

Marketing Strategy of the Company B&B Commercial Activity on B2B Market

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Definujte cíle práce a použité metody zpracování práce.

I. Teoretická část

- Zpracujte kritickou literární rešerši k marketingové strategii k B2B trhu.

II. Praktická část

- Analyzujte současnou marketingovou strategii společnosti B&B.
- Zpracujte návrh inovované marketingové strategie firmy B&B na trhu B2B a návrh doplňte vhodnou ekonomickou analýzou.

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ABSTRAKT

Cílem diplomové práce je zhodnotit současnou situaci, a tak navrhnout novou marketingovou strategii pro společnost B&B Commercial Activity, která je dodavatelem hutního materiálu po České republice. Teoretická část práce postupně představuje B2B sektor a jeho charakteristiky, které jsou nutností pro analýzu současného stavu firmy. Dále také popisuje rozdíly mezi B2C a B2B sektorem při vytváření marketingové strategie

Analytická část představuje vybranou firmu a hodnotí její silné a slabé stránky pomocí analytických nástrojů jako je SWOT analýza, Porterův model pěti sil, PEST analýza a benchmarking. Projektová část se opírá o předchozí analýzu a navrhuje vylepšení marketingové strategie na základě nedostatků současné strategie.

Klíčová slova: B2B, marketingová strategie, propagace, dodavatel hutního materiálu, marketing, business, konkurence, SWOT analýza, PEST analýza

ABSTRACT

The goal of the master thesis is to evaluate the current situation and create a new marketing strategy for the company B&B Commercial Activity, which provides services as a metallurgical material supplier. The theoretical part introduces B2B sector and its characteristics, which are necessary for the analysis of the current state of the company. Then the thesis describes the differences between B2B and B2C sector when creating a new marketing strategy.

The analytical part introduces the selected company and evaluates the strengths and weaknesses through analytical tools such as SWOT analysis, Porter's five forces PEST analysis and benchmarking. The project is based on the analytical part analysis and promotes improvements according to the shortcoming of the current marketing strategy.

Keywords: B2B, marketing strategy, promotion, metallurgical material supplier, marketing, business, competition, SWOT analysis, PEST analysis

I would like to express gratitude to my supervisor doc. Ing. Miloslava Chovancová, CSc. for her guidance and time and to B&B Commercial Activity for their willingness and cooperation when writing the whole thesis.

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

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INTRODUCTION

These days, marketing strategies are mainly connected with the B2C sector, according to their appealing to final customers, however, marketing is also important in the B2B sector, because without proper promotion and strategy, companies cannot attract desired and targeted customers. Moreover, based on the fact, that B2B companies have a smaller number of clients, their strategy should be prepared in more detail and focused on the already existing ones to maintain long-term cooperation

The main goal of this master thesis is to analyze the current strategy of the chosen company and then create a new one (or adjust the existing strategy), based on the analysis of the company. The chosen company is B&B Commercial Activity, which works as a metallurgical material supplier and provides products and services in the Czech Republic, that are connected to steel.

The thesis is divided into three parts – theoretical part, analytical part, and project. The goal of the theoretical part is to gather an appropriate amount of information, that will create a basis for the analytical part which will discuss the current situation of B&B Commercial Activity. The company will be analyzed by several analytical tools such as SWOT analysis, PEST analysis, Porter's Five Forces and benchmarking. The project will be focused on the actual shortcomings found in the current marketing strategy of the is B&B Commercial Activity and then on covering these issues and create new options that will improve the promotion of the company.

OBJECTIVES AND METHODOLOGY

The main goal of the master thesis is to analyze and prepare a project of a new marketing strategy for the company B&B Commercial Activity.

The secondary objectives are:

- Gather suitable literary works for the theoretical part about B2B marketing strategies
- Analyze current marketing strategy and situation of the chosen company according to the theoretical part
- Prepare the project for the chosen company
- Apply the project.

The theoretical part will be covered by literary works, that deals with marketing strategies and B2B strategies such as Marketing Management by Philip Kotler and Kevin Lane Keller, Business to Business Marketing by Wim G. Biemans, Business Marketing Management by Michael D. Hutt and Thomas W. Speh, etc. The analytical part will be analyzing B&B Commercial Activity and its current situation through analytical tools such as SWOT analysis, PEST analysis, Porter's five forces Analysis and Benchmarking. The analytical part also includes an in-depth interview with Josef Buják that was carried via email and then translated into English. The next step is creating the project based on the results from the analytical part, including three analysis – time analysis, cost analysis and risk analysis.

I. THEORY

1 B2B MARKETS IN GENERAL

Even though marketing strategy is usually closely associated with B2C companies their need in B2B markets is essential and without proper strategy and understanding, there could be no success in any company.

According to M.D. Hutt and T.W. Speh, Business markets can be described as products and services which are bought by another business. The biggest difference between B2B and B2C markets is that a single customer in B2B markets can be accounted for an enormous purchasing activity which is not usual in the case of the B2C market. The products or goods which are bought by businesses are often transformed into a different product or became a part of another one (Hutt and Speh, 2010, p. 4).

Wim G. Biemans claims that “The definition of B2B marketing emphasises the nature of business customers and the purpose for which B2B products are bought”. The customers are organizations and the reason why buying from another company is to fulfil the operations of their business. According to that, it can be claimed there is no such thing as a product in B2B business because everything is bought for another purpose, but Biemans argues the opposite and claims when buying anything for an organization, it is instantly taken as a B2B product and provides an example with a mobile phone. When a self-employed buys a new mobile phone and uses it only for work purposes it is and B2B product, however, if the same person buys it for private calls it is a B2C product. Even though the buyer is the same person, it is a different customer. Based on this, manufacturers have to use different approaches for B2B and B2C customers in examples such as billing services, tariffs handsets, etc. (Biemans, 2018, p. 5-7).

1.1 B2B Customers

Based on od Biemans, customers in B2B markets can be divided into three main groups: commercial enterprises, government agencies and institutions. Each group should be based on a different approach that considers their differences.

1.1.1 Commercial Enterprises

Commercial enterprises are divided into three subgroups which include: users, original equipment manufacturers and resellers.

Users – The reason why users purchase products from B2B markets is to make their own products and services which are then provided for final customers. An example is provided

on Volkswagen that regularly buys photocopies, computers and automated manufacturing systems for their cars. These products are then used to manufacture a different product instead of becoming a part of another one.

Original equipment manufacturers – Unlike the users, original equipment manufacturers buy products from B2B companies to incorporate them into their products and then they are sold to a business or final customer., For instance, Volkswagen buys sustention, steering parts, seating systems and many others that are then manufactured into their cars. In some cases, visible parts are branded and can be seen by customers (Biemans, 2018, p. 8).

Resellers – The point of this group is to buy a complete product from a business and then sell it to a final B2B customer. They do not change the essence of the product but may add some value by offering support services or create a bundle pack that includes another product.

1.1.2 Government Agencies

The government covers a significant number of customers in B2B markets. Their purchasing process is usually complex, based on certain rules and bureaucracy which includes many restrictions that can lead to inefficient buying behaviour than influence the outcome. According to that, several governments invested in procedures and programs, which can improve their purchasing system. These systems are usually similar to the purchasing of commercial firms. The example is provided on the executive agency Buying Solutions which defines its role as “to maximise the value for money obtained by Government departments and other public bodies through the procurement and supply of goods and services”. The executive agency helps with economical decisions, saves time and costs which are decided in the pre-purchase stages. They are not only available for local or central government organizations but also to a wide public (Biemans, 2018 p. 9).

1.1.3 Institutions

In B2B markets, numerous institutions are purchasing from businesses that include examples such as hospitals, schools, universities, blood banks, churches, museums etc. The group is very diverse because it covers customers from small organizations to large national organizations that are defined with formalised purchasing. Their buying behaviour is “characterised by inadequate cost control, limited purchasing proficiency, the use of budgets that need to be depleted at the end of the year, limited focus on price and decentralised purchasing”. In the case of institutions, there is a significant difference between people who

buy from businesses and people who use the bought products. Earlier, the decision-making process was usually made by a single person which leads to ineffective and non-profitable buying, however, these days, the decision is made by a larger group of people that can provide necessary goods for an optimal price (Biemans, 2018, p. 10).

1.2 B2B Products

It may seem, that the scale of products which are made by B2B markets are quite smaller than in the B2C markets, however, businesses provide various product from office supplies to electronic tools. According to Biemans, the products of B2B businesses are divided into the following groups:

Raw and processed materials – Raw materials are products, that have little to no other varieties such as milk, corn, natural gas, wheat, or oil. Bought raw materials are then used in another product (became a part of it) or in other customers' activities in their organizations. On the other hand, processed materials already went through some kind of conversion – for instance, plastics that are produced in granular form.

Component parts – products that becoming part of customers' final products and sometimes they are branded and visible to final customers. Component parts include circuit, switches, sensors, displays and many other diverse examples. In the case of large volume buyers, there is usually negotiation between two parties about acceptable price and long-term cooperation.

MRO Supplies – Maintenance, repair, and operating supplies (MRO) are created that other organizations manufacturing processes can run effectively and without problems. They cover paints, chemicals, coatings, sealants, lubricants etc. Because MRO has simple nature, the small price is usually the key motivator for customers to buy them. Today, many resellers using suitable software or internet to support and retain efficient and simple ordering.

Capital goods – are usually used by costumers to manage their businesses. Capital goods include examples such as buildings elevators, telephone exchanges, computer services etc. These products usually involve important financial decisions, and their purchase requires negotiation between buyer and seller because of the higher price. Often, there are negotiated financial deals.

Tools and Accessories – are bought with the same purpose as with capital goods. The difference between them is based on the price, which is far less expensive than in the case of capital goods. Tools and accessories are based on products such as desk, generators, portable drills, cement mixers etc. The decision about buying is made by purchasers and also users because the price is not the only factor that decides if a product should be bought, but there is also the motive which stands for the reason why to buy the product.

Services – covers all activities that are provided by third parties. For instance, advertising, insurance, communication, web design or management consultancy. Services are provided on a “contractual basis”. An example is described on a Dutch firm called De Boer which is the leader in providing “turnkey temporary accommodation solutions” that covers tents for events like festivals, parties or sports events, but also great deal events such as Olympic games or Mobile World Congress. The goal of every service provider is to convince their potential customers that they can deliver everything that is promised and expected.

Systems – the last group uses both – individual products and services that are transformed into the one working system. According to that, systems include hardware, software, upgrades and maintenance. As an example, Biemans talks about Norway company called National Oilwell Varco supplies oil and gas for national but also for international companies. They are working with advanced equipment which is integrated into systems such as e-business and spare parts distributions systems. (Biemans, 2018, p. 10-14)

2 DIFFERENCES BETWEEN B2B AND B2C MARKETS

The difference between B2B and B2C is significant, however, the thing which both have in common is creating a proper strategy that attracts desired customers. In their book, Paul Gillin and Eric Schwartzman discusses different approaches of both markets and pick the most important ones.

Focussing on value rather than on experience - Gillin and Schwartzmann claim, that in the case of B2B markets, the value is the driving force and that it can be expressed in various examples such as product prices and product performance. They believe that this value is based on the “Wow” factor which is important in every buying decision.

The buying decision is made by a group of people – but in the case of B2C, the purchase is usually made by a single person. According to that, this is reflected in the implication of marketing strategies of both markets and B2B markets need to attract multiple people at various stages, which means, they need to attract people with different priorities. On the other hand, a product on the B2C market is created for the people with the same priorities and targets one group of similar customers.

Business buying cycles are longer than consumer buying cycles – The reason behind this is based on the fact, that B2B customers usually invest more money than B2C customers and more people are involved in decision-making.

Commitment instead of consumer buying decisions – Products that are usually sold by B2B markets will last longer with their buyers than in the case of B2C markets. According to that “Issues such as the viability of the manufacturer, its quality of support, and its future product road maps have a significant influence on these decisions.” When a product is bought, the buyer and the seller are committed to the long-time cooperation which is based on trust.

Relationships are more important than decisions – As it was already mentioned, the cooperation between both parties is important, therefore the same goes for relationships. Buyers need to be sure, that they put their trust in the right people and the product will provide what is promised. Based on that, sellers should know that selling the product is as important as ensuring customer success.

Service and support as essential decision factors – In the B2C world is common, that customers need to wait, then having problems with their products, for instance when calling for service support or returning the product. However, customers of B2B markets expect,

their problems will be solved immediately because they need to provide their services and products.

B2B sale includes many moving parts – A product is usually not the only thing that is sold. Contracts include bundle packs offering support services, special discount or detailed price schedules. To ensure sufficient deals, there needs to be proper communication between both parties.

Channel relationships are more complicated – Business sellers constantly struggle to create a balance between selling their products to resellers and distributors or directly to their final customers, because resellers usually claim their relationships with final customers as their own and there is no space for the original company. On the other hand, customer pull has a large impact on sales, no matter the channel which is used for selling the product. (Gillin and Schwartzman, 2011 p. 6-8)

3 CHARACTERISTICS OF B2B MARKETS

Each marketing strategy of business markets depends on targeted customers. According to Biemans, at least one or more characteristics of B2B markets listed below are important for every business:

3.1 Derived Demand

The demand of B2B markets is strongly dependent on the demand of the downstream products. For instance, steel will be only sold if there is a demand for products that are made of steel, which includes products such as cars, pipes, aeroplanes, rails, ships etc. According to that, the success of businesses is based on the success of their customers. When creating new products, businesses should use materials that ensure the best quality and that will increase the value of activities or products which are created by their customers. Based on that, businesses are more focused on their buyer than on the product itself. A proper example can be provided on the company Finning, which is the UK distributor of Caterpillar. Their vision is based on “[Our] job is to make our customers and the company successful” and their customers ‘success is put before their own. To provide desired products, businesses need to constantly observe what are the developments of their downstream markets, however, this can be hard in the case of already mentioned steel which can be used in many potential products and the companies need to find a compromise for all of them or watch those that are more important. On the other hand, observing downstream customers can be difficult for all businesses because they consist of several levels, each operating differently (Biemans, 2018, p.16-17).

3.2 Joint Demand

On B2B markets, there is a connection between businesses that work with the same materials or create similar products. For instance, when building a computer, it needs specific parts such as monitors, microchips, disk drivers or fans and when the demand for computers increases, the demand for these individual parts will increase too. On the other hand, when there are not enough parts that are needed, there would be decreased demand for other parts until the time the shortage will be solved. Joint demand also appears when B2B customers want to buy all related parts from one supplier.

