

A Competitiveness Analysis of a Selected Company

Adam Špulák

Bachelor's Thesis
2025



Tomas Bata University in Zlín
Faculty of Humanities

Univerzita Tomáše Bati ve Zlíně

Fakulta humanitních studií

Ústav moderních jazyků a literatur

Akademický rok: 2024/2025

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(projektu, uměleckého díla, uměleckého výkonu)

Jméno a příjmení: Adam Špulák
Osobní číslo: H21857
Studijní program: B0231P090005 Anglický jazyk pro manažerskou praxi
Forma studia: Prezenční
Téma práce: Analýza konkurenceschopnosti vybrané společnosti

Zásady pro vypracování

Shromáždění literatury k problematice analýzy konkurenceschopnosti
Studium literatury a formulace cílů práce
Shromáždění dat z vybrané společnosti
Popis a analýza současného stavu konkurenčního postavení vybrané společnosti na trhu
Výsledky analýzy a tvorba doporučení pro zlepšení konkurenceschopnosti vybrané společnosti na trhu

Forma zpracování bakalářské práce: **tištěná/elektronická**
Jazyk zpracování: **Angličtina**

Seznam doporučené literatury:

Baines, Paul, Chris Fill, and Kelly Page. 2013. *Essentials of Marketing*. Oxford: Oxford University Press.
Fotr, Jiří, Emil Vacík, Ivan Souček, Miroslav Špaček, and Stanislav Hájek. 2020. *Tvorba strategie a strategické plánování: teorie a praxe*. Prague: Grada.
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Kotler, Philip, and Kevin L. Keller. 2016. *Marketing Management*. Harlow: Pearson.
Pride, William M., and O. C. Ferrell. 2016. *Marketing 2016*. Boston: Cengage Learning.

Vedoucí bakalářské práce: **Ing. Jiří Bejtkovský, Ph.D.**
Ústav managementu a marketingu

Datum zadání bakalářské práce: **2. ledna 2025**
Termín odevzdání bakalářské práce: **6. května 2025**

L.S.

Mgr. Libor Marek, Ph.D.
děkan

doc. Mgr. Roman Trušík, Ph.D.
ředitel ústavu

Ve Zlíně dne 24. února 2025

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ABSTRAKT

Tato bakalářská práce se zaměřuje na analýzu konkurenceschopnosti vybrané společnosti v jejím odvětví. Vybraná společnost je molochdem se stavebními materiály a zároveň dělá montáže menších projektů. Teoretická část se soustředí na zpracování odborné literatury na téme konkurenceschopnost a relevantních analýz a strategií. Cílem praktické části bylo analyzovat postavení vybrané společnosti na trhu, za použití strategií a analýz z teoretické části. Na konci práce bylo na základě výsledků z praktické části navrženo několik doporučení pro zlepšení konkurenceschopnosti.

Klíčová slova: konkurenceschopnost, konkurenční strategie, SWOT-analýza, benchmarking, marketing, STP analýza, Porterův model pěti sil, stavební materiály

ABSTRACT

This thesis focuses on the competitiveness analysis of a selected company in its industry. The selected company is doing retail of building materials and construction of smaller projects. The theoretical part focuses on compiling literature on the topic of competitiveness, relevant analyses, and strategies. The practical part aimed to analyse the position of the selected company on the market, using the strategies and analyses described in the theoretical part. At the end of the thesis, multiple recommendations for improving the current competitive position of the selected company on the market were given, using the results of analyses from the practical part.

Keywords: Competitiveness, competitive strategy, SWOT analysis, benchmarking, marketing, STP analysis, Porter's five forces, building materials

I would like to mainly give my thanks to my supervisor Ing. Jiří Bejtkovský, Ph.D., for helping throughout the process of writing this thesis. I would also like to thank the owners and employees of the selected company for answering my questions. I would also like to give my thanks to Tralalero Tralala for supporting me during the writing of the thesis. My thanks also go to my family, who supported me throughout my studies.

Motto:

“The only way to learn is by playing, the only way to win is by learning, and the only way to begin is by beginning.”

Sam Reich

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INTRODUCTION

In today's globalized world, a competitive environment is dynamic and ever-changing. Companies must stay well informed and prepared for anything in order to sustain their business. Companies need to understand their competitive position in the market, which is essential for identifying opportunities, navigating risks, and formulating competitive strategies. These strategies help companies sustain their market position or improve their business further. As many companies operate in the same markets, they often offer similar products or services to customers, which leads to competition for customer acquisition between companies in the same market. Therefore, companies must analyze not only the competition but also the customers and their field. Various analyses and strategies can be used to understand the market and improve or change the marketing to further thrive amidst the competition.

This bachelor thesis dives into a competitiveness analysis of a selected company, which will be referred to only as such throughout the rest of the thesis at the request of the company's owner. The selected company is a Czech retail store operating on a regional level, which focuses on the sale of construction materials and the construction of smaller projects. The selected company has multiple competitors in the same city, which is why the company needs to understand the market and its competition to sustain its position in the market.

The first part of the theoretical part of the thesis aims to define competitiveness and competitive environment. The subsequent part of the theoretical part is aimed at defining the important marketing strategies that are used to analyze the macroenvironment, meso-environment, and microenvironment, with the use of appropriate literature and secondary sources. At the end of the theoretical part of the thesis, a summary of the theory will be presented, and several research questions will be defined and subsequently answered within the later part of the thesis.

The practical part of the thesis focuses on a thorough analysis of the company, its competitiveness, and its competitors. For this analysis, the methods described and explained in the theoretical part will be used. Firstly, McKinsey's 7s method will be used to analyze the company. The marketing mix will be examined and STP analysis will be carried out. Then the meso-environment, and macroenvironment are analyzed using the theory from the first part of the thesis. In the end, the research questions will be answered, and several

recommendations for improvement of the market position of the selected company will be given.

I THEORETICAL PART

1 COMPETITION

According to Pride and Ferrell (2016), competition could be defined as other firms that are selling products similar to or that can be substituted for their products in the same area of the market. Companies, therefore need to create products better than those that already exist on the market, in order to surpass the competition. Companies attempt to satisfy the needs of the same areas of the market with their products. Baines, Fill, and Page (2013) say there are two different types of competitors. These two types of competition are classified as direct and indirect competitors. Firstly, the direct competitors target the same market, which is very similar but can differ in target demographic. On the other hand, indirect competitors are those companies that target the same market but offer products that can substitute the products of other companies, yet still satisfy the same needs.

1.1 Competitive Advantage

A competitive advantage can be viewed as a competitive edge over other companies, that can be sustained for a longer period, and is important for attracting new customers. It is an activity or area in which a company outperforms its competitors. This advantage can be achieved in multiple different ways. It can be better brand recognition, higher quality of the products, or offering features that the competitors do not (Baines, Fill, and Page 2013, 146). Competitive advantage is essential in any industry otherwise, the company will be outperformed by other firms who do have the competitive edge. Having a competitive advantage means that a company has a marketing mix, which according to the market is better than the competitor's (Perreault, Cannon and McCarthy 2012, 45).

1.2 Competitive Environment

A competitive environment is a changing and dynamic system that appears when multiple companies offer similar products or services. This makes the companies compete and analyse each other. They try to evolve not only their products and services but also their strategies. The competitive environment also provides natural price regulation. Companies must set prices for their products similarly to the competition in order to acquire a customer base. Given this information, the competitive environment helps companies improve and provides better conditions for the customers (Baines, Fill, and Page 2013).

