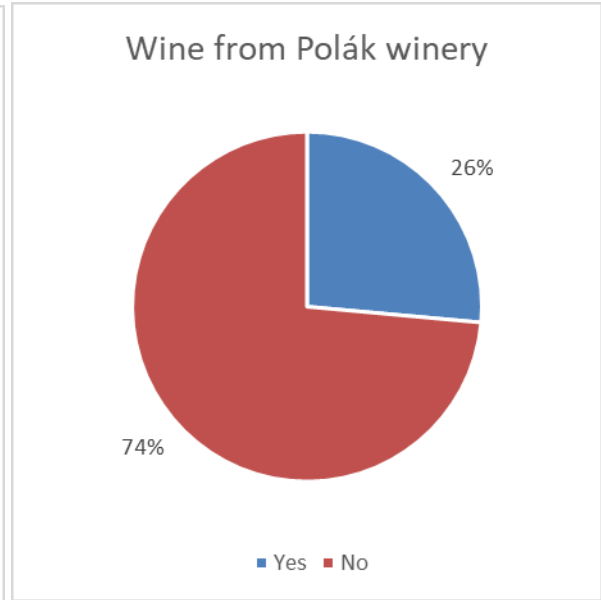


Figure 18 Wine form Polák winery

Source: Own elaboration

**24. Did you ever drink any wine from Polák winery?**

The graph in Figure 18 further illustrates that the brand awareness about company Polák winery is significantly low. Only 26% of the respondents ever tried wine from this winery (Figure18).

**25. Please rate the visual side of Polák winery labels.**

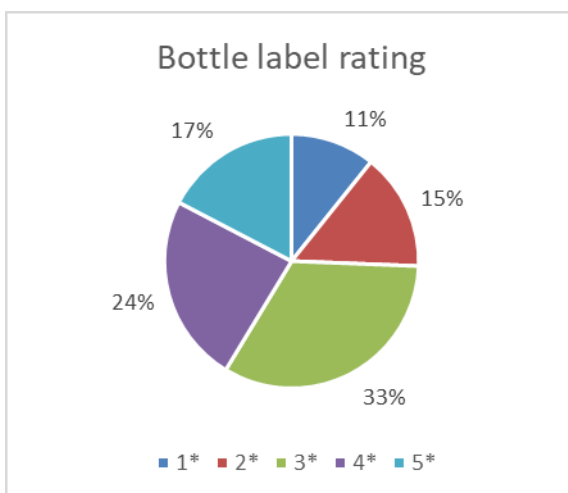


Figure 21 Bottle label rating

Source: Own elaboration

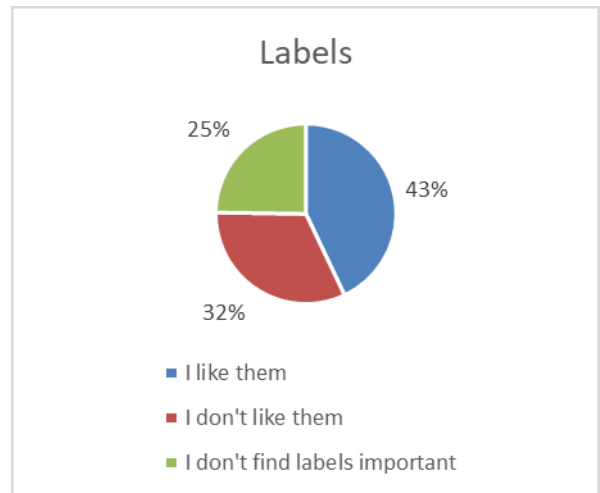


Figure 20 Labels

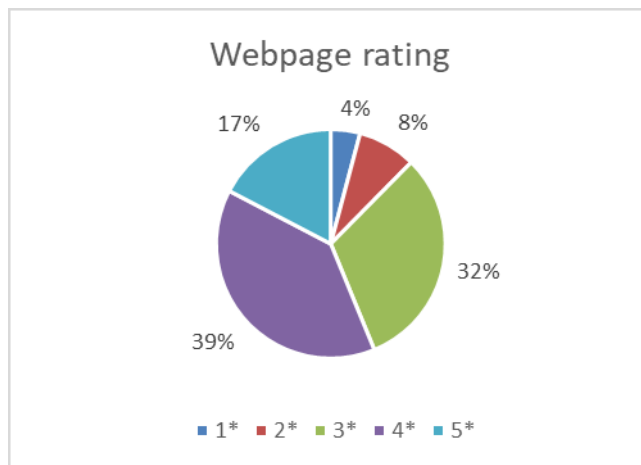
Source: Own elaboration

In twenty-fifth question were respondents asked to evaluate label on Polák winery's bottle labels. Positive rating is leading in this statistic (Figure 20). Most respondents chose three stars (33%), then were four stars (24%), five stars (17%), two stars (15%) and one star (11%).