3.3 Fewer Customers

The basis of B2B customers usually consists of few but large customers which means that their cooperation should be based on good relationships and compromises between both parties. An example is provided on the company Tetra Pak whose activities are based on “processing and packaging solutions to the food industry“. Additional activities include integrated processing, packaging and distribution or stand-alone equipment. Tetra Pak is focused on the dairy industry, but their number of customers is limited and has only a few of them in each country. Even though, the number of customers is smaller their purchase is often made in much bigger quantity than in the case of B2C customers. For instance, company Corus who produces steel spends for energy hundred of million dollars every year. Moreover, these types of customers are usually geographically concentrated in the same cities and may know each other. According to that, one customer can influence others if goods should be bought from one company or another.

3.4 Complex Buying Behaviour

As it was already mentioned, customers buy products from businesses to provide their own products or services, based on that, when buying something, their decision is made on specific characteristics. The most common and important is – more people are involved when the decision is made. Usually, those people cover different backgrounds, buying motives or perspectives. An example is provided on buying printing press that involves people such as users, maintenance workers, purchasers, and business unit. All these people are involved in the decision-making process because they will be manipulating the chosen product. To fulfil the desires of all people, businesses need to identify all people that are involved. Even though it might look, that businesses have a tough position when selling a product, the price is usually inelastic because the buyers need what is offered to provide their activities and products (Biemans, 2018, p. 18-21).

3.5 Marketing Strategy

The marketing strategy and the approach of businesses are determined by the characteristics of each targeted market and as it was stated, B2B companies have usually fewer and geographically concentrated customers which mean, that each of them represents “a significant transaction volume“. According to that, buyers and sellers need to maintain a harmonic relationship because of expected long-term cooperation and the offer is then

customised to buyers needs. However, not all companies are characterised like that. For instance, Microsoft, Xerox or Office 365 sell their product to various customers from small companies to the large international businesses but in conclusion, a large number of businesses are small to medium-size companies (Biemans, 2018, p .22-23).

4 B2B MARKETING STRATEGIES

Business companies usually provide and offer many products and services for their target customers, however, when developing a new marketing strategy, a company should consider their whole range of products which may be different in many ways and implement a strategy that is appropriate for their goals and objectives. Based on that, a new marketing strategy should be examined at two levels – the first one is focused on a single product when the second involves the whole product portfolio. When a company creates a marketing strategy that covers their product portfolio, products that are not as technically evolved as the product of their competitors may be sold better because they are carried by stronger products in the strategy (Chris Fill and Karen E. Fill, 2005, p. 80-81).

According to Hutt and Speh, there are three hierarchical levels of strategy:

- 1) Corporate strategy
- 2) Business-level strategy
- 3) Functional strategy

Corporate strategy identifies the business in which a company works and competes and how they can turn resources into their advantage. The strategy asks questions as “What are our core competencies? What businesses are we in? What businesses should we be in?”. The purpose of this level is to create attractiveness of products and services, then promote them to customers and finally create value. **Business-level strategy** observes how a company competes in their field; however, the main goal is not the competition between whole corporations but between its individual business units. Each business unit has its own plan how to present their products and how to create a competitive advantage. Business-level strategy answers question as “How can we compete most effectively for the product market the business unit serves? What distinctive skills can give the business unit a competitive advantage?”. **Functional strategy** deals with resources that are allocated to particular areas and how they can be used effectively. The strategy also supports the Business-level strategy and its main focus is “to allocate and coordinate marketing resources and activities to achieve the firm’s objective within a specific product market“ (Hutt and Speh, 2010 p. 154-156).

4.1 Marketing Environment

Before developing a suitable marketing strategy, businesses need to identify their marketing environment which is defined by Philipp T. Kotler as “the actors and forces outside marketing that affect marketing management’s ability to build and maintain successful

relationships with target customers “. Kotler divides the marketing environment into the groups listed below:

- 1) Microenvironment
- 2) Macroenvironment

Those in the microenvironment are people that can influence selling the product or provide the service, for instance, the company, suppliers, customer markets, competitors or the public. On the other hand, macroenvironment can be described as larger forces that influence the microenvironment such as demographic, economic, natural, technological, political, or cultural forces (Kotler and Armstrong, 2017 p. 92).

4.2 Consumer-Driven Marketing Strategy

Based on Philip T. Kotler and Gary Armstrong, when creating a consumer-driven strategy, two important questions need to be asked: Which customers will we serve and how we will serve them. The main goal is to create larger value for the potential customers than the competitors.

When selecting targeted customers and creating a value proposition, the following steps need to be made: Segmentation, Targeting, Differentiation and positioning.

4.2.1 Market Segmentation

Customers in markets vary based on their wants, needs resources, locations attitudes, etc. The first step is the division of large markets into smaller ones that can be reached by companies more efficiently. Usually, there is no one way how to segment markets and businesses need to try and combine more varieties to find the best way. However, the several variables that are commonly used when segmenting markets are listed below:

Demographic segmentation – based on variables such as age, life-cycle, gender, income, occupation, education or religion. Demographic segmentation is usually easier than the remaining types of segmentation.

Geographic variables – based on variables such as nations, regions, counties, cities or neighbourhoods. Businesses may choose to operate in one or more areas but when creating a strategy for more areas, they need to take into account the needs and wants of all markets.

Psychographic variables – Based on the lifestyle or personality characteristics. In this case, businesses usually create strategies that appeal to the desired lifestyle of targeted customers.

Behavioural variables – Based on the knowledge, attitudes and uses of customers. This segmentation is considered to be the best one when segmenting markets (Kotler and Armstrong, 2014, p. 213-216).

4.2.2 Market Targeting

When the bigger markets are divided into the smaller ones, companies need to decide which markets will be operated. The first step is “**Evaluate the Markets**”. This process is usually based on three factors: segment size and growth, segmental structural attractiveness and company objectives and resources. After evaluation of all markets, companies are ready to select the most suitable ones (Kotler and Armstrong, 2014, p. 222).

4.2.3 Differentiation and Positioning

The last step is described as a decision of a value proposition. The main goal is to differentiate the product or service from other competitors and choose what segments businesses want to occupy. “A product position is the way a product is defined by consumers on important attributes “. In conclusion, products and services are created by companies but the brand itself is based on the thoughts of customers (Kotler and Armstrong, 2014, p.228).

4.3 One-to-One Marketing

According to the web page Harvard Business Review, One to One marketing can increase the number of potential customers of the company and the value of the offered product or service. The marketing strategy is described as the ability to change behaviour toward any individual based on his/her needs and wants. This type of strategy is not based on gaining numbers of new customers but more on creating long-term cooperation and good relationships - according to the fact, that a single customer in the B2B market can purchase a larger number of a company’s products. However, the key factor is proper preparation (Harvard Business Review, ©1999).

Kotler and Keller refer to Don Peppers and Martha Rogers who outline a four-step framework on how to properly manage one-to-one marketing.

- 1) **Identify your prospects and customers** – The main goal is “don’t go after everyone” and choose customers that are suitable for the company and its business. Moreover, create a rich database of customers that can provide information from all channels

- 2) **Differentiate customers in terms of their needs and value to the company** – More effort should be spent on those who are the most valuable to the company and on those with the biggest potential.
- 3) **Interact with individual customers to improve your knowledge about their individual needs and to build stronger relationships** – The offer which is provided to any customer should be individually personalized according to the customer's needs and wants.
- 4) **Customize products, services, and messages to each customer** – The communication between the company and customer should be supported through tools such as a web page or company contact centre.

However, Kotler and Keller claim, that one-to-one marketing is not for every company and it should be carefully considered if this strategy is suitable for the particular business. The companies that can use this strategy more efficiently are those who usually collect a large amount of data about individual customers and create a lot of products that are based on regular update and reparation (Kotler and Keller, 2012, p. 137).

4.4 Relationship Marketing

Due to the technology, relationships between people getting less and less personal and communication is frequently made only through social media and mobile devices. According to Mari Smith, empathy and face-to-face communication are needed more than ever to gain customers' trust (Smith, 2010, p. 20).

Wim G. Biemans claims that "relationship marketing plays a key role, both in acquiring projects and in managing the relationships with partners." He believes that in many cases, companies should invest in existing customers than in gaining new ones because they do not need to require acquisition costs and the marketing price is also lower than in the case of new customers (Biemans, 2010, p. 105).

Nick Ellis states, that nowadays, businesses tend to shift from transactional marketing, which is mostly focused on the goal of sale, to relationship marketing. He also introduces three main types of relationship marketing, that is essential to the B2B sector:

Database marketing – The database is used as a source of personalised information about customers of the company.

Interactive marketing – Analysing previous interactions and transactions between the company and customer to achieve more efficient cooperation in future.

Network marketing – Based on encouraging distributors to create their own distributional networks and relations with customers (Ellis, 2010, p. 19).

Kotler and Keller claim that relationship marketing consists of four main components: customers, employees, marketing partners (involves channels, suppliers, distributors, dealers and agencies) and members of the financial community (involves shareholders, investors and analysts). The purpose of marketers is to create prosperity and maintain balance among all constituents. The outcome of relationship marketing a unique marketing network that involves the company and its supporting stakeholders (Kotler and Keller, 2012, p. 20).

4.5 Marketing Mix

In the case of the B2B marketing mix, the regular 4Ps – Product, Price, Promotion and Place, that are used in B2C markets are accompanied by another three elements: People, Processes and Physical Evidence. To create a proper strategy, it is essential to pay attention to each element a recognize the difference between the approaches of B2B and B2C marketing mixes.



Figure 1: Marketing Mix (Taylor, 2018)

4.5.1 Product

A proper product should fulfil the need and solve the problem of targeted customers. According to Heidi Taylor, products can be either good or service that is provided by companies, but it is essential to understand its real purpose. Businesses usually try to make

their products different and better than the competitors and create a value that routes from development, not from service or a product itself.

4.5.2 Price

Before setting the price, companies need to analyse where they stand in the case of competition. After that, price is usually stated based on required profit margins, supply and demand and business and marketing strategy. B2B sectors do not involve marketing as much as the B2C sector when deciding price, however, it is important to discuss if the company provides a value that is suitable for its price.

4.5.3 Place

The third “P” is mostly based rather on distribution channels than on the final selling place that is connected to the B2C sector. The channel choice includes decision such as “where we distribute, position and sell our products as well as engage and interact with our customers”. In conclusion, B2B distribution is associated more with channels that are connected to customers than with the distribution of the product or service itself.

4.5.4 Promotion

The promotion is a final part of the basic 4P model and the part where marketing gets stuck. The reason behind the lower involvement of marketing is tactical thinking that consists of creating differentiation and suitable demand for companies’ products and services. B2B promotion also focuses on communication with stakeholders about the organization and product portfolio.

As it was already mentioned, the main four “Ps” invented by McCarthy are followed by another three “Ps” – together creating 7P Model. According to Heidi Taylor, these additional elements “can be helpful because even though they are most often described in business management terms, they do provide further insight and direction for marketers”

4.5.5 People

Services are usually much more dependent on the human force than the manufacturing sector – since services routes from the knowledge and skills of people who provide the service. The element “people” stands for every person who is connected to the service or the product from the beginning to the end. However, it should also refer more widely to people from the whole

organization to people who buy the product or service. Moreover, the fifth “P” should involve market and customer research, segmentation and targeting.

4.5.6 Processes

The ability of an organization to deliver a service is dependent on the resources, support systems and processes of the company. According to that, businesses need to ask questions such as “What do we need in terms of human and financial resources? What capabilities and skills do we need for our marketing teams? Do we have the right support systems and technology?” After analysing these factors, companies can create a proper marketing strategy.

4.5.7 Physical Evidence

The last of the 7P Model is “Physical Evidence”. In the case of products, physical evidence is usually visible by a touchable thing, however, in the case of services, the physical evidence is only visible by the time when the service is already delivered, and the final state signifies the value, standards and quality of the business. On the other hand, from the marketing point of view, physical evidence provides data, what is bought by customers (Taylor, 2018, p. 109-110).

5 ANALYTICAL TOOLS

There are many different tools, that can help with creating a proper strategy for a B2B company, however, these tools need to be carefully chosen according to the characteristics and needs of the organization

5.1 SWOT Analysis

SWOT analysis is widely used in both sectors – B2B and B2C. According to Kotler and Keller, it is characterised as an overall evaluation of the company. The analysis is divided into the following parts – Strengths, Weaknesses, Opportunities and Threats.



Figure 2: SWOT Analysis (Kotler and Keller, 2012)

The main purpose of the SWOT analysis is to recognize the company's strengths and match them with suitable and achievable opportunities. On the other hand, it should also overcome the weaknesses and therefore eliminate potential Threats. Strengths and Weaknesses are parts of internal factors that can include examples such as financial resources, human resources, access to natural resources and current processes. On the other hand, Opportunities and Threats belong to external factors that cover examples as market trends, economic trends, funding, demographics, relationships with suppliers and partners or political and economic regulations (Business News Daily, ©2019).

Strengths (S) – cover all company resources, internal capabilities and positive factors that are influenced by certain situations that may help to achieve the goals and objectives of the organizations. Strengths are activities or things that a company performs particularly well and can be described either in the long-term or in the short-term.

Weaknesses (W) – are described as limitations and situational factors that can negatively influence the performance of the company. As in the case of strengths, they can be long-term, or short-term, however, it is essential to recognize them properly and in the early stage.

Opportunities (O) – are positive external factors that could be played in a favour of the company. These factors can arise for instance from technology that is used in the company or the market that company targets. When the company can exploit the opportunity, it can make a big difference in the development and future of the organization.

Threats (T) – are negative external factors that can influence the company. For instance, it could be supply chain problems, shifts in market requirements or a shortage of recruits. Organizations should consider if they are exposed to certain threats or not and should always have an eye on competitors' activity (Kotler and Armstrong, 2018 p. 79-80).

5.2 Porter's Analysis

The analytical tool was created by Michael Porter to identify industry attractiveness and profitability. Porter encourages businesses to not only watch their rivals but also analyse the other factors that influence the environment (MindTools, ©2021). According to him, competition is influenced by these five forces:

Degree of Rivalry – is measured according to industry concentration, for instance, a percentage of the market share of the four largest companies in the same industry. The degree of rivalry is also influenced by the number of firms, industry growth, the number of fixed costs, products differences, or customers' switching costs. Businesses should ask questions such as "How many rivals do they have? Who are they? What is the quality of their product?". In industries with high rivalry, businesses can attract new clients with aggressive price cuts and new marketing campaigns. However, the rivalry is minimal, the business activity is unique, and they have more power over their actions.