1.3 Competitive Structures

Competitive structures are a term that is used to describe the state of a certain market for a given product. It describes, how many sellers of a product are on the market, how many substitutes exist, and else. There are many types of competitive structures, descriptions of which are given further in this chapter.

1.3.1 Perfect Competition

According to Porter (1985), perfect competition is an extreme case. It occurs when no expenses for market entry exist, there is no possible negotiation between the firms and their suppliers and customers, and there is no competition between the companies because most of the products are the same. The amount of sold goods on the market is solely based on supply and demand. This type of competition does not exist in the real world, it is purely a theoretical idea (Pride and Ferrell, 2016).

1.3.2 Imperfect Competition

Imperfect competition exists because companies on the market have bargaining power with suppliers and customers. Imperfect competition is further divided into four structures (Pride and Ferrel, 2016).

1.3.3 Monopoly

A monopoly occurs when there is only a single company selling a product (Porter 1980). The product of this company has no close substitutes on the market, and therefore the supply is fully controlled by this one company. This also allows the company to dictate the price for their product at will. In some industries enormous amounts of money are needed to start a business, therefore the barriers of entry are incredibly high, and there is an extremely low chance of new competitors (Pride and Ferrel, 2016).

1.3.4 Oligopoly

An oligopoly is a structure where multiple bigger firms control the supply on the market as a group. These products can either be homogenous or differentiated. Barriers for entry in this structure are usually quite high. (Pride and Ferrel, 2016). Companies in this structure can easily influence prices of other products on the same market. This can lead to companies lowering the prices, in hopes of winning over the competition (Farrel and Hartline 2011, 238).

1.3.5 Monopolistic Competition

If many sellers of a similar product exist, they have to do something to differentiate their product from the rest of the industry. They will often offer benefits or try to implement new features for their products and services. In monopolistic competition, a large number of substitutes exist. In this competitive structure, even the price of a product or service can make a big difference, when acquiring new customers. Companies also try to come up with unique marketing strategies, to help them raise their market share (Pride and Ferrel, 2016).

2 SELECTED COMPETITIVE STRATEGIES

This chapter aims to explain some of the selected competitive strategies and analyses that will be used in the practical part of the thesis. This chapter will describe competitive strategies by Porter, Kotler, Ansoff, Drucker, and the red and blue strategy.

2.1 Competitive Strategies by Porter

Competitive strategies by Porter are three different approaches to market, used by companies to gain a competitive advantage over others. Porter defined three main approaches, which are cost leadership, differentiation, or focus on one segment of the market (Blažková 2007, 136).

2.1.1 Cost Leadership

In this approach, a company aims to spend as little money on the production and distribution of the product as possible. This leads to the company being able to sell their goods for lower prices and maintain prices, while still achieving profit. By using this, the company can sell for lower prices than the competitors, therefore they can acquire more customers, and attain higher market share (Kotler and Keller, 2016).

2.1.2 Differentiation

The approach of differentiation means that the company offers a product that is unique or better than what the competitors offer. This can be achieved for example by including special features or using high or premium quality materials. Differentiation works only in fields where know-how is very important, and the product cannot be easily replicated. Costs must not be priority number one not only for the sellers, but also for the customers (Blažková 2007, 136).

2.1.3 Focus

In this strategy, the company aims to satisfy the needs of a smaller amount of market segments, rather than aiming to accommodate the whole market. While this strategy does not necessarily focus on neither lowering the costs nor on differentiation, it can lead to reaching one or both of these (Kotler and Armstrong, 2014).

2.2 Competitive Strategies by Kotler

Kotler's perspective comprises four competitive strategies. These strategies are largely based on the company's current standing in a given market. It could be said that the standing of the company is directly correlated to the market share the company holds (Horáková, 2014). The hypothetical market structure is shown in Figure 1.

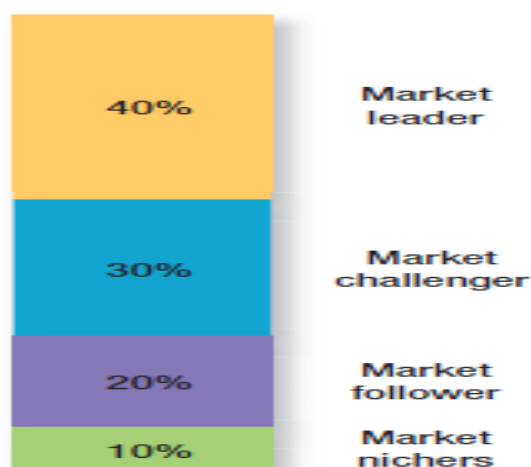


Figure 1: Hypothetical market structure

(Kotler and Keller 2016, 359)

2.2.1 Market Leader Strategy

The market leader is the company in an industry with the highest market share, as shown in Figure 1. The market leader controls not only the price changes but also the distribution channels and the product promotion costs. (Kotler and Keller 2016, 359). The market leader is analyzed by the competition, they are challenged and mimicked by the rest of the industry in order to decrease their market share. This leads the market leader to employ certain strategies in an attempt to preserve its position on the market. For example, they aim to strengthen the relationship with their standing customer base to keep their position in the market, consequently keeping the market share. Or they expand the market to grow their market share (Drummond, Ensor and Ashford 2008, 161).

2.2.2 Market Challenger Strategy

Market challenger is the second biggest company, holding about 30% of the market share. They aim to obtain a higher market share by challenging and attacking the competitors (Kotler 2007, 580). The market challenger is a company that holds a slightly lower market

share than the market leader. They often compete with companies that are of a similar size (Horáková 2014, 47). The market challenger carefully selects the competitors to attack. Choosing the wrong competitor can be devastating for the company. Attacking the market leader is, on one hand very profitable, but on the other quite dangerous. To challenge the market leader, a considerable competitive advantage is needed. The best target to select for the challenger is a company of the same or smaller size. The company then targets the customers of said competitor and aims to satisfy their needs better and more effectively than the competition. Another strategy employed by the challenger can be attacking not just one competitor but all of the industry, by changing the way customers are satisfied (Kotler and Keller 2016, 365).

2.2.3 Market Follower Strategy

Market follower does not aim to enlarge their market share by attacking their competitors, they are merely trying to hold their current market share and position (Kotler 2007, 580). As mentioned by Kotler (2007, 366), market challengers employ three main strategies. The first strategy is cloning, where the follower imitates the market leader's product, name, and packaging while varying in some details. These products' prices are lower than those of the copied products. The second strategy is imitating, in which the follower copies parts of the market leader's strategy while varying on packaging, promotion, or price. The last strategy mentioned is adapting. In this strategy, the follower takes the leader's product and adapts or enhances it to better suit the market's needs

2.2.4 Market Nicher Strategy

Market nicher is a strategy of targeting a small segment of a market, which is uninteresting to the larger companies. By knowing their customers, market nichers can perfectly satisfy their customers' needs and therefore gain a competitive advantage over competitors (Kotler and Keller 2016, 368). Market niche has many different approaches, for example, an end-user specialist, who focuses on a specific type of customer needing a specialized product. Another example is a geographic specialist, who focuses on geographic segmentation, allowing for better satisfaction of the local customers. The next approach could be a customer-size specialist, which often focuses on smaller customers, who are often forgotten by the bigger strategies (Kotler and Keller 2016, 370).

2.3 Competitive Strategies by Ansoff

Ansoff's matrix, or Ansoff's competitive strategy, is a matrix showing a relationship between market and product. This matrix tries to explain the marketing goals, represented by the two dimensions, product and market. The matrix is divided into four parts, which are market penetration, market development, product development, and diversification (Horáková 2014, 44). Ansoff's matrix can be seen in Figure 2.