## 26. What do you think about these labels?

The twenty-sixth question was discussing what respondents think about Polák winery's bottle labels. Majority of respondents like the current label (43%), 32% of the respondents does not like the labels because they are too old or just not interesting and the rest of the respondents do not find label important (Figure 21).

## 27. Please rate the Polák winery webpage.



The last question examined respondents' opinion about company's website. 32% of the respondents chose three stars, 39% of respondent chose four stars and five stars were selected by 17% of respondents. All in all, most respondents liked the webpage (Figure 22).

Figure 22 Webpage rating

Source: Own elaboration

## 9.2 Survey Summary

For distribution of this survey was used Facebook and respondents were mostly women and younger audiences in their 18-34 years. The respondents would be willing to pay the current price for wine from Polák winery. It can be concluded that pricing strategy used for products is satisfactory for the respondents. However, with better targeting of customers could be a little higher.

It was found that loyalty in the wine market is low, therefore loyalty program could help to keep customers loyal. To reach this goal could be distributed leaflets as they were chosen as the best-printed media form of advertising. Advertising should also be improved when it comes to wine tasting, to let more people know about them. By effective advertising or some sales promotion, in the form of wine and cheese package deals, could be increased sales.

## 10 RECOMMENDATIONS

Currently is Polák winery struggling with their sales and their distribution network is inadequate. Moreover, they are facing multiple difficulties when it comes to marketing communication. Here will be stated exact points which could help the winery to improve their situation and information about estimated financial and human resources will be provided. Although, most marketing communications can be done with low costs, but they require a good plan and strategy. Therefore, suggested recommendations are not expensive but rather time demanding. These recommendations were based on previous analysis and survey research.

### 10.1 Hiring a sales representative

First of all, it would be advised to hire a sales representative. Someone who would build and maintain distribution network. Nowadays, sales are not adequate to their productions and every year some wine remains unsold. A wide network of distributors, wine shops, hotels or restaurants will create a steady income and then more effort can be made to target customers individually. The average salary for a sales representative in Slovakia is around 1600€. However, company's cash-flow is not high enough to support another full-time employee. Consequently, the company could offer starting salary of 800€ which would be paid monthly, together with some percentage of every closed deal. This way the employee would be motivated to work more, and the company would start selling wine. However, not every sales representative will be interested in this kind of salary and the company will need to invest more money into hiring a sales representative.

### 10.2 Defining USP and marketing strategy

Until now, Polák winery did not use any special strategy for their Marketing Communication. They not only have unclear vision and mission but also unique selling proposition is not defined. As a result, an unclear message is being forwarded to the customers who fail to see the added value of their products.

Unique selling proposition for this winery can be their production process as their wines are a little sparkling which makes the specific. USP can be also premium customer care or loyalty programs mentioned below. It is up to the company to choose one thing and adjust their future activities accordingly. First of all, a realistic vision and mission have to be stated, according to which exact goals should be established and then USP needs to be

communicated to the customers. This is a work only for the founder and manager and does not require any finances to create this strategic plan, but it is time demanding. Incorrectly defined USP can be a threat and therefore should be carefully chosen or discussed with some professional, who can offer valuable business advice.

### **10.3 Updating customers regularly**

Even when there is a newsletter sign-up option on company's website, no newsletters are being sent. The newsletter would allow Polák winery to send their customers newest offers discounts or some additional information from the winery.

These results can be also achieved by having a blog or news section on their website. However, social media can be used effectively too. Competition of the winery is much more active both on their websites and social media. All of these tools help to build community and spread the positive testimonials about the company.

Updating customers with current information do not have to be costly. In the beginning, newsletters can be sent from MailChimp for free. Social media and inserting news to the website is also free, only the amount of time needs to be considered as nobody from the company did it before. Either founder or the employee would need to learn how to work with these programs and then regularly create posts or emails. The more expensive option would be to use services of some marketing agency, in the case that nobody will have time for these activities.

### **10.4 Organizing Events**

Wine is considered as a cultural phenomenon. It is influenced by culture and closely connected with it. Many people socialize while drinking wine and many events are entirely aimed at wine consumption like wine tasting or wine routes. There is a toast with wine or champagne at the beginning of many events too. Therefore, events should be used as an ideal way to promote wine. Although, it is a way of direct selling many other communication forms should be used before and after an event. For example, every event should be locally promoted in the form of leaflets or Facebook add. After an event should be customers targeted by newsletter or in another way to stay in contact with the winery.

For organizing events is essential to have a database of people interested in them or willingness to invest in promotion. In this case, leaflets should be made and cost of advertising on social media can be chosen and adjusted by the company. Events could be



held in wine shops which offer a place for free but require different shares of tickets to the event.

### **10.5 Loyalty program**

A loyalty program can be seen as an added value of the company. While Slovak wine market is filled with numerous wines it is hard to differentiate winery from the competition only with a quality product. The more effective way would be to offer some kind of additional services. For example, new partnerships can be made with restaurant or hotels and mutual promotion can be established. This way, the customers could get some discount at the restaurant which would bring more people to that restaurant and customers would feel awarded for their loyalty.