Threat of Substitutes – acknowledge the products from the competitors that can be used by customers as substitutes and are determined by factors such as price, performance, or value. It refers to the percentage of possibility, that customers will replace the product of a company with its rival. For instance, a substitution that is cheap and easy to make can weaken the position of the organization and negatively affect its profitability.

Bargaining Power of Customers – is dependent on the number of customers, product differentiation, the threat of backward integration, how important is the product for the customers and the sensitivity of the price. In other words, if the company has only a few

customers, they have more power, however, if the company has many customers, its power increases and they are not so dependent on every client.

Bargaining Power of Suppliers – as in the case of customers, the power of suppliers is dependent on the supplier concentration. However, the other influential factors are dependent on revenues, switching costs, supplier product differentiation, the availability of substitutes and the threat of forwarding integration. It is determined by how easy is for suppliers to increase their prices and how many suppliers does the company have – The more suppliers, the more power for the organization.

Entry Barriers – determines how easy is for a new competitor to enter the industry. The ease of entering is influenced by supply-side economics of scale, network effects (how the attractiveness of the products increases with the number of buyers), capital requirements and advantages of other companies. If competitors need to expend only a small amount of money and little work to enter the industry, or if there is a little protection of the techniques how the service or product is done, the entry-level is low and the position of the organization may be weakened (Biemans, 2018, p.80-81).

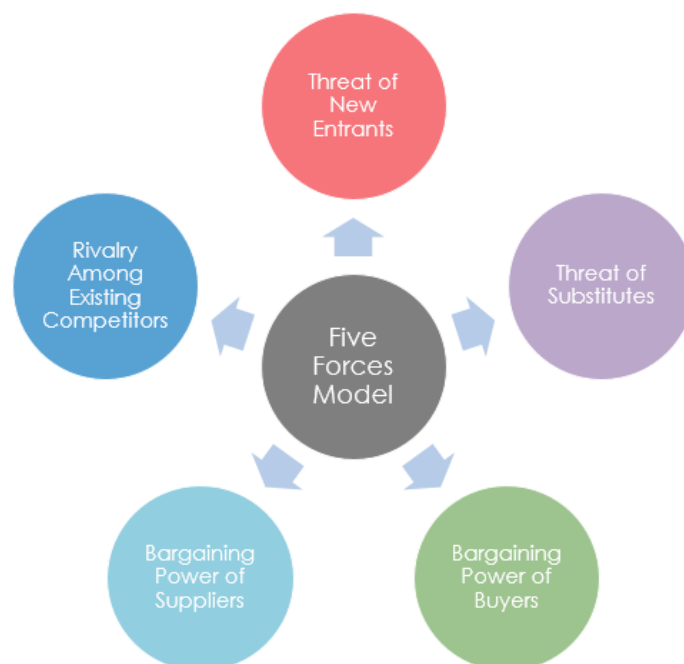


Figure 3: Porter's Five Forces (Visual Paradigm Online, ©2018)

5.3 PEST Analysis

PEST analysis is used to identify four external factors, that can influence the performance of the company. The "PEST" stands for an acronym of "Political, Economic, Social and

Technological”. This analysis is often used in collaboration with SWOT analysis and Porter’s Five Forces analysis. According to Kiesha Frue, to maintain a successful business, organizations need a solid product (service), identifiable brand, happy customers, thorough budget, investors, marketing plan and unique selling position, however, it is very difficult to provide all these points for every company. The four main factors are discussed below:

Political – are government and legal regulations that can influence the company. The political part deal with issues such as political stability, tax guidelines, trade and safety regulations or employment laws. These issues can be experienced either on the national or federal level and if the company’s business is expanded into other countries, they need to be aware of each regulation and difference between the states.

Economic – Due to the economic factor, companies examine issues that relate to inflation, interest rates, economic growth, unemployment rate or business cycle. These usually affecting monetary funds, sales revenues, and profits. Those factors can expand even further, however, Kiesha Frue simplifies three main categories: Taxes, Recession, and Inflation Rates.

Social – Social factors are far more unpredictable than political and economic factors because of their basis on people. It covers issues such as demographics, cultural limitations, education or lifestyle. However, every business needs customers, according to that, they need to consider their location, ethnic background, family and cultures and sub-cultures. Moreover, in the B2B market, companies have usually a smaller number of clients, which leads to even more detailed research to customize their services and products.

Technological – consider how technology can positively or negatively impact businesses. Includes factors such as technological advances, lifecycle or internet. Nowadays, technology is something that cannot be avoided even if the company is not technology-based. For instance, necessities as online databases, Wireless, debit/credit machines and more. Some technology can influence the impact on customers more than others, for instance, if a company provides a free Wi-Fi that does not work properly, it is added luxury and it will not ruin their business, however, if orders from customers are handled in online databases that do not work, the problem is major.

The classic PEST analysis can be extended as PESTLE by another two letters – L and E that stands for Legal and Environment.

Legal – can be described as legal and regulatory requirements that deal with issues such as discrimination laws, health and safety laws, consumer protection laws and copyright. Legal factors put the competition into its place and set standards that need to be followed.

Environmental – Follow and regulate businesses impact on the environment such as climate and weather changes, waste management or pollution and recycling. Nowadays, environmental factors getting more and more important because potential clients are more interested in eco-friendly and green products and services (PestleAnalysis, 2020).

5.4 Benchmarking

According to Kotler and Keller, benchmarking is “Studying “best-practice companies” to improve performance“. It is a process that measures the performance of a certain company against its competitors (Kotler and Keller, 2012 p. 622).

Peter Bogetoft claims that benchmarking “is traditionally thought of as a managerial tool that improves performance by identifying and applying best-documented practices.” It is a comparison of companies that provide similar activities and then analysing, what can be improved and what does the competitor make better (Bogetoft, 2012 p. 1).

William M. Lankford divides benchmarking into three groups: process benchmarking, performance benchmarking and strategic benchmarking.

Process Benchmarking – is based on the daily operation of the corporation. It deals with everyday activities that need to be performed to maintain the successful “run” of the company. The main goal of process marketing is to improve how daily tasks are done and provide quick results.

Performance Benchmarking – “focuses on assessing competitive positions through comparing the products and services of other competitors.” In the case of performance benchmarking, the companies usually analyse where their products are in comparison to best-in-market companies

Strategic Benchmarking – Its core is in the top management and as the process benchmarking is based more on short-term tasks, the strategic benchmarking deals with long-term improvements. Its focus is on how the company can compete. This type of benchmarking is mostly used in Japanese firms because they are more focused on long-term results.

Lankford also introduces another type of benchmarking that are **competitive benchmarking, cooperative benchmarking and collaborative and internal benchmarking**. He claims that **competitive benchmarking** is the most difficult to maintain because companies are not happy to share information about their products and techniques. On the other hand, collaborative and cooperative are the most widely used types of

benchmarking because they are based on sharing knowledge with benchmarking teams (Lankford, 2019, p. 58- 59).

6 SUMMARY OF THEORETICAL PART

The theoretical part aims to provide literary knowledge for creating a marketing strategy for a B2B market company. The sources are based on books, journals, and websites.

The first part of the theory discusses B2B markets in general including topics such as B2B products and customers. Then it moves to differences between B2B and B2C markets and how different approaches are used when creating a marketing strategy. After that, the theoretical part introduces several characteristics that are unique for businesses and B2B microenvironment and macroenvironment.

The following part of the theory covers marketing strategies that are used when creating a strategy for a B2B company, explaining each of them more in detail. Then it continues with analytical tools that are necessary for gaining information and data such as Porter analysis, PEST analysis or SWOT analysis.

The theoretical part should provide useful knowledge for the analytical part that will be discussed further in the next part of the thesis.

II. ANALYSIS

7 B&B COMMERCIAL ACTIVITY – INTRODUCTION

The company B&B Commercial Activity was originally established in 2008 in Prague by Josef Buják and Vít Bugaj. Trade offices are settled in Uherské Hradiště and store houses are located in Ostrožská Nová Ves. From the company with a local focus, B&B gained its popularity and now cooperates with businesses from the whole country. Nowadays, the company has 45 employees and sells 40,000 tons of their products per year.



Figure 4: Logo (B&B Commercial Activity, ©2021)

The focus of the company is based on steelworks, which offers not only products but also services that are connected. The main division of products is listed below:

- Flat products
- Square tubes
- Steel bars and sections
- Girders
- Concrete reinforcing bars.

As it was mentioned, the company also offers services that include work with lasers, machine programming, hydraulic press, and surface treatment. The company also provide its own transport of products with capacity that covers 15 and 25 tons. The machine programming is done on SAPSPROW system. B&B Commercial Activity also supports many cultural, sports and other events that will be discussed further in the thesis

Vision – The company’s vision is to be a preferred partner in the metallurgical field when choosing a long-term supplier and cooperation.

Concept – is to improve competitiveness in the industry with the distribution of products and services with added value and saves time and expenses of potential customers (B&B Commercial Activity, ©2021)

7.1 The Impact of Covid 19

	Sales		Margins	
	2019	2020	2019	2020
January	70,528 CZK	45,550 CZK	8,052 CZK	7,390 CZK
February	65,489 CZK	53,173 CZK	8,377 CZK	8,752 CZK
March	58,736 CZK	54,910 CZK	6,661 CZK	9,750 CZK
April	61,471 CZK	46,142 CZK	7,340 CZK	7,153 CZK
May	68,452 CZK	48,310 CZK	7,453 CZK	6,323 CZK
June	56,866 CZK	40,715 CZK	7,372 CZK	7,712 CZK
July	48,032 CZK	34,663 CZK	7,162 CZK	6,354 CZK
August	53,695 CZK	46,802 CZK	7,901 CZK	6,623 CZK
September	57,555 CZK	47,543 CZK	9,038 CZK	8,322 CZK
October	51,167 CZK	48,374 CZK	6,238 CZK	8,153 CZK
November	52,919 CZK	48,374 CZK	8,675 CZK	8,351 CZK
December	28,837 CZK	40,752 CZK	5,543 CZK	8,210 CZK
In Total	673,747 CZK	549,908 CZK	89,812 CZK	93,093 CZK

Table 1: The Impact of Coronavirus (Own Processing)

Many businesses were influenced by Coronavirus in 2020 and companies needed to adapt their activities to maintain and provide their products and services. Even though the B2C sector was influenced more than the B2B sector, the restrictions given by the government made changes for everyone. The table above provides a view into the company's sales that are shown in the first half of the table and margins which are included in the second half - both in the years 2019 and 2020.

In the case of Sales, the year 2019 was much more profitable for the B&B Commercial Activity than 2020. Each month provided a larger amount of money in comparison to 2020, the only exception is in December, when the sales of 2020 were almost 12,000 CZK higher than in 2019. The most significant difference was in January when in 2019, the company gained 70,528 CZK and in 2020, 45,550 CZK with almost 25,000 CZK difference. However, in 2019, the table provides a view that sales from January to December rapidly decreased and the difference between January and December is almost 42,000 CZK. On the other hand, even though the sales from 2020 are smaller, the amount for each month remains in similar numbers from January to December. The difference in total between 2019 and 2020 is 123,839 CZK.

On the other side, Margins were affected positively and the total amount in 2020 is higher than in 2019. The development of margins in 2019 from January to December slightly decreases from 8,052 CZK to 5,543 CZK, however, in 2020, the numbers increased from 7,390 CZK to 8,210 CZK. The total amount is 89,812 CZK in 2019 and 93,093 CZK with a difference of 3,281 CZK.

Even though the sales decreased in 2020, the company views the growth of the margin positively and wants to maintain it in the following years. The areas that were affected by Covid 19 the most are automotive, investments into the hotels, cafes, and restaurants (the company owns restaurant La Brusla in Uherské Hradiště), however, steelworks, construction and engineering were not influenced in such scale.

8 MARKETING MIX

8.1 Product

As it was already mentioned in the introduction of the company, B&B Commercial Activity provides products and services that are connected mainly to the metallurgical material supplies area. The main division of products is divided into the following five groups: Flat products, square tubes, steel bars and sections, girders, and concrete reinforcing bars. These products can be personalized according to the preference of any clients, by the means of the amount, shape, size and. Etc. To enable a better understanding of products, the company created a document called “Steelworker’s Guide” that provides information, about all offered products and their measurements.

In the case of services, the company provides the option to adjust their products on their machines (for instance – Omnicut 3100 CNC Machine). They also provide machine programming, which is being done on SAPSPROW system, that edits the way how the products are made. Other services that are provided by B&B Commercial Activity are editing the steel products by lasers, cutting and drilling centre, hydraulic press, or surface treatment. The company also offers its own transport of product to customers with the capacity of 15 or 25 tons for one transport.

The company also owns a restaurant called La Brusla, which is placed nearby the offices in Uherské Hradiště. The restaurant sells their original pasta.

8.2 Price

The price of the products usually varies depending on the type of the product, the amount, measurements, how often and how long clients cooperate with the company and etc. However, the average price for 1 ton of steel is around 550 €. The same goes for services that are provided by the B&B Commercial Activity.

8.3 Place

The headquarters of the company is settled in Prague (Roháčová 188/37, Praha 3), however, the trade offices that are used the most when meeting a client or sealing a contract are based in Uherské Hradiště (Na Rybníku 1057), and storehouses are in Ostrožská Nová Ves. The company (in Uherské Hradiště) is placed on the 3rd floor of the building and has a shared parking lot right in front of it. As it was already mentioned, the company owns a restaurant

called La Brusla, which is placed next to trade offices and is easily accessed by anyone. Both – the offices and the restaurant are settled in a visible place, which could be taken as a positive aspect when meeting new clients. B&B Commercial Activity also offers its own transport trucks that can be also included as a part of a promotion, because of the logo which is placed on the side of the truck.



Figure 5: Transport (B&B Commercial Activity ,©2021)

8.4 Promotion

As it was already mentioned, the promotion of businesses that work in B2B markets are different than in the case of B2C markets. To provide a better view about the company, B&B Commercial Activity has a web page, where potential customers can find information about offered products and services, the company, contacts etc.