Market	Product	
Existing	Existing	New
	Market penetration	Product development
New	Market development	Diversification

Figure 2: Ansoff's Matrix

(Horáková 2014, 44)

2.3.1 Market Penetration

Market penetration aims to reach higher revenues, whilst using existing products in existing markets. This results in them not changing the product but, for example, putting more emphasis on or completely changing product promotion. This can also lead to acquiring new customers from other competitors in the same market (Horáková 2014, 44).

2.3.2 Market Development

Market development means changing the market while keeping the product the same. This results in the company entering a new market with the same product, with the vision of acquiring better revenues (Horáková 2014, 45). This strategy should only be used, assuming the company has the capacity and financial means to produce at a higher scale (Blažková 2007, 132-133).

2.3.3 Product Development

Companies try to improve their product or develop new ones that will satisfy customers' current needs (Perreault, Cannon and McCarthy 2015, 54). Companies aim to change the product for existing markets. Some products can no longer satisfy current customer needs, or the demand is low (Horáková 2014, 45). By improving the product, implementing new features, or making the product in a way that satisfies a specific need, the company can achieve higher sales.

2.3.4 Diversification

Diversification means penetrating new markets with newly developed products (Horáková 2014, 45). According to Horáková (2014, 45), this strategy can be used when some market is not satisfied with current products, new business opportunities arise, or maybe new technology on the market has been introduced, which can be used to make new and evolved products.

2.4 Red and Blue Ocean Strategy

According to Kim and Mauborgne (2015, 4), the market can be divided into two parts: red and blue oceans. The red ocean covers those industries that already exist and have multiple competitors. The blue ocean consists of such industries that have yet to exist, and it is an unknown market space.

The red ocean space has multiple set rules that companies abide by. In this space, companies try to get a competitive advantage over their competition to improve their position in the market and gain a larger market share. Many products on the market become substitutes for one another, and with a higher number of competitors in a given industry, the chance of profitability decreases. With high competition, companies can acquire only a portion of the customer base. As supply outgrows demand, it is not enough for the company to operate only in an occupied market to perform well. The red ocean strategy focuses on outperforming the competition, as it is the only way for companies to prosper in the red ocean. As the market gets progressively more crowded with the competition, Kim and Mauborgne (2015, 5) also say that it is important to note that while it is imperative to compete in the red oceans, companies also need to create blue oceans to increase their chances of profit and success.

Unlike the red oceans, Kim and Mauborgne (2015, 4-5) say that the blue ocean is a market space that has yet to be used. Creating a blue ocean means occupying new space on the market, therefore avoiding competition, and it has a high chance of profitability and new demand. As a result, companies that create a blue ocean avoid competition altogether, and therefore, they render it irrelevant. The blue oceans are most often created in the red oceans through the expansion of the boundaries of the existing industry. The second possibility of creating blue oceans is by creating outside of existing industries. As blue oceans are a completely new environment, unlike the red oceans, which have been studied for a long time, there are not many recommendations on how to establish or improve them. Kim and

Mauborgne also say that when blue ocean is successfully established by a company, the main focus of the company must change from traditional strategies and fighting the competition to buyer value elements. They developed the four actions framework to reconstruct buyer value elements. These questions are:

- Which of the factors that the industry takes for granted should be eliminated?
- Which factors should be reduced well below the industry's standard?
- Which factors should be raised well above the industry's standard?
- Which factors should be created that the industry has never offered?

Asking these questions and proceeding according to them creates a new value curve (Kim and Megbourne 2015, 31-32).

2.5 Drucker's Management Strategy

Drucker (2008, 20) states that the mission of the business is to make a customer and that the business has two basic functions, which are marketing and innovation. The purpose or mission of a company can be described in objectives. If a company is to bring its plans to fruition, it should follow objectives with certain specifications (Drucker, 2008, 28).

Firstly, objectives should be the representation of the basic strategy of the company. They should represent a set of actions and steps that should be taken, in order to achieve the company's mission. They should also represent the level of quality that should be upheld while accomplishing the mission (Drucker, 2008, 28).

Secondly, objectives should be easily transferred into specific work for specific employees. They should motivate the employees to work and try to achieve the company's mission (Drucker, 2008, 28).

The third rule for setting an objective is to make the goals specific. The financial and human resources should be sent towards the goals. Once resources are concentrated, the mission can be achieved faster and with better results. Therefore, it is important to set specific objectives, as opposed to trying to include everything (Drucker, 2008, 28).

The next recommendation is to develop more than one objective. While a company can try and find one perfect objective, it can neglect some other needs of the company. The company should focus on more objectives, as many needs need to be covered (Drucker, 2008, 28).

The last specification for setting objectives is to make them related to the company's survival. A company's survival refers to its ability to maintain and improve its profitability. As the objectives for achieving the completion of the mission will differ in every company. The ability to maintain and improve will be needed everywhere (Drucker, 2008 29).

It is important to note that objectives are merely directions, they are the means to use the company's resources, and sometimes there is a need to slightly deviate, which does not mean failure. If there is an issue, the objective needs to be edited in the best way to continue its progression (Drucker 2008, 31)

3 SELECTED MARKETING ENVIRONMENT ANALYSES

The marketing environment is always changing and a dynamic space, where new threats and opportunities arise all the time. The company needs to carefully analyze this environment, to see the moving forces and adapt to them or take advantage of them. The company also needs to analyze this environment to recognize its position in the market. The marketing environment can be divided into three sectors: microenvironment, meso-environment, and macroenvironment (Jakubíková 2013, 97).

3.1 Macroenvironment Analysis

A macroenvironment is an environment outside of the company's control. It affects the company both directly and indirectly from the exterior. The macro environment is comprised of five different factors that can all affect the company. These factors are often called uncontrollable because the companies can have no control over them (Foret, Procházka and Urbánek 2005, 46). PESTE analysis is used to analyze the macroenvironment and studies the Political-legal, Economic, Social, Technological, and Ecological factors. None of these factors can be in any way controlled by the company (Lamb, Hair, and McDaniel 2018, 52).

3.1.1 Political-Legal Factors

These factors are comprised of the country's laws and regulations, which are set in place to protect the market (Lamb, Hair and McDaniel 2018, 52). It also includes the current political situation in the country or the country's connections to international organizations like the European Union. As Palmer (2012, 53) states, all of these factors are highly unpredictable, therefore companies need to carefully observe these factors. All of them can also be viewed as either threats or opportunities, and combined with their unpredictability, can have drastic effects on the company.

3.1.2 Economic Factors

The purchasing power and habits of customers differ greatly, so the company needs to take into consideration the economic situation in different markets (Karlíček 2018, 67). Some specific factors that need to be monitored are the salaries and average wages in different sectors, which can increase or decrease the purchasing abilities of customers. Other factors to observe are inflation, exchange rates, and gross domestic product (Baines, Fill and Page 2013, 40).

3.1.3 Social Factors

Social factors are influenced by the population's structure. This includes not only gender, age, education, or income but also current social trends or cultural factors. This is also affected by different regional customs and values (Grewal and Levy 2018, 153-159). The population's opinions of certain areas are always changing, and companies need to add their opinions to their decision-making. For example, in later years the emphasis on ecological awareness strongly rises, so companies make an effort to show their care for the environment (Sedláčková and Buchta 2006, 18).

3.1.4 Technological Factors

Technological factors can be of great benefit to companies. Evolving technology helps with the production of new products that weren't possible in the past. Technological advancements can also make production more efficient and cheaper, which results in lower production costs. As communication and product promotion evolved, communicating the product to customers is much easier and more efficient (Palmer 2012, 60-61).