Moreover, the company could send some wine regularly directly to their customers. In a way, wine subscription service could be offered. To achieve this, deals with logistics providers need to be made and to make a suitable packaging for transporting one wine bottle. In additions, customers would need to be further segmented according to their purchases or they would need to pay an additional fee for this service. Cost for one bottle box with the printed logo is no more than 1€ and shipping would be another 2€.

### **10.6 Wine sets**

According to the survey, many customers would appreciate the option to choose a wine set. Wine set should be composed of one or two wines and some snack. Most popular snack with white and red wine was cheese. Others like chips, olives, nuts or dried sausage could also be as an alternative.

In the beginning, it would take some time to close deals with suppliers of these products, but they can be ordered locally to decrease shipping cost. This would make storing easier. However, new packing would need to be made which would cost around 1,20€ for a paper box with one wine and 2-3€ for shipping.

### **10.7 Leaflets**

As an effective way of promotion was suggested in the survey to create leaflets. These leaflets should be in wine shops, restaurants or given to customers during wine tastings. They could contain information about the winery and their products.

Price for 1000 A6 leaflets is around 35€ and professional graphic design is another 20€-30€.

## CONCLUSION

In this bachelor's thesis was analyzed marketing and marketing communication mix of company POLÁK WINERY, s.r.o. In the first part was marketing theory elaborated together with marketing analyses which provided necessary knowledge for the analytical part.

Polák winery is currently struggling with their sales. Although they offer quality products their distribution and marketing communication are not satisfactory neither for the company or their customers. As the company has currently only two full-time employees, marketing and sales are not progressing enough, and communication tools are not used effectively. These conditions were contemplated, together with the results from analyses, in recommendations at the end of this work with the intention to decrease impacts of these weaknesses and to help the selected company to reach new audiences, keep existing customers and to increase sales.

Firstly, processes in the selected company were introduced in the marketing mix. According to the marketing communication mix analysis can be seen that the company was already performing some marketing activities. This information were obtained directly from the founder of the company Ing. Mário Polák. However, none of these activities were measured and evaluated in the end. Moreover, selection of communication tools was not following any strategy or marketing plan. Therefore, the results are unclear and questionable.

Three main customer segments were identified through STP analysis to form effective recommendations. Subsequently, the competition was specified and compared to the selected company. In benchmarking analysis, the company reached the lowest rate among its competitors. Major drawbacks were in advertising, social media communication and participation in events. PESTLE analysis provided basic information for opportunities and threats in SWOT analysis which further described even strengths and weaknesses of the selected company.

In addition to these analyses was conducted survey research to identify right communication and selling strategies. The survey was completed by 121 people online. The survey results were afterward reflected in recommendations. The recommendations suggested various changes which are advised for the company's success.

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**LIST OF ABBREVIATIONS**

Ad	an advertisement
ASQ	American Society for Quality
ATL	Above the line communication
BTL	Below the line communication
B2B	Business to business
D.S.C.	Districtus Slovakia Controllatus
etc.	“et cetera” = and so on
GDP	Gross domestic products
IMC	Integrated Marketing Communication
OT	An analysis of opportunities and threats
PESTLE	Political, Economical, Social, Technological, Legislative and Environmental analysis
PR	
STP	Public relations
SWOT	Segmentation, targeting, positioning
SW	An analysis of strengths, weaknesses, opportunities and threats
	An analysis of strengths and weaknesses
TTL	Through the line communication
USP	Unique selling proposition
VAT	Value-added tax
4P's	Product, place, price, promotion

**LIST OF FIGURES**

<i>Figure 1 Age</i> .....	44
<i>Figure 2 Gender</i> .....	44
<i>Figure 3 Residence</i> .....	44
<i>Figure 4 Price for white wine</i> .....	45
<i>Figure 5 How often do you buy wine?</i> .....	45
<i>Figure 7 Loyalty to a winery</i> .....	46
<i>Figure 6 Price for red wine</i> .....	46
<i>Figure 9 Where do you usually buy wine?</i> .....	47
<i>Figure 8 Would you buy wine form an e-shop?</i> .....	47
<i>Figure 10 Wine packages</i> .....	48
<i>Figure 11 Types of wine</i> .....	48
<i>Figure 12 Importance of these factors</i> .....	49
<i>Figure 13 Information about winery</i> .....	49
<i>Figure 14 Wine tastings</i> .....	50
<i>Figure 15 Promotional channels</i> .....	50
<i>Figure 16 Premises for a wine tasting</i> .....	51
<i>Figure 17 Price for wine tasting</i> .....	51
<i>Figure 18 Wine form Polák winery</i> .....	52
<i>Figure 19 Brand awareness</i> .....	52
<i>Figure 21 Bottle label rating</i> .....	52
<i>Figure 20 Labels</i> .....	52
<i>Figure 22 Webpage rating</i> .....	53

**LIST OF TABLES**

*Table 1 Benchmarking* ..... 39