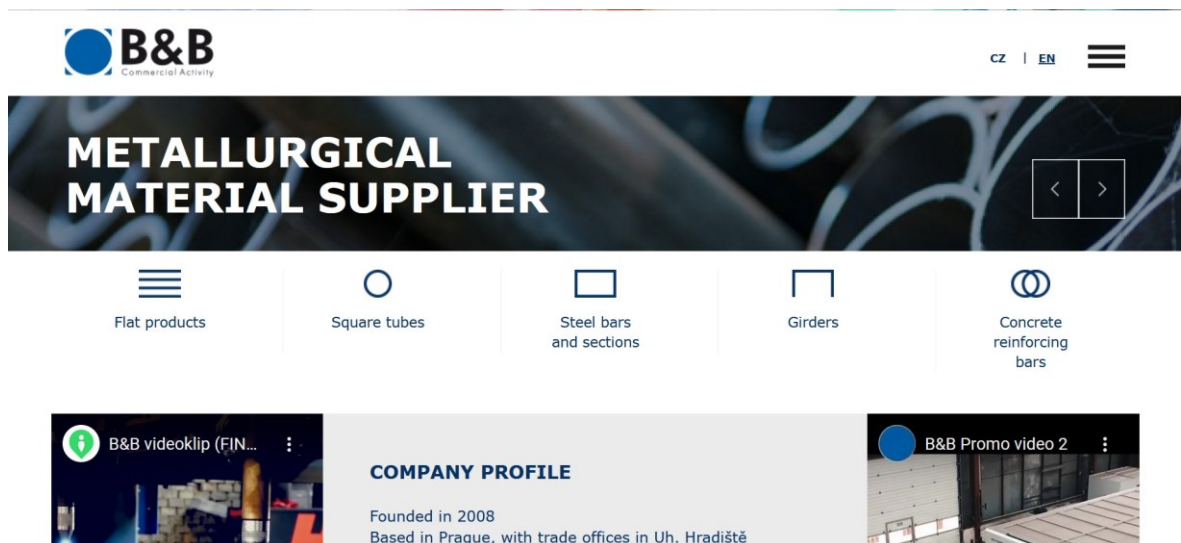


Figure 6: babca.cz (Own Processing)

The web page has an option of switching between Czech and English languages for companies and clients from different countries. The design of the page is quite simple and every piece of information is easy to find and access.

Another way of promotion is supporting cultural events such as theatres Slovácké divadlo and na Jezerce or O2 Arena in Prague. In the case of sports events, the company supports ice hockey clubs PSG Zlín, HC Uherské Hradiště and HC Uherský Brod, the football clubs FC Slovácko, FC Bánov and FC Velké Meziříčí. The supported sports events also include boxing in Fit-KO and golf GC Austerlitz and GC Uherské Hradiště. B&B Commercial Activity also supports non-profit sector that covers Slovácka benefice, Korunka Luhačovice, FN Brno Bohunice and SK Hobit Brno.



Figure 7: Debra and Slovácká benefice (Own processing)

The company has also sales representatives, who work on gaining new customers and keeping the old ones through phone calls or via emails. Another way of promotion are small gifts that are provided by the company including a golf ball, pen, brochure with products, business cards, a glass of honey and a key ring



Figure 8: Gifts (Own Processing)

8.5 People

This element is the most essential in B&B Commercial Activity. It involves each person, who is connected to products and services from creating them, to sell them. The company has skilled employees who are accountable for the quality of the steel and works with programming machines. B&B Commercial Activity takes into account that each person is important – from top manager to steelworkers. According to that, the company trains its employees to improve their skills and knowledge about the company and its goals.

8.6 Processes

Processes in the company include all activities that are connected to product and services – from creating the product to delivering the products. As it was already mentioned, the company offers not only products of steel but also services that are connected to it such as machine programming, steel adjusting with laser or hydraulic press and finally own transport. Even though it might seem, that processes are not dependent on each other, every activity is connected to the next and failing one leads to failing them all.



Figure 9: The process of the supply chain (Own Processing)

Global Consolidation	Supplier of Material and services	Specialization
Fewer Steelworks	Production	Specialized products
Standardized Production	Logistics	Tailor-made solution
Higher minimum volumes	Consulting	Just-in-time
Longer lead times	Recycling	Short-lead times
	End Customers	

Table 2: The company's role in the supply and distribution chain (Own Processing)

8.7 Physical evidence

In the case of products, the physical evidence can be easily seen, however, in the case of services, they can be only seen after the service is properly done, for instance, adjusting the products. It is also important for potential clients to know, that the company exists and makes serious business. According to that, a B&B Commercial Activity web page can suit as appropriate evidence, the reviews from current customers or a building where is the company based. Also, the whole appearance of the company which is settled into the blue and white colour can help when creating the wholesome image of the organization.

9 PEST ANALYSIS

The PEST analysis analyzes the political, economic, social, and technological environment of B&B Commercial Activity, which may influence its further development.

9.1 Political Factors

Political factors affecting the company are laws, government regulations, or decrees concerning, for instance, taxation, trade regulation, or political stability.

The law that significantly affects the management of B&B Commercial Activity is the Tax Act, which regulates the tax liability of the natural and legal person. In particular, as a legal entity, the company is required to pay corporate income tax and value-added tax. Its current rate is 19% for corporate income tax, and for value-added tax, its standard rate is 21%. There has been no increase or decrease in recent years for both taxes, so it can be said that they remain stable. However, given the current situation, where a large number of economic sectors are constrained by government restrictions to prevent the spread of the coronavirus pandemic, it is uncertain whether tax rates will remain the same or rise. A possible tax increase would mean a greater tax burden for the company and the associated greater financial expenses. An increase in value-added tax would also result in an increase in the prices of products sold, which could also have a negative impact on the quantities sold. The key factor would be the amount by which the standard tax rate would be increased.

Another political factor that could affect B&B Commercial Activity is the provisions of the Commercial Code. Since it is a limited company, it is obliged to comply with this Code, which regulates the business of commercial companies in the Czech Republic.

9.2 Economic Factors

The economic situation in the Czech Republic affects both the company's behavior and the behavior of their customers. The following macroeconomic indicators were selected for the analysis: GDP, inflation rate, average gross wage, and unemployment rate. These indicators for the last five years can be seen in the following graphs.

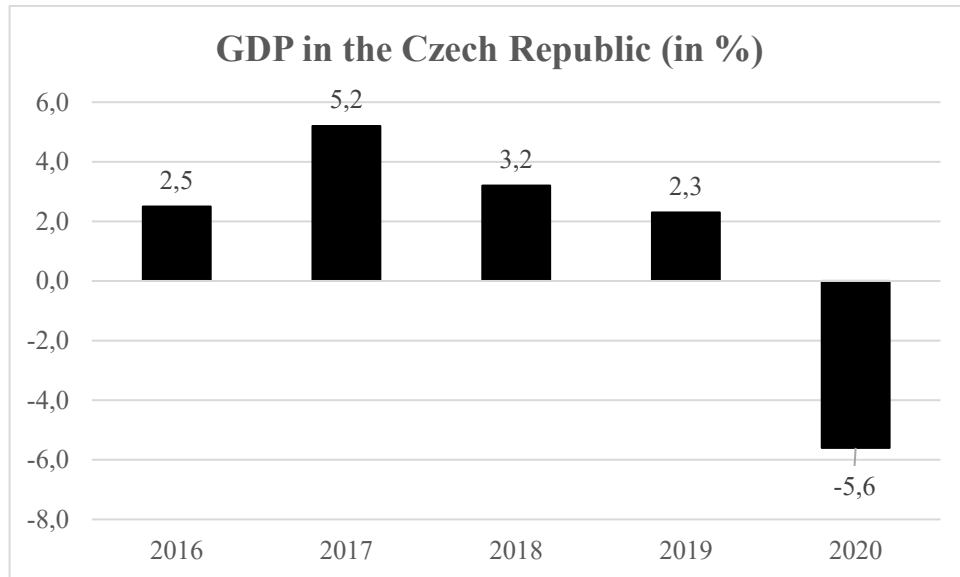


Figure 10: GDP in the Czech Republic (Český statistický úřad, ©2021)

The graph shows that in 2020, the gross domestic product fell by a total of 5.6%. Such a decline ranks among the deepest declines in economic performance in the history of the Czech Republic. The decline was mainly influenced by lower household expenditures, lower investment, or higher government spending. The decline in GDP mainly affected the trade, transport, accommodation services, and services sector. (Kurzy.cz, ©2000 – 2021) According to the most affected sectors, it may be said that the decline in GDP is mainly caused by government restrictions. Therefore, it is positive for B&B Commercial Activity that the decline in GDP has not affected the sector in which it operates to such an extent. Nevertheless, the decline still affects the economies of all sectors.

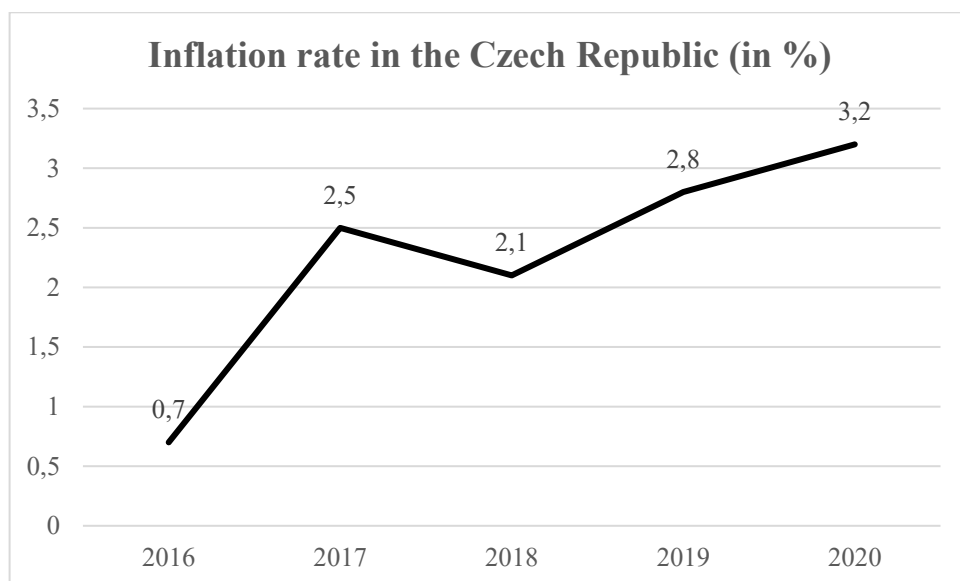


Figure 11: Inflation rate in the Czech Republic (Český statistický úřad, ©2021)

The graph shows that the inflation rate has been gradually increasing since 2018. Over the past two years, the inflation rate has risen by 1.1%. As the decline in GDP, the rise in the inflation rate is not a very positive aspect, as it increases the price level.



Figure 12: Average gross wage in the Czech Republic (Český statistický úřad, ©2021)

Regarding the average gross wages in the Czech Republic, annual growth of approximately 2,000 CZK can be seen. Wage growth is a positive aspect for employees, which this growth can motivate them to work. However, from the company's perspective as an employer, the growth results in higher expenses in the form of higher wages paid.

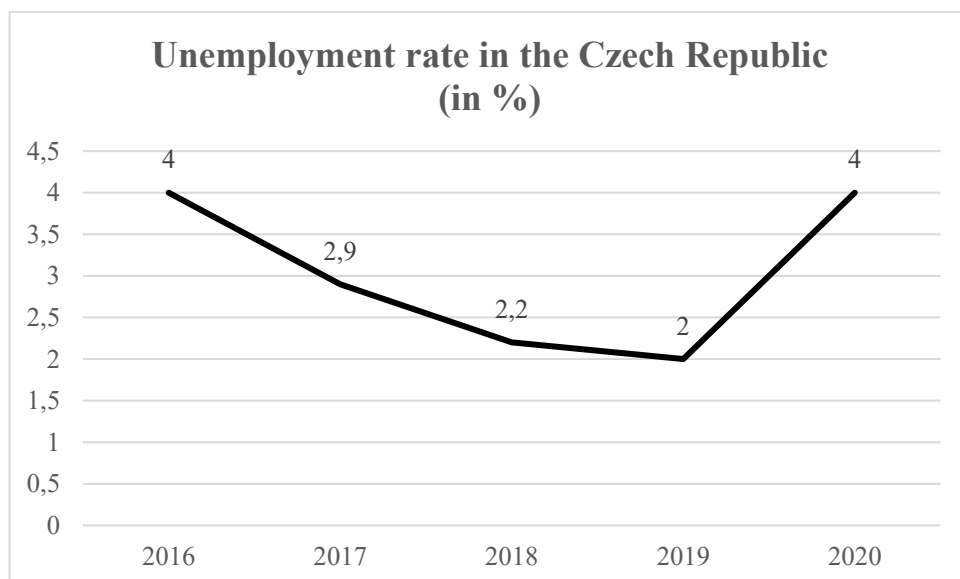


Figure 13: The unemployment rate in the Czech Republic (Český statistický úřad, ©2021)

The graph shows a large year-on-year increase in unemployment, probably caused by government restrictions that affect a large number of economic sectors. For the company as an employer, this can mean an opportunity to choose from more potential employees.

9.3 Social Factors

Social factors comprise issues such as demographics, education, culture, or lifestyle. As mentioned in the theoretical part, in the case of the B2B market, companies have a smaller number of clients in most cases. Considering B&B Commercial Activity, their clients are primarily companies as well, and therefore, it is difficult to analyze the social factors affecting the company in this case.

Education can be included among the social factors affecting the company. In recent years, there had been a lack of interest among technology students, the graduates of which were absent in the labour market. However, there was a turnaround in 2020, and the technical fields experienced a large increase compared to other fields, which, on the contrary, experienced a slight decline. According to Tutor's analysis conducted last year (2020), the number of applications for technical fields increased by 9%. The comparison of interest in technical fields with the other fields can be seen in the following graph.