3.1.5 Ecological Factors

As the environment worsens, and threats of global warming and other threats are rising, more people are trying to bring awareness to it, so companies need to emphasize such topics as well. Sustainability and the use of renewable resources and energy are highly important to keep a good public image. Companies that decide to ignore such concerns can see a decline in demand for their products (Baines, Fill and Page 2013, 47).

3.2 Meso-environment Analysis

Meso-environment is the environment that can affect the company or be affected by the company. This analysis looks at the industry in which the company is most active or the industry in which the company plans to diversify. The analysis used for meso-environment is Porter's five forces and benchmarking (Fotr et al. 2020, 40).

3.2.1 Porter's Five Forces Analysis

The environment in which the company operates is driven and influenced by five competitive forces. These competitive forces can influence and be influenced by the company. Depending on the strength of the forces, the profitability will change accordingly. The more vigorous these forces are, the more the profitability will decrease, and when the

forces are weaker, the profitability will rise (Hill 2013, 54). Due to Porter's analysis, companies can study and determine the strength of these forces and therefore can achieve higher positions in their field (Baines et al. 2013, 51-52). The five forces that can be seen on the market are the bargaining power of buyers, the bargaining power of suppliers, the competitive rivalry, the threat of new entrants, and the threat of substitute products. These forces are shown in Figure 3.

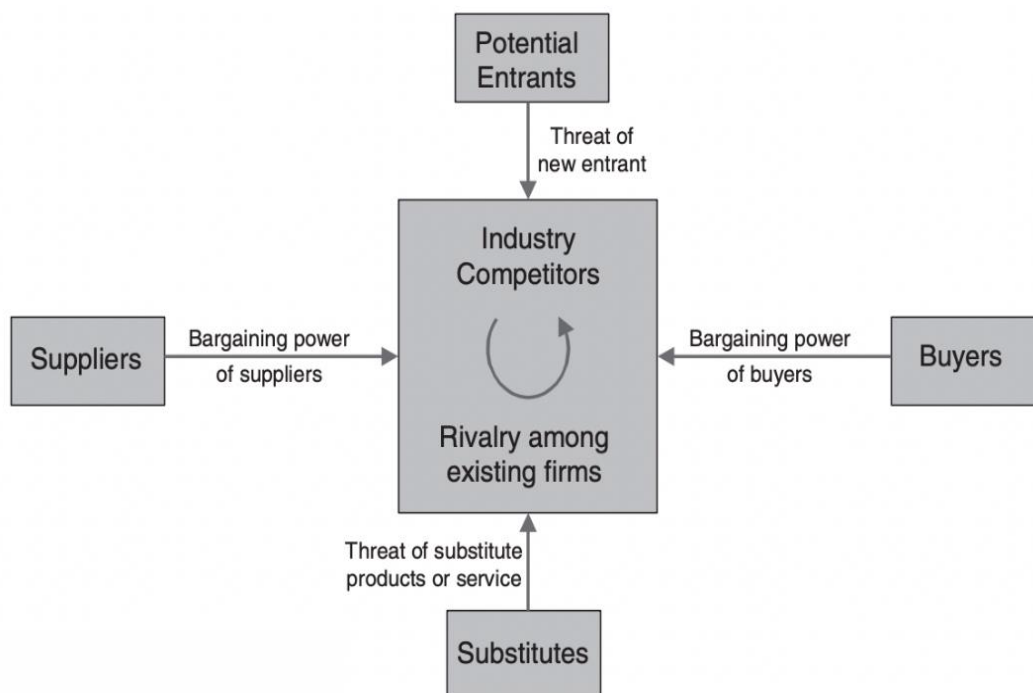


Figure 3: Porter's Five Competitive Forces

(Grundy 2006, 215)

If the company is to be successful, they need to study and understand these forces. After acquiring knowledge of these forces, the company can use them to adjust its strategies, to maintain or better its market position (Lee and Carter 2012, 67).

The bargaining power of buyers is the power that the customers have when negotiating and the strength with which they can influence the industry. With the higher bargaining power of the buyers, the chances of only one customer and multiple suppliers rise. The bargaining power of buyers is determined by their amount, the sizes of orders, or their budget consciousness (Doyle 2011, 173).

The bargaining power of suppliers is important in every industry. When only a few suppliers accommodate many companies, their power rises significantly. On the other hand,

when few companies are being served by many suppliers, the bargaining power of suppliers diminishes and the bargaining power of companies grows (Baines, Fill and Page 2013, 54).

The competitive rivalry means the rivalry among the standing competitors in the market. Provided the rivalry is low, the industry is stable and organized, but it can also lead to stagnancy of the industry. The low rivalry can be brought on by the fact that products in the market are very similar and have low differentiation, and the fixed costs can also lead to low rivalry. On the contrary, if the rivalry is high, the industry becomes more unstable and disorganized. When rivalry is high, the companies need to adjust their strategies to overcome their competitors and gain a competitive advantage. In this instance change in pricing is a viable option, companies can also opt for a change in the product or better usage of the distribution channels (Doyle 2011, 170).

The threat of new entrants can affect some industries with lower entry costs. As new competitors enter these markets, they can have a large effect on the companies that were already on the market. The new entrants can lower the market share of existing companies. By selling similar products, they can acquire customers of their competitors, which poses a serious threat to them (Doyle 2011).

As some competitors sell products that are similar with very little variation, **the threat of substitute products** arises (Baines, Fill and Page 2013, 54). When similar products are sold by many different companies, the price of the product plays a significant role for the buyers. The companies cannot change the price as they want but rather have to adjust according to the competitors (Doyle 2011, 173).

3.2.2 Benchmarking

According to Vochozka and Mulač (2012, 139), benchmarking is used to compare a company with its foremost competitors. It is used to bring about changes in the company by learning and improving based on its competition. Comparing, for example, product features, promotion strategy, and website design, companies can improve and challenge their competitors with better chances. The main goal of benchmarking is to find the best products, processes, or services offered by competitors and compare them with companies (Dibb, Simkin and Pride 2016, 697).

Blažková (2007, 170-171) says that by comparing the best business strategies and processes with a company's own, one can improve and achieve a higher position in the market. The aim of this is to improve performance and become a bigger threat to competitors.

When conducting a benchmarking, it is important to find a sector or sectors that will be submitted to benchmarking, then a detailed examination of one's own company must be done. After that, an examination of other companies and selection of the best ones in each area is done. The evaluation based on a set rating system is done, and steps for improvement can be taken (Blažková 2007, 171).

3.3 Microenvironment Analysis

Microenvironment is the inner environment of a company, and it is comprised of the inside factors. The microenvironment consists of factors like employees, economic and technological factors, or workplace culture (Vašítková 2014, 41). A company is able to influence these factors, and even regulate them (Jakubíková 2013, 83).

3.3.1 McKinsey 7S Method

McKinsey 7S is a technique that analyses smaller and specific parts of the company to evaluate its current state. McKinsey identified seven different areas of interest to evaluate and divided them into soft and hard skills. Soft skills are skills that can be learned or taught. The soft skills include skills, style, or staff. Hard skills are harder to change and direct. The hard skills include strategy or structure (Kotler and Keller 2012, 53). The McKinsey 7S Framework is shown in figure 4.