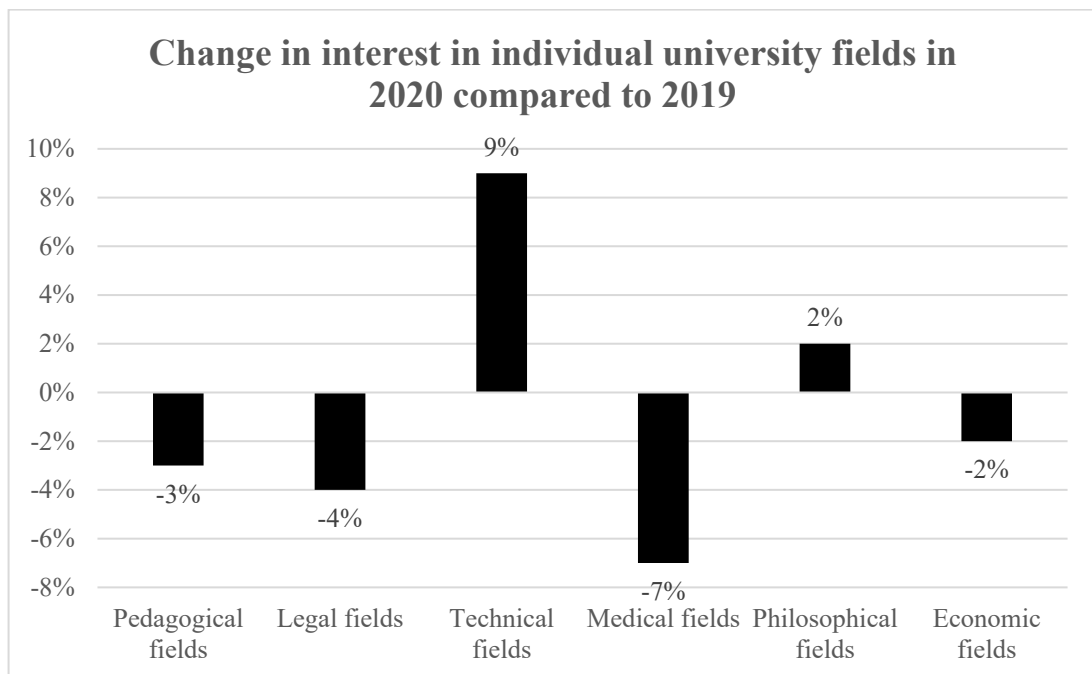


Figure 14: Change in interest in university fields (iDNES.cz, ©1999 – 2021)

Increased interest in technical fields can bring a more qualified workforce, which leads to better quality and more efficient work.

9.4 Technological Factors

Recent years have seen significant developments in technology, not only in industry and manufacturing but also in other sectors. Automation, robotics, and artificial intelligence are increasingly being used. The advantage of this progress is an increase in productivity, quality, and efficiency of production. At the same time, production costs are reduced as well. However, the disadvantage is the replacement of human capital by these technologies. Robots are replacing more and more manual professions, and production lines are being fully automated.

B&B Commercial Activity CNC machines, lasers, programming machines, hydraulic press brakes, and machines for welding, painting, and zinc plating for its production. These machines are also concerned by the technological advances mentioned above. Nowadays, for example, fully automatic CNC machines or welding robots are used to facilitate work. However, it should be noted that such machines are a large investment for manufacturing companies and are rather used by larger companies. The automation of production increases the company's competitiveness as it is able to produce more efficiently at a usually lower price. This is one of the reasons why small businesses cannot compete with large companies.

10 PORTER'S ANALYSIS

New entrants, substitutes, buyers, suppliers, and competitors are microenvironmental factors, which may impact the company's attractiveness and profitability.

10.1 Entry Barriers

As far as entry barriers to the sector are concerned, they are relatively high. The main barriers are high initial investments. Considering the equipment of B&B Commercial Activity, which owns, for example, CNC machines, lasers, hydraulic press brake, or machine programming systems, the total acquisition costs rise to tens of millions of Czech crowns. Moreover, the company also provides its own transportation of materials and products, representing another huge monetary investment.

Another barrier can be considered the fact that most companies operating in the given market already have an established production program that meets the exact requirements of their customers. In addition, most companies already have regular suppliers and customers, making it a significant entry barrier into the sector.

Given the barriers mentioned above, it is not very likely that a new competing company, which could endanger the company, will start operating in the sector.

10.2 Threat of Substitutes

Technological progress can be considered a substitute for the company. As already mentioned in the PEST analysis, technological progress brings automation and robotization of production machines, lines, and work activities. The automation of production mainly results in streamlining of the entire production and also in reducing production costs, which can depress the price of individual products. Therefore, this technological progress can be considered a threat to the selected company, as a company with fully automated production can probably offer its customers a product at a lower price with faster processing.

However, it should be noted that in the case of production automation, there are high acquisition costs, which especially new entrants cannot afford.

10.3 Bargaining Power of Customers

Customers have a relatively large bargaining position in the industry in which the company operates. This strong bargaining position of customers is mainly since the material and products that the company offers to its customers make up a significant part of their total costs. In the case of the largest buyers, the annual amounts for purchased material and products are in the order of millions of crowns. That is why buyers analyze their orders very carefully and look for another potential, more advantageous options. Therefore, it is necessary to adapt frequently to the needs and requirements of these buyers, as the loss of such a customer would lead to a huge loss and potential existential problems for the company.

The company's customer network is relatively stable but narrowly profiled. The following graph shows the statistics of the 20 largest buyers of 2020.

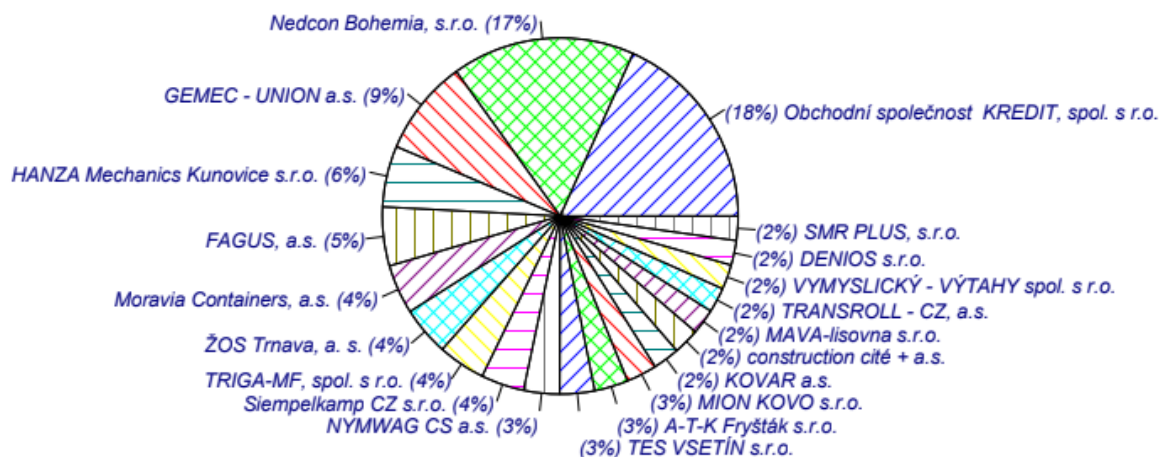


Figure 15: 20 Largest Buyers (Internal Source)

According to the internal sources, in 2020, these customers were invoiced for a total of 343,882,792.06 CZK. Given that there such a sum was invoiced to 20 buyers only, it is clear that the loss of one of the large buyers would mean a huge loss for the company. Therefore, it is necessary to pay attention to maintaining good business relationships and adapting to the customers' requirements.

10.4 Bargaining Power of Suppliers

The bargaining power of suppliers is much smaller compared to that of buyers. This is since the company only buys material from its suppliers. As no specific products are involved, there is no significant bargaining position for suppliers.

In the case of suppliers, there is a risk of delaying the delivery of the ordered material, which is also related to the number of suppliers. When having only a few suppliers, there is a great risk in the case of non-delivery of the material, as the company would not receive a large amount of ordered material. This would cause production or resale delays, which may create additional costs. On the other hand, for many suppliers, it is necessary to constantly ascertain the stocks of material, and from which supplier which material needs to be ordered. This requires diligence as inconsistent inspection could result in material not being ordered and consequently cause delays. Therefore, it is vital to find the optimal number of supply companies with a responsible approach and are reliable, thus not running the risk of delays.

The following graph shows the company's 20 largest suppliers of 2020.

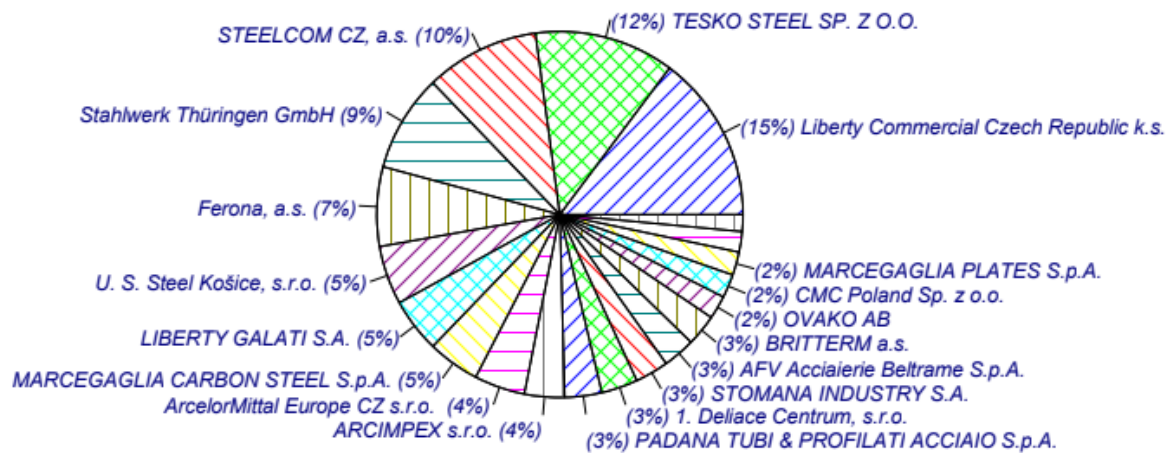


Figure 16: 20 Largest Suppliers (Internal Source)

According to internal sources, in 2020, the 20 largest company's suppliers invoiced the material for 383,237,911.13 CZK.

10.5 Degree of Rivalry

There are currently smaller and larger companies on the market with a similar focus as B&B Commercial Activity. According to internal information obtained from the company's management, the following companies are among the largest competitors: Feron, Raven, Nypro, Steelcom, Arcimpex, and Britterm. These competing companies will be described in more detail in the chapter Benchmarking.

The companies listed above pose the greatest threat to B&B Commercial Activity in terms of competition. As with any competition, there is a certain rivalry, which, according to the company's management, leads the company forward and forces it to constantly evolve and improve.

11 BENCHMARKING

As mentioned in the previous chapter, six companies may be considered the largest competitors. These companies are: Feron, Raven, Nypro, Steelcom, Arcimpex, and Britterm.

11.1 Feron

Feron is a company engaged in the wholesale purchase, storage, processing, logistics and sale of metallurgical products, metallurgical secondary products, hardware, and non-ferrous metals. Feron operates not only in the Czech Republic but also in Slovakia and Poland. The company has branches and warehouses throughout the Czech Republic, which facilitates direct contact with large and small customers. It is not only a narrowly focused metallurgical distributor, but Feron has become a materials engineering centre for Central Europe.

On its website, Feron emphasizes the unrivalled breadth of the range on offer and the complexity of providing services. The company provides transportation for which it uses over 100 trucks, as well as material cutting and processing, where the Steel Service Center distributes over 350,000 tons of material annually. It operates retail stores and owns a certified testing laboratory for verification and monitoring of material quality. The company is also IATF and ISO standards holder. (Feron, ©2017)

11.2 Raven

Raven sells metallurgical materials, mainly sheet metal, reinforcing steel, tubes, bars, welded meshes, and wires. In terms of services, the company provides sheet metal shearing and shaped cutting, machining on CNC drilling machines, bending on press brakes, sheet metal straightening and sandblasting, and assembling and welding of steel assemblies. In addition to mechanical engineering, the company also specializes in construction and provides both the sale of materials and services such as calculation of material according to drawing documentation, technical consultancy and other services related to construction. The company also provides transport of both construction and metallurgical materials through its own or external transport.

The company claims to be one of the most important sellers of metallurgical materials in the Visegrad Group countries (Czech Republic, Slovakia, Poland, and Hungary). Raven's philosophy is to provide the widest possible range of metallurgical materials and to constantly build a strong brand and strong relationships with customers. Proof of the quality

of the services provided is the acquisition of ISO standards, as well as quality trademark certificates and the SLOVAK GOLD gold medal for the provision of services in the sale of metallurgical materials together with the production of metallurgical semi-finished products and transport to the destination place. (RAVEN, ©2020)

11.3 Nypro

Nypro is a supplier of metallurgical materials, whose range includes, for example, profile and reinforcing steel, steel sheets, tubes or welded and bent profiles. At the same time, it also provides cutting of rod material and steel coils and burning of sheets. Within the services provided, the company also provides its own transport of metallurgical materials.

The company's headquarters and warehouse are located in Malé Svatoňovice near Trutnov and two other sales warehouses are located in Prague and Přerov. The company is also an ISO 9001 standards holder. (Nypro, ©2021)

11.4 Steelcom

Steelcom operates in the field of sales of metallurgical materials, namely steel sheets, on the domestic and foreign markets. The company's bearing products are sheets for steel constructions, bridge constructions, sheets for talc vessels used for standard and elevated temperatures, boiler sheets and sheets for pipelines. The company's headquarters and warehouse are located in Ostrava. The company also provides storage of goods and its own transportation to the destination place.

At present, the company is ISO 14001 and ISO 9001 standards holder. (STEELCOM, ©2021)

11.5 Arcimpex

Arcimpex is involved in the sale of all metallurgical materials, welding materials, and the production of steel sheet blanks. The company is also engaged in the purchase and treatment of scrap metal. Metallurgical materials such as steel sheets, tubes, steel, and cylindrical profiles can be shape-cut according to customer requirements. The company provides its own transport of material, possibly with the use of contracted road carriers or rail transport. The company's headquarters, together with the warehouse and production area, is located in Sviadnov, in the industrial park on the outskirts of Frýdek-Místek.

The company is ISO 9001 and ISO 14001 standards holder, and it documents attests, and certificates of quality for the supplied metallurgical products and welding materials. (Arcimpex s.r.o., ©2017)

11.6 Britterm

Britterm is a trader in metallurgical materials and the range on offer includes mainly reinforcing steel, cold-drawn steel, open profiles, sheets, and tubes. The company's suppliers are domestic and foreign metallurgical companies from Czech Republic, Poland, Slovakia, Hungary, Slovenia, and Italy. The company has two branches – in Moravský Písek and Včelná near České Budějovice. They also provide their own transportation, as the company owns 22 trucks, which it uses for transport.

According to the information published on the company's website, the main long-term marketing plan of the company is to ensure quality metallurgical material in the required quantity and time. The company is also the ISO 9001 and ISO 9002 standards holder.

11.7 Competitors Comparison

The competing companies detailed above will be compared in terms of products and services offered, distribution, transport, website, and their certification. Each of the criteria can be rated on a scale of 1 – 3, where 3 is the highest possible rating.

As far as the promotion is concerned, companies could not be compared in terms of their marketing strategy and marketing tools used, as this information are not publicly available and not all companies are willing to disclose such information. Therefore, companies will be compared at least in terms of the content of their websites.

The individual criteria and their verbal evaluation can be seen in the following table.

Products and services	
1	Material sale only
2	Sale of material and its processing (cutting, heat-cutting, welding, etc.)
3	Sale of material, its processing, and surface treatment (painting, zinc plating, etc.)
Distribution	
1	Local or regional
2	Domestic, within the Czech Republic
3	Domestic and international

Transport	
1	Without the transport possibility
2	Possibility of arranging own transport
3	Possibility of arranging own transport or securing an external carrier
Website	
1	Basic information (range of products and services, information about the company, contact information) in Czech only
2	Basic information with the multiple language possibility
3	Website with multiple language possibility containing also new or business activities of the company (sponsoring), etc.
Certification	
1	No certification
2	ISO standards
3	ISO standards and other certificates or standards

Table 3: Comparison criteria (Own Processing)

B&B Commercial Activity and its largest competitors are further rated using the above mentioned criteria.

Criteria	B&B Commercial Activity	Competitors					
		Ferona	Raven	Nypro	Steelcom	Arcimpex	Britterm
Products and services	3	2	2	2	2	2	1
Distribution	2	3	3	2	3	2	3
Transport	2	2	3	3	2	3	2
Website	3	2	3	2	2	3	2
Certification	3	3	3	2	2	3	2
Total	13	12	14	11	11	13	10

Table 4: Benchmarking (Own Processing)

The results show that B&B Commercial Activity is in a very good position compared to its biggest competitors. In the overall rating, it received only one point less than Raven, which was rated the highest number of points for all criteria, except for the products and services offered. According to the points evaluation, Arcimpex was rated at the same level as B&B Commercial Activity. Other companies were rated lower. The worst-ranked company was

Britterm, whose main weakness is also the products and services offered, as the company only mediates the sale of materials but does not offer subsequent processing of materials or their surface treatment.

In essence, there are not many differences between B&B Commercial Activity and its competitors. All companies offer basically the same products, and only a few differences can be seen regarding the subsequent processing of the material. Still, even here, none of the companies stands out significantly, except for the company Britterm, which only mediates the sale of the material. Differences can be seen in the operation of the domestic and foreign markets, which may be related to the company's size.

The reason why these companies can be considered large competitors is mainly their size compared to B&B Commercial Activity. It is a fact that competing companies are larger in comparison with B&B Commercial Activity. Therefore, these companies can be considered a threat in that customers prefer these large companies. However, even though B&B Commercial Activity, as an initially small company, operated only regionally, it gradually developed into a medium-sized business company with operations throughout the Czech Republic. Moreover, they plan the construction of new facilities and centralization of the company's centers. From this, it can be concluded that the company is thriving and competitive.

12 SWOT ANALYSIS

The basis for the performed SWOT analysis was the information provided by the management of B&B Commercial Activity and the carried out analyzes of the company's environment and its competitors.

Strengths	Weaknesses
<p>S1: "Family" approach of a purely Czech company</p> <p>S2: Employee loyalty</p> <p>S3: Great teamwork</p> <p>S4: Good relations with suppliers, customers, and public</p> <p>S5: Competitive advantage in the form of the provision of processing and other services</p>	<p>W1: The economic strength of the company compared to multinational companies</p> <p>W2: Dependence on several large customers sales</p>
Opportunities	Threats
<p>O1: Expansion into the foreign market</p> <p>O2: New technologies</p> <p>O3: Cooperation with new business partners</p> <p>O4: Implementation of unused marketing communication tools</p>	<p>T1: Strengthening the position of the largest competitive companies</p> <p>T2: Insolvency of the customers</p> <p>T3: Entry of new competitors or foreign companies into the domestic market</p>

Table 5: SWOT analysis (Own Processing)

The so-called 'plus-minus matrix' is used to analyze the SWOT analysis, which compares the mutual relations between the individual factors of the internal and external environment. Using the output of this matrix, it is possible to obtain an overview of key factors that can be further used as a basis for processing the project part of the thesis.

SWOT	O1	O2	O3	O4	T1	T2	T3	Σ
S1	0	0	+	+	-	0	0	+1
S2	0	0	+	0	0	0	0	+1
S3	0	+	0	+	0	0	0	+2
S4	0	0	+	0	0	-	0	0
S5	+	+	+	+	-	0	-	+2
W1	-	0	0	0	-	0	-	-3
W2	0	0	0	0	-	-	-	-3
Σ	0	+2	+4	+3	-4	-2	-3	

Table 6: Plus-minus matrix (Own Processing)

It can be seen from the results of the matrix that the most important strengths of the company are primarily teamwork and its competitive advantage in the form of providing services of material processing or surface treatment. Less significant strengths are employee loyalty and the family approach of the company. Good relations with customers, suppliers, and the public received a neutral rating, mainly due to the threat of customers becoming insolvent, which would undermine good business relations. Based on the number of mutual interactions and the resulting evaluation, it can be said that the most prominent strength of the company is its competitive advantage. Therefore, the potential of this strength can be used in the preparation of a marketing strategy.

Regarding the company's weaknesses, both aspects were rated the same. Thus, they can be said to be of equal importance. When comparing interactions, it can be seen that dependence on only a few large customers has mutual interactions with all three threats. In case of a threat to strengthen the position of the major competitors, there is a risk that one of the company's large customers will switch to the competition. The same applies to the entry of new competitors or foreign companies to which existing customers of B&B Commercial Activity may switch. The threat of insolvency of the customers also has a huge impact on the company, as its dependence on large customers would cause a huge financial loss and possible existential problems for the company.

According to the results of the matrix, the most prominent opportunity for the company is cooperation with new business partners. Whether they are new material suppliers who can provide cheaper and higher quality material or faster delivery time, or customer who would increase the company's turnover. Another important opportunity is the implementation of unused marketing tools, especially in connection with the company's competitive advantage, which is its strength. This aspect can be highlighted when promoting the company. Another opportunity of less significance is the use of new technologies. This aspect is certainly an opportunity for the company to expand and streamline production, but it is necessary to emphasize its financial capital intensity. The opportunity of the company's expansion into a foreign market received a neutral rating. This confirms the fact that the company does not plan to enter the foreign market anytime soon, but it may be an opportunity for the company to develop further in the future.

According to the matrix results, the biggest threat to the company is the strengthening of the position of large competing companies. The entry of new competitors or foreign companies into the domestic market poses less of a threat. The least threat to the company is customer insolvency. All these threats are interdependent on the company's weakness, on its dependence on only a few large customers. However, the results of the matrix can be confirmed, as it is probably less likely that a regular and large customer becomes insolvent and that one of the major competitors strengthens its market position even further.

13 IN-DEPTH INTERVIEW

The following interview was answered by the owner of the company – Josef Buják. According to the current situation with Covid 19, the interview was carried via email and information gained during the interview were used in the analytical part. The interview was originally made in the Czech language and then translated into English for the purpose of the thesis.

13.1 Questions and Answers

What is the marketing strategy of the company?

An essential part of the company's marketing strategy is the active support in the areas of culture, sports and the non-profit sector. We also emphasize corporate social responsibility. From the external point of view, there is a huge importance of the company's social responsibility and credibility, which improve our ability to succeed on the market. From an internal point of view, social responsibility leads to higher employee loyalty, which gives the company a strong competitive advantage in the long run. The basic assumption of a good marketing strategy is a systematic approach that combines responsible behaviour with business strategy and the company's values and mission.

How does B&B Commercial Activity differ from its competitors?

We try to differentiate ourselves mainly by emphasizing personal contact with the customer. We try to listen to the customer's requirements and then process these requirements until the final sale of goods or materials.

What do you consider to be your competitive advantage over other competing companies?

In addition to the sale of metallurgical material, our company has been offering processing and other services that give us a significant competitive advantage compared to the other companies. While we try to increase the share of services and products and thus significantly increase the added value of the products offered, competitive traders in metallurgical material tend to focus on increasing sales from the material sold and increasing sales in bulk only. We believe that this approach will help us strengthen our relations with our key customers and at the same time bring us new opportunities to reach new business partners.

What are your goals for the future?

Our main goal for 2022 is the project of construction and centralization of all business, logistics and production activities of the company, which would significantly streamline production and sales. Furthermore, the centralization would also lead to logistics and personnel costs reduction, and we would be able to better satisfy our customers' requirements for the services offered. We believe that thanks to the unification of all logistics activities into one area, there will be significant streamlining and thus savings in most of the company's cost items. By combining sales, service and production, we want to turn our company into a business and processing company that will be able to offer customers a complete service in the field of metallurgical material supply.

14 CONCLUSION TO THE ANALYTICAL PART

The selected company was analyzed according to several analytical tools to discover its strengths and weaknesses in comparison with the biggest competitors and how the company manages to maintain their activities and attract and keep potential and current clients.

It was found out, that in the case of promotion, the company has a strong position thanks to supporting many larger but also small cultural and sports events that include many people. The only competitor, that has a stronger position is Raven. Thanks to the diversity of the supported events, the company manages to come into the view of many potential customers with different interest.

The website www.babca.cz can be taken as another strength because of its simple but elegant design that goes with the colours and style of the logo. The website provides every necessary information for potential clients such as contacts, the description of products and services, the location of the company and the gallery. However, it was also discovered, that company does not have social media such as Instagram and Facebook, which can be described as a “must-have” these days. Even though Facebook is not as efficient as Instagram in the case of promotion, it can also suit as an appropriate tool when discovering new clients and providing the necessary contacts for them.

B&B Commercial Activity also does not have any video spot, and its promotion is only based on mentioning the name and logo. For instance, when supporting hockey events, many other companies play their video spots on the screen, which is placed in the middle of the field, however, B&B Commercial Activity does not have any and therefore its promotion can be easily overlooked. The issue can relate to the promotion on Youtube which is also widely used by B2B companies to promote their products and finding targeted customers.

Another issue relates to exhibitions and events which provides more personal experience for potential customers and detailed information about products and services that are offered by the company. Many B2B businesses visit and invest in such events because it is a place for gaining desired clients and potential suppliers.

In conclusion, the company has a good marketing strategy that does not have any larger issues that could interfere in gaining new customers. However, the analytical part provided few options, that could improve the strategy and enlarge the reach of the company. These options will be discussed in the project.

15 PROJECT

The main goal of the project is to create a more suitable strategy for the selected company (B&B Commercial Activity). As it was already mentioned in the analytical part, the company already has an appropriate strategy without any larger issues for the organization of its range, however, here are some points that could be improved:

- Promotion on Instagram and Facebook
- Promotional gifts
- Video spots
- Promotion on YouTube
- Exhibitions and events

The promotion on social media plays an important role for any businesses and each company should have a profile of its own to enlarge the reach of the organization. For instance, B&B Commercial Activity has a great website that provides all necessary info about the company and its activities, the webpage has also a pleasant design that goes well with the logo and company's colours. However, they do not have profiles on Instagram and Facebook, which are important tools when promoting any product or service. In the case of promotional products, the company provides few items that were discussed in the analytical part, but they do not have any significant items that could be connected to the activities of the company or that would be suitable as gifts in supported events.

Another point on the project would be creating a video spot for the company that could be promoted on the supported events and on Youtube to catch the attention of targeted customers and enlarge the reach of the company. The project part should also include entering the exhibitions and promotional events, however, after consulting with the owner of the company (Josef Buják), these events were excluded from the new marketing strategy thanks to its higher cost for accommodation, place in the event etc. Instead, online events will be included, which is also an effective way how to gain new customers.

15.1 Action Plan 1 (Instagram)

Nowadays, Instagram suits as the most efficient tool when promoting a company and gaining new customers. According to the webpage called Foundation, "B2B companies experience their largest engagement ratios on Instagram" and thanks to its promotional options, the ad

of the company is placed right into the feed of the users without any necessary clicking. Instagram allows the company to create a profile for free and get detailed info about their followers, posts and many more. Moreover, the company's ad can be created as a story (which is a video or a picture lasting max 15 seconds per one story) which is placed between other stories of people who are followed by potential customers – meaning that people do not need to scroll down to find the ad.