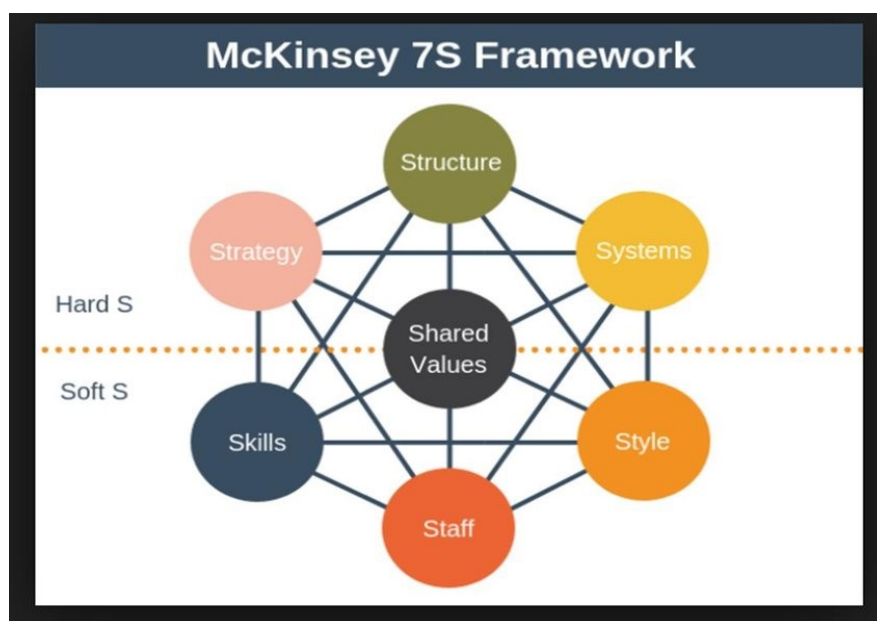


Figure 4: McKinsey 7S Framework

(Kocaoglu and Demir 2019, 159)

According to Drummond, Ensor, and Ashford (2008, 260-263), these factors are:

- **Strategy** – strategies and processes used by to company to achieve its goals.
- **Structure** – division of the organization and organizational structures.
- **Systems** – formal and informal procedures and processes of the company that are used to evaluate and give feedback to the employees.
- **Style** – the style of thinking and behaving, which should be similar among employees and management.
- **Skills** – the level of skill among employees and the knowledge of appropriate skills, which are needed to achieve the goals.
- **Staff** – the people employed by the company, who are qualified to carry out the jobs needed to achieve the set goals.
- **Shared values** – the overall mission of the company, which should be worked towards by all employees.

The McKinsey 7S is used to identify and solve problems arising inside the company. It is used to improve and make the company more efficient.

3.3.2 STP analysis

STP analysis focuses on dividing the market into segments based on specific and shared characteristics and subsequently choosing one or more segments to focus on and changing the marketing strategy according to the first two steps. The STP analysis has three steps, which are: segmentation, targeting, and positioning (Paulovčáková 2015, 121-136).

Segmentation – a division of the whole market into smaller groups, based on their different needs, characteristics, and buying behaviors. Each segment needs a specific marketing strategy and approach. After dividing the market, the company can choose a segment that they can serve the best based on their abilities (Kotler and Armstrong 2014, 214).

- **Demographic Segmentation**

Demographic segmentation divides the market based on the customer's gender, age, income, education, and other. The company can then choose which demographic to cater to. They can, for example decide to serve mainly the male or female segment, or to serve kids

or the elderly, they can also pick wealthy or less wealthy customers (Kotler and Armstrong 2014, 268-269).

- **Geographic Segmentation**

Geographic segmentation splits the market into segments based on the nation, state, region, or city. The company then decides which of these segments it wants to serve. They can decide based on the location of their company and serve the geographically closest segment. They can also decide to expand and serve the customers on a wider geographical scale (Kotler and Armstrong 2014, 268-269).

- **Psychographic Segmentation**

Psychographic segmentation is used to further divide the market. People in demographic segments can differ, so further division is needed. Psychographic segmentation divides the market based on belief, lifestyle, or social class. This can be then used to better model the marketing strategy and branding, due to further understanding of target customers. They can also develop products specifically for one group (Kotler and Keller 2016, 280).

- **Behavioural Segmentation**

All customers behave differently and show different purchasing behaviors. This segmentation helps find what types of products and services they are interested in and their knowledge of said products. Behavioral segmentation also helps find the customers' experience or opinions on given products. This segmentation also divides the customers based on usage rate (Kotler and Keller 2016, 281-282).

Targeting – after dividing the market into said segments, a company must pick one or multiple segments they want to target. Marketers try to find smaller, more specific segments to better cater to their customers (Kotler and Keller 2016, 284). Kotler and Keller (2016, 285) then propose to consider criteria like segment attractiveness or segment profitability. Different types of targeting are further described.

- **Undifferentiated Market**

A company decides to not target a single specific segment, but rather the market as a whole. They offer one product or service to the whole market. The company offers to large number of customers one product that meets their wants and needs. The price of the product or service remains the same (Foret 2011, 91).

- **Differentiated Market**

This approach means that a company selects multiple segments it wants to service and then offers a product or a service with variations to cater to their needs. As every segment is partially different, the company needs to have a slightly different marketing mix to attract customers in each segment (Foret 2011, 91).

- **Concentrated Market**

This strategy aims to satisfy very specific needs in the market. They aim to attract customers with specific needs rather than aiming for a large amount of customers. This approach can lead to fewer customers but to higher customer loyalty. Fewer customers mean the company can give more attention to smaller issues, which means higher appreciation by the customers (Foret 2011, 91).

- **Micromarketing**

This strategy focuses on serving a single customer. Micromarketing is usually at a smaller scale, like a region or a city. Servicing individual customers allows the company to better meet the customers' needs and helps it retain customers better (Kotler and Armstrong 2014, 227-230).

Market Positioning – separating oneself from the rest of the market and standing out to the customers after selecting a segment or segments the company wants to serve. The aim is to take over a specific part of the market and service its customers (Paulovčáková 2015, 121 – 136). The company creates and brands the product as well as themselves, in such a manner that they will be recognized by the customers. This means separating their product and making it unique from the competitors'. The ultimate goal is to achieve a benefit for the company. Positioning allows the company to create clear goals and set appropriate marketing strategies. It is crucial for all the employees of the company to know these goals and work towards them (Kotler and Keller 2016, 297).

According to Kotler and Keller (2016, 300), it is important to identify points-of-difference and points-of-parity. **Points-of-difference** are such things that are highly appreciated by the customers, who believe that such benefits are not provided by the competition. These benefits could be things like the best-looking clothes, the longest-lasting product, or the most durable technology. **Points-of-parity** come into place when a product offered by a company is on a similar level as the product of the competition. Kotler and Keller (2016, 302-303) say that “if the product is seen as good enough, the customers might base their decision-making on other factors”. Considering this, if the company cannot

distinguish itself by the best product, it can still fight the competition by playing to its strengths (Kotler and Keller 2016, 302-203).

- **Repositioning**

Once sales of a product decrease and the desired benefits aren't met, the company changes either the product or its brand. This can stop further decline in sales and even help the company grow its sales (Ferrel and Hartline 2011, 214).

3.3.3 The 7P Marketing Mix

According to Vašítková (2008), it is used to achieve the highest possible profitability and the satisfaction of the target customers. The seven 7P marketing mix builds on the 4P marketing mix and adds three additional factors (Vašítková 2008, 26). The marketing mix is a combination of many different strategies used by a company to change and evolve, in order to satisfy the customers as best as possible. It tries to cover all the areas that the company needs to focus on, to expand its demand and achieve better results. The marketing mix revolves around the target customer of the company. The 7P marketing mix is comprised of product, price, place, people, promotion, processes, and physical evidence (Foret 2011, 97-98).

Product – it is the goods and services provided by a company to the market. The company tries to create the perfect product to satisfy customers and acquire new ones, ideally from the competition. This does not involve only the product quality itself but also things like packaging or design (Kotler 2007, 615). The product also involves customer service, warranties, and branding (Lamb et. al. 2018, 27).

Price – it is the monetary amount that is paid for a product or service by the customers. It is crucial for the company to price the products right (Kotler 2007, 749). The company must consider the average wage of the customers. If the price of some products is too low, buyers might opt for other options because they feel that is not enough. On the other hand, some companies use this to attract new customers. Companies can also price their product too high because high-end customers will pay, and high prices can mean high quality in the minds of some customers. Price can also include special offers, sales, and store credits (Doyle 2011, 238).

Place – the way of transporting the product from the companies to customers. Place is not only about the location of shops, but it is also concerned with the distribution channel.

The distribution channels are the logistics of transporting the goods to the customers (Doyle 2011, 238).

People – when selling goods, customers often come into contact with the employees of the company. These employees, who are part of the customer service, can have a direct effect on the company's sales. People are an integral part of the marketing mix because of how large of an influence they can have during the buying phase. Given these reasons, hiring the right people plays a major role in the success of a business. The employees must also be properly educated and must be given proper incentives to fulfill the company's goals (Vašítková 2014, 294).

Promotion – means trying to capture the attention of the target customers and communicating the product or service to them. Promotion means trying to persuade the public to buy one's product. It can be communicating new products to existing customers or communicating existing products to new customers. Promotion involves advertising, personal sales, or public relations (Lamb et. al. 2018, 27).

Processes – an additional part of the marketing mix for services. When providing a service, employees interact with the customers. Processes mean the manner in which the employees interact with said customers and whether the customers are satisfied or not. This interaction is an essential part of the service, and it is part of the measurement of the service quality (Vašítková 2014, 23).

Physical evidence – due to the fact that services have no physical form, customers cannot decide whether to pay for the service. This problem is solved by providing physical evidence for the customers, which comes in many forms. Often, companies try to explain the service to the customer or provide some extra material to sway the customer into buying their product (Vašítková 2014, 27).

3.4 SWOT Analysis

The SWOT analysis is one of the most popular analyses used to analyze the microenvironment. SWOT analysis is comprised of four parts: strengths, weaknesses, opportunities, and threats. One negative of this analysis could be that it is quite static, considering how dynamic the competitive environment is (Dvořáček and Slunčík 2012, 15). The goal of SWOT analysis is to analyze the current environment and find out which factors the company needs to be wary of and which factors the company can use to its advantage

(Jakubíková 2013, 103). According to Dvořáček and Slunčík (2012, 15), the SWOT analysis can be done using a workshop, but all the opinions must be based on facts and must be objective, and none of them can be biased. The SWOT analysis is divided into internal analysis and external analysis, where strengths and weaknesses are part of the internal analysis, and opportunities and threats are part of the external analysis. The SWOT analysis matrix is shown in figure 5.

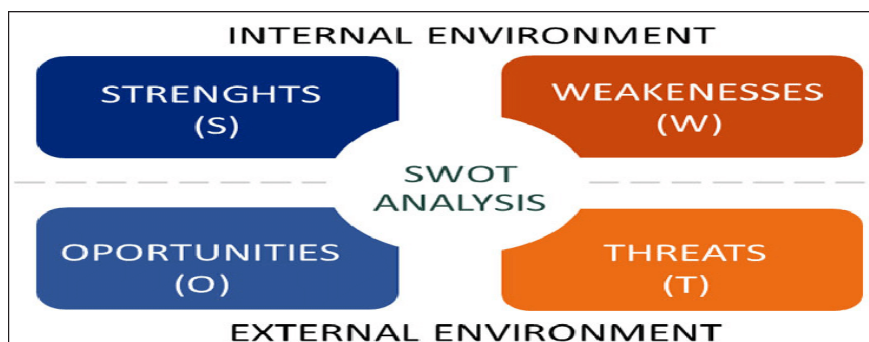


Figure 5: SWOT Analysis Matrix

(Canizares and Bourotte, 2021)

- **Internal Analysis**

The internal part of the SWOT analysis is comprised of strengths and weaknesses. These factors are based on internal aspects and therefore can be controlled by the company (Dibb, Simkin and Pride 2016, 49). Strengths show in which sectors the company excels and has a competitive advantage over others. They allow the company to maintain its desired position in the market. The weaknesses show where the company lacks behind its competition. The weaknesses may lead to losing the desired market position. The weaknesses can diminish the effectiveness of the company. An ideal company should have many more strengths than weaknesses. Some of these factors are for example the quality of the product or service compared to the competition, or the economic situation of the company (Blažková 2007, 255).

- **External Analysis**

This part of the analysis is comprised of threats and opportunities. These factors come from outside the company, therefore they are called external factors. Opportunities are factors that the company can take advantage of and positively use them. By taking advantage of the opportunities, the company can maintain or enhance its market position. For example, the company can utilize a new technology or take space in yet unoccupied market.

Companies should always strive to make use of the opportunities, as they can highly improve their performance (Blažková 2007, 156). Threats are factors that can have a negative effect on a company. Companies should aim to avoid these threats as they can seriously harm them. For example, when new competitors enter the market, they can attract some of the customer base, which may lead to diminishing sales. Some other examples are new regulations or competitors with more desirable prices (Blažková 2007, 156).

4 SUMMARY OF THE THEORETICAL PART AND DEFINITION OF THE RESEARCH QUESTIONS

The competitive environment is a dynamic and changing environment, in which companies operate. Companies struggle in a fight with their competitors. If companies are to prosper in such an environment, they need to employ methods and appropriate strategies. The strategies described in the theoretical part were competitive strategies by Porter, Kotler, and Ansoff. Additionally, they can use the Blue Ocean strategy. Marketing and management are an essential part of all companies and of the competitive environment. Drucker's management strategy was described as a way to set the correct objectives.

Companies need to understand their environment, and therefore they need to analyse it. Firstly, for the macroenvironment analysis, the PESTE analysis was detailed. The PESTE analysis focuses on Political-legal, Economic, Social, Technological, and Ecological factors. All these factors are outside the companies, and companies cannot control them. To analyse the meso-environment, Porter's five forces and benchmarking were described. Porter's five forces focus on the bargaining power of buyers, the bargaining power of suppliers, the competitive rivalry, the threat of new entrants, and the threat of substitute products, which are all factors that can affect and be affected by the companies. The second tool is benchmarking, which is used to compare the company with its best competitors. Thirdly, companies need to analyse the microenvironment, which is the factors that are internal to the company. To analyse the microenvironment McKinsey 7S method, STP analysis, and the 7P marketing mix were introduced. Next, the SWOT analysis was described as one of the basic and most popular tools used to analyze inner and outer factors. The SWOT analysis focuses on strengths, weaknesses, threats, and opportunities.

Using selected literature in the theoretical part of the thesis, a foundation was built for the practical part, which will be focused on the market position and competitiveness of the selected company. Using the methods described in the theoretical part, the competitive standing of the selected company should be found, improvements will be described, and research questions, which are further stated, will be answered:

- *Research question number 1: Which strategy does the company use according to Porter's competitive strategies?*
- *Research question number 2: How does the company's promotion compare with its competition?*

- *Research question number 3: What is the most significant competitive advantage of the selected company in the area of microenvironment analysis compared to its competitors?*

In the practical part, deduction and other selected research methods and techniques will be used to answer the research questions.