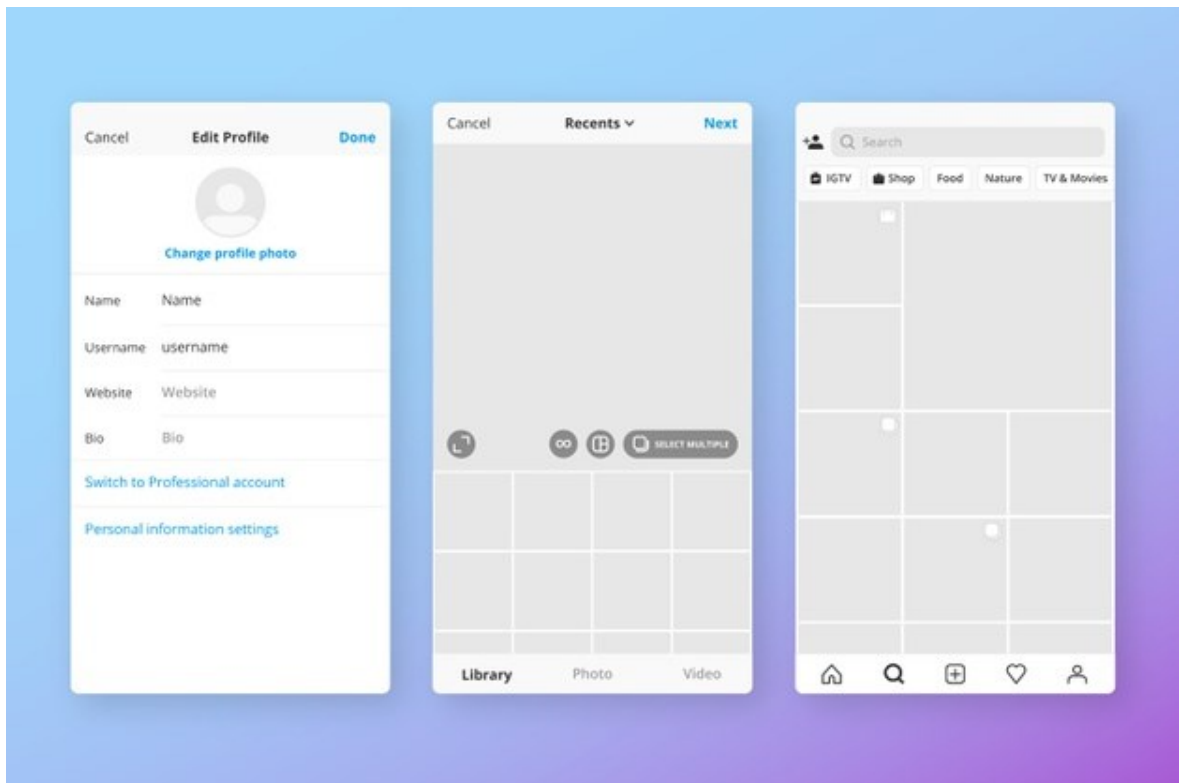


Figure 17: Instagram template (FreePik, ©2021)

When creating an Instagram profile, it gives the company an offer, to choose the type of account (personal, business etc.). The options of promotion are specialized according to the type of the profile. In the first part of the picture above, the company can enter its name, username, contacts, and website. The middle picture provides an option of sharing selected pictures that will be posted on the profile of the company and the last picture is used when searching a people, ad etc. However, Instagram does not only offer options of stories and pictures as an advertisement but also Instagram TV and Instagram Reels, which is a good place for a video advertisement.

Even though creating a profile is free, for a proper advertisement on Instagram, it would be suitable to hire a person or a company who would be managing a checking the growth of the account at least from the beginning or invest money in a paid advertisement to create a

professional, good-looking profile. This covers investing in Instagram Ads, which is a tool that can create an optimized advertising plan for the company in order to achieve the most efficient effect.

15.2 Action Plan 2 (Facebook)

Social media such as Facebook and Instagram are connected which might be helpful when searching for new customers. Even though Instagram is more powerful and provides a larger reach than Facebook, its profile should be created, because Facebook also offers an option of a paid advertisement. Moreover, when creating a page profile, it can give proper information about the company, products, setting of the company and original web page, where people can find more detailed instructions.



Figure 18: Facebook Logo (Wikipedie, ©2021)

For maintaining a business Facebook page, the company should hire a person or agency which deals with professional advertisement and according to the fact, that social media are connected, it would be the same person/agency who manages the profile on Instagram. For gaining new popularity, the company's profile should regularly post pictures or for instance create online events which are less expensive than the normal ones, to inform new clients about their activities, products and offerings. These events will include an interview with owners or people who are connected with the company and a presentation about the company. More information about online events will be discussed further below. The option of paid advertisement will be included in the promotion and the ad will be focused on people with interests that covers business and technology

15.3 Action Plan 3 (Video Promotion)

Many B2B companies use video spots as a way of promotion, instead of placing only a picture with the name of the company as it is in the case of B&B Commercial Activity. As it was already discussed in the previous chapter, the company supports many events that provide an option of video promotion, such as O2 arena in Prague or PSG Zlín (Stadion Luďka Čajky). The video spot can be created in 2 options – the shorter one which would last

for 10 seconds and the longer one, which would last 30 seconds. The longer version will include the introduction of the company and their activities, the setting of the company and contacts (for instance webpage), the shorter version will consist only of introduction and necessary contacts. Even though a video promotion is more expensive, it can be placed only in some events, that are more important for the company. For Instance, Slovácké Leto, which is an event in Uherské Hradiště, offers an option to play video advertisement of sponsors who support the event. Slovácké léto is visited by many people and thanks to its near location to B&B Commercial Activity, the investment in the video add would be beneficial for the company. PSG Zlín hockey also gives an option of video promotion in the middle of the stadium and the video spot would be more appropriate in this event, than only the logo placed on the ice or on the banner. The spot will be played 1x before the match, 3x during the match and 3x during the break.

The video spot could be also placed in the social media discussed above (Instagram, Facebook) and then also on YouTube, which will be discussed below. However, the video promotion should also include another type of videos, such as already mentioned interviews with people from the company, or videos that provide a quick view into the whole process etc. These types of videos could be placed on YouTube channel, and also on Instagram and Facebook.

15.4 Action Plan 4 (YouTube)

To start a proper advertisement on YouTube, the company needs to create an account of the company. The main goal of the YouTube channel would be a search for new customers depending on their interests on the internet.



Figure 19: YouTube logo (Google, ©2021)

The account will contain several types of videos about products, services, processes, people, who work at the company and other videos, which will be suitable for a proper advertisement

– all videos will be carefully categorized according to their content into the video lists. The YouTube will be maintained by the same person who is responsible for the promotion on Instagram and Facebook. Two video spots which will serve as advertisement will be recorded professionally and the rest of the videos will be recorded on the mobile phone and edited by a hired person.

The most important things when promoting on YouTube, are the titles of the video, the description, and keywords – without these three points, the company cannot gain the desired popularity on YouTube, or in this case, the visibility upon potential customers. For instance, the name of the company (B&B) is similar to B2B, which can be used as hashtags and keywords below each video to make the channel more original and connected.

15.5 Action Plan 5 (Online Events)

Originally, the main idea was based on visiting exhibitions to present the company and its product portfolio with services. However, after discussing with the owner of the company, the idea of exhibitions and events in this meaning is too expensive for the company and therefore was excluded from the project. On the other hand, the project is largely based on social media advertising and according to the situation Coronavirus, online events that could be streamed on YouTube, Facebook or even on Instagram will be more suitable and less expensive for the company. Moreover, the online events gained more popularity during these days.

These events will be similar to videos on YouTube, but they will be streamed online and live on the particular day and time. This idea can be linked with Facebook promotion which would be mostly based on holding such events.

15.6 Action Plan 6 (Gifts)

The analytical part of the thesis discussed promotional gifts of B&B Commercial Activity. These objects covered a key ring, bottle of honey, brochure, golf balls and pens (The picture was included in the analytical part). However, for the company of its size, the number of the gifts is quite smaller than it should be, and they also lack originality. For that purpose, the six new promotional gifts were created, to fit into the idea of the company: Notebook A5, stickers, business card holder, pillow, screwdriver, and cap. The picture of all objects will be included in appendix.

15.6.1 Notebook A5

Notebooks as a promotional gift are very popular in B2B companies. Companies can include their logos and contacts in case that customers would be interested in buying the products and services from the business. The notebook will be created from recycled paper and as an A5 size which is compact but also large enough for making notes. The colours of the notebook will be – 80% beige and 20% blue. The pen would be also included from the side of the notebook in the same colours

iNET Print	Notebook A5
Price for 1 piece (without logo)	27,31 CZK
Price with the logo	53,76 CZK
The Amount	100
Price In total	5,376 CZK

Table 7: Notebook A5 (Own Processing)

The notebook will be created with the webpage iNET Print and the price will be 53,76 CZK for a product that includes the logo. The whole number of ordered products is set to 100 and the price in total is 5,376 CZK

15.6.2 Stickers

The second promotional product is colourful stickers, which includes five options of colours – orange, pink, yellow, green and blue. The logo of the company will be placed at the top of the small folder that carries the stickers and the colour of the folder will go with the same colours as the notebook

iNET Print	Stickers
Price for 1 piece (without logo)	4,39 CZK
Price with the logo	30,84 CZK
The Amount	100
Price In total	3,084 CZK

Table 8: Stickers (Own Processing)

Again, the promotional product is created in cooperation with iNET Print and the price for one piece that also includes the company’s logo is 30,84 CZK. In total will be ordered 100 products with the amount of 3,084 CZK.

15.6.3 Business Card Holder

According to the fact, that business cards are widely used in the B2B world, the third promotional product is a business card holder. The colour of the holder is silver and the logo of the company is placed on top of the product. Even though, the previous products were created in the same colours, the silver looks more professional in the case of the business card holder

iNET Print	Business Card Holder
Price for 1 piece (without logo)	35,56 CZK
Price with the logo	60,73 CZK
The Amount	100
Price In total	6,073 CZK

Table 9: Business Card Holder (Own Processing)

The price for a one-piece 60,73 CZK and the number of products is 100. The price in total will be 6,073 CZK. Again, the product was created in cooperation with the web page iNET Print.

15.6.4 Neck Pillow

Many occupations include hours of sitting in front of a computer, based on that, a neck pillow is a great option for a promotional gift. The pillow is designed in grey, and the logo is placed on the right side on a small label.

iNET Print	Neck Pillow
Price for 1 piece (without logo)	173,66 CZK
Price with the logo	203,91 CZK
The Amount	50
Price In total	10,196 CZK

Table 10: Neck Pillow (Own Processing)

The previous products were ordered in the number of 100, however, according to the higher price of the pillow, the ordered number was decreased into half and the pillow will be offered only to loyal and long-term customers.

15.6.5 Screwdriver

Based on the activities of the company, the multifunctional screwdriver is an appropriate promotional gift that is connected to steel. The screwdriver will provide several options of usage based on the needs of an individual. The logo is placed on the transparent top of the product.

PROPAQ	Screwdriver
Price for 1 piece (without logo)	45,50 CZK
Price with the logo	66,83 CZK
The Amount	100
Price In total	6,683 CZK

Table 11: Screwdriver (Own Processing)

The price for one piece with a logo is 66,83 CZK. The number of ordered pieces will be 100 and the price in total is 6,683 CZK. In this case, the screwdriver was created in cooperation with the website PROPAQ.

15.6.6 Cap

The last of the products is a sports cap, that can be suitable for supported sports events. The cap has a baby blue and the logo is placed on the right side on the front of the cap.

iNET Print	Cap
Price for 1 piece (without logo)	24,30 CZK
Price with the logo	56,42 CZK
The Amount	200
Price In total	11,284 CZK

Table 12: Cap (Own Processing)

The product was created in cooperation with the website iNET Print and the price for the one-piece is 56,42 CZK. The number of ordered products was doubled in this case to 200 pieces and the price in total is 11,284 CZK

The presented promotional gift can be added to already existing ones, that are provided by the company and was discussed in the previous chapter, however, they can be also prepared as new products, that will replace the old promotional objects. The promotional products will be given in the case of the long-time cooperation to existing clients, to new clients or at supported events (For instance, the cap can be a good promotional gift at Slovácké Léto event)

16 TIME ANALYSIS

Individual action plans of the project are subjected to time analysis. The individual project activities distribution can be seen in the following table.

2021/2022												
	August	September	October	November	December	January	February	March	April	May	June	July
Action plan 1	x	x	x	X	x	X	x	x	x	x	x	x
Action plan 2	x	x	x	X	x	X	x	x	x	x	x	x
Action plan 3		x	x	X	x	X	x	x	x			x
Action plan 4	x	x	x	X	x	X	x	x	x	x	x	x
Action plan 5			x			X			x			
Action plan 6					x							

Table 13: Time Analysis (Own Processing)

As can be seen from the table above, the marketing strategy of B&B Commercial Activity is planned for the duration of one year, with the start of the project planned for August 2021 and its end for July 2022.

It can also be seen that Facebook, Instagram, and YouTube are included in all 12 months of the marketing strategy project. The reason is the regular post-sharing on these social networks, as well as the regular sharing of video spots, videos, and interviews on the YouTube platform.

As for video promotion, the first part is planned for the months from September to April, as hockey matches are played at the Luďek Čajka stadium in Zlín during these months, where the video promotion will be placed throughout the season. The second part of the video promotion is scheduled for July when the Slovácké léto event takes place in Uherské Hradiště.

The project also includes three online events and the design and production of new promotional products. The production is scheduled for December so that the company can provide new promotional products to its business partners as a possible Christmas gift and their loyal support.

The time analysis is performed using the CPM (Critical Path Method). The following table serves as an input for the critical path calculation, which will be done using the QM for Windows program.

	Activity	Duration in days	Predecessors
A	Hiring an employee responsible for social media and YouTube channel	14	
B	Creation of Facebook and Instagram account and YouTube channel	1	A
C	Selection of an advertising agency for the creation of the two video spots	5	B
D	Creation of the video spots	14	C
E	Regular YouTube content sharing	365	C
F	Paid Facebook and Instagram advertisement preparation	1	D
G	Launch of the Facebook and Instagram advertisement	15	F
H	Professional video spots sharing on YouTube, Facebook, and Instagram	1	D
I	Advertising the video spots in hockey arena (Stadion Lud'ka Čajky in Zlín)	210	G
J	Draft of online events and their data and time settings	5	H
K	Promotion of 1. online event on Facebook	14	J
L	1. online event	1	K
M	Launch of the Facebook and Instagram advertisement	15	L
N	Draft of new promotional products	14	M
O	Production assignment of the promotional products	1	N
P	Production and transport of the promotional products	13	O
Q	Promotion of 2. online event on Facebook	14	P
R	2. online event	1	Q
S	Launch of the Facebook and Instagram advertisement	15	R
T	Promotion of 3. online event of Facebook	14	S
U	3. online event	1	T
V	Advertising the video spots at Slovácké léto in Uherské Hradiště	10	U

Table 14: Activities in Time Analysis (Own Processing)

Individual activities were entered into the QM for Windows program and the critical path method was used to determine the shortest possible time of project implementation and its critical path.

Activity	Activity time	Early Start	Early Finish	Late Start	Late Finish	Slack
Project	385					
A	14	0	14	0	14	0
B	1	14	15	14	15	0
C	5	15	20	15	20	0
D	14	20	34	145	159	125
E	365	20	385	20	385	0
F	1	34	35	159	160	125
G	15	35	50	160	175	125
H	1	34	35	266	267	232
I	210	50	260	175	385	125
J	5	35	40	267	272	232
K	14	40	54	272	286	232
L	1	54	55	286	287	232
M	15	55	70	287	302	232
N	14	70	84	302	316	232
O	1	84	85	316	317	232
P	13	85	98	317	330	232
Q	14	98	112	330	344	232
R	1	112	113	344	345	232
S	15	113	128	345	360	232
T	14	128	142	360	374	232
U	1	142	143	374	375	232
V	10	143	153	375	385	232

Figure 20: Critical Path Performer (QM Windows)

The results of the critical path method shows that the project’s critical path is as followed: A → B → C → E. The delay of one of these activities would cause the delay of the whole project. It can be seen from the table, that the shortest possible time of the project implementation is 385 days.