II PRACTICAL PART

5 INTRODUCTION OF THE SELECTED COMPANY

The selected company is a seller of construction materials, and they also offer the construction of smaller projects. The portfolio of sold materials is vast, the selected company mainly specializes in drywall and insulation in construction. According to the owner of the selected company, it operates primarily on B2C markets, but sometimes it operates on the B2B market as well. The selected company operates mainly in the Mělník area. The selected company is smaller, and it currently employs 10 full-time employees.

The selected company was established in 2004, so it has been operating on the market for over 20 years. The selected company has been established as a limited liability company, and it hasn't changed since. It was established by one physical person and another company that provided the starting capital. In the year 2007, the selected company brought in a third co-owner, and the percentage of the ownership of the selected company changed. In 2007, the company also started doing construction due to the expertise of the third owner. In 2009, the company that provided starting capital withdrew and left the selected company. From that point, the selected company has had two owners, and that hasn't changed since. The selected company started operating solely in Mělník and through the years, started selling products and doing constructions in the whole Central Bohemia Region and Prague. The total revenue of the selected company for the year 2024 was 45,670,000 Czech crowns, 23,400,000 Czech crowns of which were made through construction, and 22,270,000 Czech crowns were made through the retail of the materials. (Interview with the owner and internal documents).

5.1 7s McKinsey Analysis

This analysis aims to describe the main internal factors of the selected company. These factors are structure, staff, systems, style, skills, strategy, and shared values. Each of these factors is vital for the selected company and must be analysed. The information and data in the chapter were gathered through the analysis of the secondary internal documents, an interview with the owner, and own observation in the selected company.

5.1.1 Structure

The company is divided into three different sectors, which are led by the two co-owners.

The first department is the warehouse. The selected company has only one warehouse, which is located in Mělník, next to a train station. In the past, the selected company used to

use trains as its main means of transport. This means of transport is, however, not used by the selected company anymore. The warehouse is not only used for material storage, but it is also where customers pick up their orders from.

The second department is the retail store. The retail store is right next to the warehouse. The store only shows a selected number of products, and some products are given to the customers there. These products include various tools, paints, or screws and other such things.

The last department is the construction department. This department organizes the constructions, designs the construction plans, provides the materials, and organizes the workers who complete the actual construction.

5.1.2 Staff

At the start of the company, there were only two employees, one of whom was one of the owners. Then the company slowly started hiring more people as it started getting bigger. The company currently employs ten people, including the two owners. This number of employees was reached in 2022 and has stayed the same since.

- Two owners
- Eight employees

The owners of the company are each responsible for different parts of the selected company. One is in charge of the retail part of the company, and the other is in charge of the constructions. There are three employees at the warehouse who also make deliveries. The retail store has two employees. One manager is partly in charge of these employees and is taking care of the general, day-to-day problems.

The other owner is in charge of the constructions. He is directly managing two employees who take care of planning and other things that are connected to the constructions. He is also in charge of hiring the workers who complete the actual construction. The construction workers are freelancers, they have their own equipment and they are paid by the hour.

Both owners and seven of the employees are male, and one employee is a woman. The ages of the employees and owners differ quite a bit. The youngest employee is twenty-five years old, and the oldest is fifty-nine years old. Both of the owners are around fifty years old, and the rest of the employees are around thirty to fifty years old. All of the employees

and owners live either in the city or in adjacent villages to the city where the selected company is located.

5.1.3 Systems

In the retail part of the company first contact with the B2C customer is made by the employees at the retail store. If it is a B2B customer, the first meeting can be done either by the employees at the retail store or by one of the owners. After a customer is acquired, and they pay for the product, they are redirected to the warehouse. There, the warehouse employees will give them the materials. If the customer wants the products delivered, the warehouse employees prepare the products into the delivery truck and subsequently deliver the products.

When it comes to construction, the first meeting is conducted by one of the owners. After that, a rough estimate of the price is given to the customer. If the customer is acquired, then plans are made by the two employees who are part of the construction side of the company. After that, the owner in charge of constructions, secures the workers and materials.

5.1.4 Style

Due to the fact that the selected company is small-sized, the general atmosphere in the company is very friendly and almost familial. Another thing that helps with this atmosphere is the fact that most of the employees have been working there for multiple years. All of the company's parts are situated in one place and are connected to each other, which also encourages constant communication between all parts of the company. The owners of the company come to the workplace daily and have constant contact with the employees, which also promotes a friendlier atmosphere. The employees often come up with new ideas on how to improve the whole business, or the part of the business in which they are working. Every new idea is considered by the owners, and good ideas are rewarded.

5.1.5 Skills

The skills that are demanded by the employees differ, based on the positions in which they work. The minimal requirement for all employees is a high school diploma. The position at the warehouse also requires a driver's license. After an employee gets hired to work in the warehouse, they must acquire forklift certification, which is paid for by the company. The warehouse employees should also be manually skilled, as the work often requires the use of power tools. The skills required for the employees at the retail store are the ability to work

with the system POHODA, as well as decent knowledge of building materials. Being an expert in the field isn't necessary, but more than just general knowledge is. After an employee is hired, they have time to learn about the products or where to find them on the premises of the warehouse, depending on their position. The hiring process is conducted by the owner in charge of the retail store.

5.1.6 Strategy

In the area of the selected company, multiple competitors operate. As the company is one of the smaller ones, it aims to establish a long-term relationship with customers, with a friendly and personal attitude towards the customer. The staff try to be friendly and as helpful as possible to establish a good rapport with the customers. The company also aims to acquire a larger number of smaller customers. The company also aims to promote its specialization in the installation of insulation and drywall.

The mission of the selected company is to maintain and possibly improve its position on the market. The mission is to become the best retail store of building materials in the region, with a vast assortment of materials, great services, expertise, and the personal attitude of the employees.

5.1.7 Shared Values

The values of the company are friendliness, expertise, knowledge, and helpfulness. All of the employees understand these values and are doing their best to try to uphold them. Thanks to the fact that all the employees know each other personally, the atmosphere inside of the company is great. This also helps to keep up the morale of the employees. It is very important that all the employees try to uphold these values, for the general strategy to work.

5.1.8 Summary of McKinsey's 7S Analysis

The selected company is small-sized based on the number of its employees. It offers a vast selection of building materials, and it also offers the construction of smaller projects. The company tries to establish long-term relationships with the customers, with a friendly and personal attitude. The employees are all on a first-name basis, which creates a positive and productive atmosphere. The company offers knowledge, expertise, and specialized help in the areas of insulation and drywall.

5.2 STP Analysis

This analysis will help divide the market into several segments. This will be done based on different characteristics of each customer group. Subsequently, one or more segments will be chosen based on the highest earning potential. Lastly, it will be determined how the selected company can differentiate itself from the rest of the market. This will be done using positioning. The information and data in the chapter were gathered through the analysis of the secondary internal documents, an interview with the owner, and own observation in the selected company.

5.2.1 Segmentation

The first segment that the company focuses on is adults who build something for themselves. These are often people who are thirty- or forty-year-olds and sometimes older. The customers are often one-time customers, or they are returning only rarely. **The second segment** is returning customers who are often freelancers. These are people who come to buy multiple times a month or even a week. These customers are working on a project for other people and need to get the material quickly. **The third segment** is institutions, firms, or people that either buy materials or order a construction project. These are usually smaller orders that wouldn't be worth it for the larger companies. These customers are looking for good prices and quick and reliable execution of the project. The company mainly targets customers who live in the region where the selected company is based. The selected company is currently not trying to target any other regions as it has only one branch, and the delivery of the materials would be too expensive and inefficient. Most of the customers of the selected company are between the ages of about thirty to fifty years old. These are the people who already have some expendable income and can afford materials to build something for themselves.