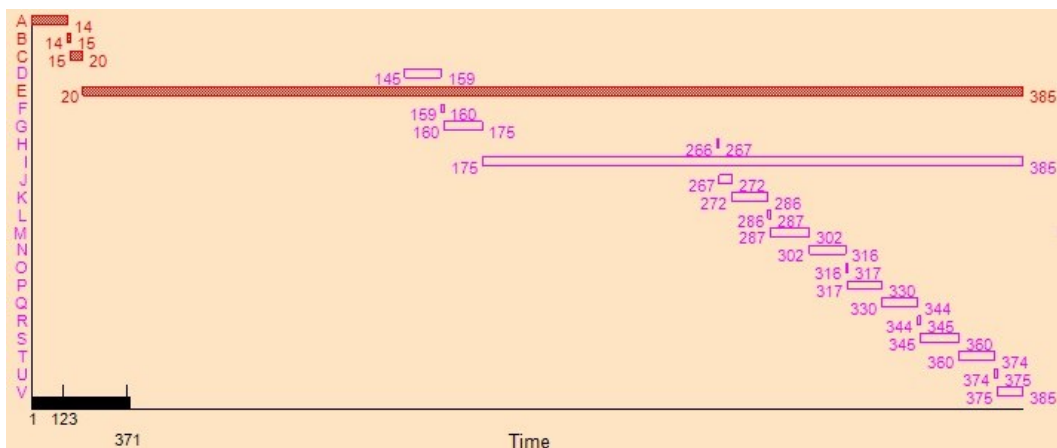


Figure 21: Gantt Chart (QM Windows)

17 COST ANALYSIS

TYPE OF COSTS	PRICE
1st Promotion on Instagram (15 x 300)	4 500 CZK
2nd Promotion on Instagram (15 x 300)	4 500 CZK
3rd Promotion on Instagram (15 x 300)	4 500 CZK
Instagram (In total)	13 500 CZK
1st Promotion on Facebook (15 x 200)	3 000 CZK
2nd Promotion on Facebook (15 x 200)	3 000 CZK
3rd Promotion on Facebook (15 x 200)	3 000 CZK
Facebook (In total)	9 000 CZK
Video spots	15 000 CZK
Hired person (Social Media promotion)	144 000 CZK
Notebook A5	5 376 CZK
Stickers	3 084 CZK
Business Card Holder	6 073 CZK
Pillow	10 196 CZK
Screwdriver	6 683 CZK
Cap	11 284 CZK
Promotional Gifts (In total)	42 696 CZK
Promotion at PSG Zlín Hockey	90 000 CZK
Promotion at Slováké léto	20 000 CZK
COSTS IN TOTAL	334 196 CZK

Table 15: Cost Analysis (Own Processing)

After the discussion, with the owner of B&B Commercial Activity – Josef Buják, the budget for the development of the new marketing strategy was settled on 500,000 CZK. The new marketing strategy includes Instagram and Facebook promotion which is divided in both cases into the 3 seasonal events, then two video spots, a hired person for the social media management, promotional gifts, and promotion on PSG Zlín Hockey and Slovácké Léto in Uherské Hradiště.

As it was already mentioned, the promotion on Instagram is divided into three parts (which is discussed in the time analysis of the marketing strategy) and each promotion is prepared for 15 days. The minimal price for an advertisement is 10 CZK for a day, however for a broader reach of customers was chosen the amount of 300 CZK per day. The price for one promotional event is 4,500 CZK and in total it is 13,500 CZK for all three events. The promotion on the Facebook platform is similar to Instagram and the minimal price also starts at 10 CZK per day. Facebook also provides an option to promote the company to the customers based on their interests (which was focused on business and technology). According to the fact, that Instagram is more popular than Facebook these days, the price for a daily advertisement was settled on 200 CZK per day and the duration of one event is 15 days. In total, the price for one event is 3,000 CZK and all three events are 9,000 CZK.

The social media promotion is also connected to a new employee who will be regularly managing the posts on Instagram, Facebook and YouTube. This person would be hired on a part-time job (predicting 20 hours per week). The employee would be paid by hours and the wage for one hour is 150 CZK. Based on that, the full amount for 12 months is 144,000 CZK and 12,000 CZK per month. However, the hours might differ based on the agreement between the two parts.

The next points on the cost analysis are two video spots that will be recorded by a professional company. The duration of the first spot is 30 seconds and the shorter one will last 10 seconds (and will be created from the longer version). The regular price for creating a video spot is settled from 10,000 CZK to 20,000 CZK, however, based on the research, the company, which was chosen for the development of video spots (Markusfilm) provides a price of 15,000 CZK for both video spots (the price might differ based on the requirements of the company). These two spots will be promoted on each of three social media platforms (Instagram, Facebook and YouTube), however, in the case of YouTube, the promotion would be not provided as a paid advertisement but only as a YouTube Channel, that will be covering information about the company and their products and services. Spots will be also

played on two events (PSG Zlín hockey and Slovácké Léto) which will be discussed further below.

The new marketing strategy also covers new promotional gifts, that will be more suitable to the activities and products that are provided by the company. The six chosen gifts were created with the cooperation of the companies iNET Print and PROPAQ and include notebook, stickers, pillow, business card holder, multifunctional screwdriver, and summer cap (gifts were discussed in more detail in the chapter above). These six gifts should be serving as a completion to already existing ones (or can be provided without the old ones). The whole amount for new promotional gifts is 42,696 CZK.

The last part of cost analysis are two events, which will be serving as a video promotion of two professional video spots. The first event is PSG Zlín Hockey at the stadium of Luděk Čajka and the video will be played on the screen placed in the middle of the stadium. The price for the video promotion was settled based on the promotion package on the PSG Zlín web page. The package includes playing the spot 1x before the match, 3x during the match and 3x during a break at 30 matches. The whole price for this promoting package is 90,000 CZK. The second event is Slovácké léto in Uherské Hradiště, which usually last for 10 days (might differ based on the Coronavirus situation). This event provides a video promotion on a small TV settled on the town square and the price for the advertisement is 20,000 CZK.

At the beginning of the analysis, the maximum budget was settled on 500,000 CZK, however, the budget for the new marketing strategy is way below the line and the full amount for all costs is 334,196 CZK. On the other hand, the total amount might differ based on each item included in the cost analysis.

18 RISK ANALYSIS

When creating a new marketing strategy, the company needs to consider potential risks that can occur during the process. Based on that, risk analysis is an important tool when preparing for unwanted events that might appear when realizing the project. The risks that are connected to the project includes issues such as small interest in social media, failure of the employee managing the social media or overrunning the budget etc. The scale of the probability and the impact of potential problems was stated as follows:

- **0.1** – very low probability and very low impact
- **0.3** – low probability and low impact
- **0.5** – medium probability and medium impact
- **0.7** – high probability and high impact
- **0.9** – very high probability and very high impact

Risk	Probability	Impact	Result
Budget overrun	0.3	0.7	0.21
Inappropriate social media targeting	0.3	0.7	0.21
Lack of interest in social media content	0.5	0.9	0.45
Lack of interest in promotional gifts	0.1	0.1	0.01
Irresponsible employee hired for social media	0.5	0.9	0.45
Inappropriate project scheduling	0.5	0.3	0.13
The project failure	0.3	0.9	0.27

Table 16: Potential risks of the project (Own Processing)

The range of potential risks:

0.00 – 0.15 - Low

0.16 – 0.30 - Medium

0.31 – 0.45 – High

Based on the results from the previous table, the risks were divided into three groups according to their impact on the project – low risks, medium risks, and high risks. These groups are discussed below:

Low Risks (0.00 – 0.15)

The first category includes potential risks such as lack of interest in promotional gifts and inappropriate project scheduling. Both were assigned as a small risk that does not affect the running of the project on such scale as different examples in the risk analysis. **The lack of interest in promotional gift (0.01)** can be taken as no risk at all because it does not influence the running of the company and the project in any significant way, however, if the gifts would not be wanted by potential customers, their development would be taken as useless and would not help with promotion of the company. On the other hand, **inappropriate project scheduling (0.13)** would influence the whole project from the beginning to the end. However, thanks to the items which were chosen for the project, the scheduling might differ without any significant impact and therefore is signed as a small risk.

Medium Risks (0.16 – 0.30)

The second group involves risks that have a medium impact on the project. This includes items such as budget overrun, inappropriate social media targeting and project failure. **Budget overrun (0.21)** is taken as a medium risk, however, thanks to the smaller number of planned costs in comparison to the given budget (which is 500.000 CZK), the budget overrun might not happen, even if the costs presented in cost analysis would dramatically change. Next on the list is **Inappropriate social media targeting (0.21)** which is suits as the basis of the project, thanks to its focus on social media, however, based on the chosen targeting of people (business and technology), the promotion should be presented for the right viewers. The last of the medium risks is **project failure (0.27)** – even though the impact would negatively influence the whole strategy, the probability of that is really small and the project should be realized without any larger complications based on its simplicity.

High Risks (0.31 – 0.45)

The last group of risks include only two items– **Lack of interest in social media content (0.45)** and **Irresponsible employee hired for the social media content (0.45)**. Even though there are only two examples, the success of the whole project is based on them. Without any interests from people who will see the company's advertisement, the social media promotion

would be taken as unsuccessful and inefficient. Unfortunately, the interest of the potential clients in B&B Commercial Activity's products cannot be ensured; however, it can be supported by creative and catchy content that would attract the viewers and therefore increase their interest in the company and its offer which is connected to the second risk – **Irresponsible employee hired for the social media content.** If the new employee would not be a creative and responsible person who could provide interesting content, the promotion on social media will automatically fail, therefore, the company needs to carefully choose who is the right person for this type of job.

As it was already mentioned, the presented risks and their impact and probability might differ based on the items that will be chosen for the project by B&B Commercial Activity. However, the risks that are described as medium and high should be taken more seriously to avoid them in the future when realizing the project.

19 PROJECT VERIFICATION

By the time, the project is completed, B&B Commercial Activity should analyze the situation before and after the project and if the new marketing strategy was effective and worth the effort of the company. In this case, the verification can be provided as follows:

- Number of followers on Instagram, Facebook, and YouTube
- Difference between number of clients before and after project
- Difference in sales and margins before and after the project

The number of followers on social media can provide a quick view if the attractiveness of the company increased and if the company gained more popularity. The total number of clients, sales, and margins in comparison to previous years will state if the project was effective and what are the overall results.

19.1 Benefits of the project

The project should increase the attractivity of the company and start their promotion on social media, which is taken as a necessity these days. Moreover, the video promotion will provide a better view of the company and its activities and B&B Commercial Activity should benefit from the promotion in the means of new customers and higher number of sales. The overall benefit is creating a better image of the company.

20 PROJECT SUMMARY

The main goal of the project was to develop a new marketing strategy based on the shortcomings of the current state of B&B Commercial Activity. The statement includes increasing the attractiveness and awareness of the company between potential clients. The project is based on the previous analysis of the company, which includes analyzing the competition of the company, strengths and weaknesses, current marketing strategy, the company itself and their way of promotion.

The project included six action plans – promotion on Instagram, promotion on Facebook, creating new video spots, promotion on YouTube, online events, and new promotional gifts. All action plans were created based on the analytical part. The promotion on Instagram is based on the regular posts that would be managing a new employee hired for a part-time job. It will be completed by the option of paid advertisement which is divided into the three events during the year: each lasting for 15 days. Facebook promotion is based on a similar concept; however, the price is slightly smaller than in the case of Instagram. The promotion is again, divided into three parts with the same duration as it is on Instagram. The third action plan is creating new video spots, that will be promoted on social media and two events (PSG Zlín Hockey and Slovácké léto). The longer version will last for 30 seconds and the shorter for 10 seconds. These videos will be also promoted on Instagram, Facebook and YouTube, which stands as a fourth action plan and includes the regular posting of videos that covers information about the company, their products and employee. The action plan five should have been exhibitions and events for businesses to present their product and service portfolio, however, after discussion with the owner of the company, the plan was changed into the online events that will take place on social media (mainly on Facebook). The last action plan is new promotional gifts that include a notebook, stickers, business card holder, multifunctional screwdriver, pillow and cap. Each gift has a logo of the company printed on itself and was created to fit into the idea of the company.

The start of the project is planned in August 2021 and the ending in July 2022 with a duration of 385 days.

CONCLUSION

This master thesis aimed to analyze and create a new marketing strategy for the chosen company, which is B&B Commercial Activity, which provides products and services as a metallurgical material supplier. The company has a strong position in the case of competition and only one competitor showed better results than the chosen company.

The master thesis was divided into three parts – theoretical, analytical and project. The theoretical part provided a basis of information that suitable for the analytical part including literary works from Philip Kotler, Kevin Lane Keller, Wim. G Biemans, Heidi Taylor, etc. The analysis of the current situation provided results that were used in the project to improve the marketing strategy of the company. B&B Commercial Activity already had a proper way of promotion that includes supporting cultural and sports events, then cooperation with other companies or webpage, that includes a large amount of information about the company that would give a proper idea about products and services. However, their lack of participation on social media and no video promotion was a weakness in comparison to other B2B companies. The analysis was created through several analytical tools such as SWOT analysis, PEST analysis, Porter's Five Forces analysis and Benchmarking and the company also provided an in-depth interview with the owner of the company Josef Buják.

The main goal of the project was to eliminate the weaknesses found in the analytical part and provide new ideas that might improve the current marketing strategy. Based on the analytical part, the project includes six action plans that covers – promotion on social media, video promotion (two video spots), hiring a new employee, new promotional gifts and online events. The project was then subdued to time analysis, cost analysis and risk analysis to provide a proper view about the duration of the project, its cost and potential risks that need to be taken into account when realizing the project.

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LIST OF ABBREVIATIONS

B2B Business to Business

B2C Business to Consumer

CPM Critical Path Method

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APPENDICES

Appendix P I: Promotional Gifts

APPENDIX P I: PROMOTIONAL GIFTS