To further understand these segments, each segment was given a marketing persona, which is an ideal customer for that segment.

The persona of the first segment is a 37 years old man. He lives in the area where the selected company is located. He works a good, stable job, and he has decided to build something nice in his garden for his family. He is financially stable. He does not know which exact materials he needs, so he is looking for expert help at a place where he will be given the full attention of the employees.

The persona in the first segment is a 40 years old man who is a freelancer. This man works for other people and frequently needs materials. He lives in the same city where the company is located. He often needs to do his shopping quickly and wants to pay at the end of the month. He also sometimes enjoys chatting with familiar faces brightens his day.

The last segment's persona is a 50 years old, financially well-off male. They are thinking of moving to the city and want to build a house. He already bought the space but doesn't know anything about building and construction. He wants someone who will have time to listen to his demands and will carry out quality work, and the price will not be high. He wants expert knowledge from the people he is buying from, with some evidence of their work.

5.2.2 Targeting

The company mainly focuses on the second segment. This segment costs the least to maintain. These customers have a long history with the company. There is no need for the company to spend any more money on advertising in this segment. Even though this segment is a reliable segment and brings in earnings continuously, the company is trying to focus more on the first segment as well. According to the owners, the first segment is often more profitable than the second one. The acquisition of new customers comes with the costs of advertising, so the company must act strategically. The selected company is currently trying to attract more one-time customers and convert them into returning once.

5.2.3 Positioning

The selected company is trying to differentiate itself from the rest of the market mainly by the area of its expertise. The company markets itself as a specialist in the area of drywall and insulation. The company not only sells quality materials but also helps customers to buy the perfect product for their needs. Another way that the company separates itself from the market is due to the attitudes of the employees. As a smaller firm, the company pays high attention to all customers. The selected company provides a personal yet professional approach towards customers. The points-of-difference are a personal and friendly approach. It is also a fact that the selected company has been operating on the market for over twenty years, which shows the company's knowledge and expertise in the market.

5.2.4 Summary of the STP Analysis

According to the STP analysis, the selected company mainly targets customers who are between the ages of thirty to fifty years. The customers are almost exclusively from the region where the selected company is located. A large number of these customers are either freelancers or people who have some expendable income. They aim for sales at the retail store with the quality of customer service and expertise of the employees.

5.3 The 7P Marketing Mix Analysis

The selected company sells building materials and offers constructions of smaller projects. This chapter will thoroughly analyse the marketing mix of the selected company using the 7Ps of the marketing mix. The information and data in the chapter were gathered through the analysis of the secondary internal documents, an interview with the owner, and own observation in the selected company.

5.3.1 Product

The company sells a vast variety of building materials, ranging from wood materials, light steel building framers, to drywall and insulation. As the company is not taking part in the manufacturing process of the materials, they must select the highest quality materials to properly satisfy the needs of their customers. When it comes to dry construction materials, the company purchases from Rigips, one of the top manufacturers of plasterboards in Europe. The popular materials also change with the season, so the company is trying to prioritize stocking up on materials based on the season. The seasonality of the industry plays a significant role, and the selected company must act accordingly. For example, during winter, materials used for building interiors are sold much more, so the company needs to have such materials ready to be sold. The company also delivers these materials if the customer wants them. This often helps to sell the materials, as ordinary people are often not equipped with large transport vehicles, so it would be impossible for them to transport some materials, or it would require them to take multiple trips to the company to transport a larger number of materials.

The selected company also offers a service which is construction. The company aims to complete quality work in a short amount of time using high-quality materials to satisfy the needs of customers. The quality of the work is never lowered for the sake of lowering the time spent completing the work. The company often works on smaller projects that are

not taken on by larger construction companies. The length of the work is highly dependent on the size of the project.

Currently, the ratio of revenue is 50% from selling materials and 50% from construction (Internal documents of the selected company).

5.3.2 Price

The price for the products is calculated differently for each of them.

The price of the materials changes quite often as their buying price changes. The prices are set by taking the buying price and adding a margin, usually ranging from 20%-50%. The final price is often dictated by the competition of the selected company, so they must try to uphold similar prices, to not lose customers. The price for deliveries is dictated by the distance traveled. The fee is 20 CZK per kilometer, and the minimum is usually 10 kilometers, with some exceptions (Interview with the owner).

The price for construction changes depending on the project. The final price takes into account the cost of materials, the difficulty and size of the project, and the time needed to complete the construction.

5.3.3 Place

The selected company is located in a smaller city in the Central Bohemia region. It is located further from the city center, and it is right next to the train station. There are two other larger companies selling building materials on the same street, so there is a lot of competition, but there are also a lot of potential customers. Two other companies specialize in interior and bathroom design. The selected company is open from 7 a.m. to 5 p.m. during weekdays and from 8 a.m. to 11:30 a.m. on Saturdays. This helps the company be seen by a lot of people, as there is high traffic. There are also a lot of parking spaces outside the company at the train station. The company is easily reached by trucks, so supplying and transporting the materials elsewhere is quite easy. The company recently bought the premises which they use, which they were previously renting.

5.3.4 Promotion

The promotion is mostly done through multiple billboards set in and around the city. Secondly, the company has a website where people can find information about the company, where to find it, and there are contacts for the retail store or construction department if the

customers have any questions. On the website, there is also a link to the e-shop where customers can find information about the materials. Thirdly, the company has one radio advertisement which also plays in the local Tesco two times a day. Lastly, the company has a great word of mouth advertisement, as it is located in a smaller city a lot of people know each other, so the news can spread quite fast. Every Christmas, the selected company sends gift bags to the long-term and most important customers. These gift bags include wine, and some promotional materials like pens and a coiling tape measure with the logo of the selected company.

5.3.5 People

The employees are friendly and helpful to the customers. As this is the image that the company is trying to hold, it is important that the employees uphold it. The employees at the retail store and the warehouse must possess knowledge of the materials that are being sold. The employees of the warehouse must also be able to operate a forklift and have a driver's license, as they complete the deliveries. The warehouse employees also must know how to operate some power tools because some materials need to be cut or otherwise modified, which can often be done only with such tools. Some of the employees at the retail store also speak English, as not all of the customers speak fluent Czech, and sometimes it makes the job easier.

5.3.6 Processes

The first contact with the customer is either personal communication, but mostly it is done by telephone call or email. After that the one of the construction employees meets with the customers and they go over the details of the construction and the customer's vision. After that, the communication is either done directly at the site or via phone if the employee in charge of the construction is not available.

The employees of the selected company have stable hourly pay, and they get bonuses based on the monthly revenue. The wages of the employees are different depending on their position in the company and based on how long they have worked for the company.

When a customer wants to return a product, it is a simple process. The customer must come to the retail store, show the receipt, and show the product that they want to return. The product must be full and unused. If the customers and the product meet these criteria, the selected company takes back to product and returns the money in full.

5.3.7 Physical evidence

The interior of the company's retail store is done using drywall and other materials that are sold, and it was also constructed by the construction crew. There is also a showroom which has different things built in to show potential customers the quality of their work. The whole showroom was built by the selected company. The materials used for the showroom are materials sold by the selected company. The walls of the showroom are very colorful, as they are meant to show how the different colors sold by the company look when used. There are also door frames and doors shown, so the customers can see them in person. There are also pictures of finished projects on the company's website. The size of the showroom is about 50 square meters.

5.3.8 Summary of the Marketing Mix

The selected company focuses on the sale of building materials and the construction of projects. The price is based on the cost of the materials purchased and on the prices of the competitors. The location of the company is important, as there is a lot of traffic and foot traffic around the company. It is also easily accessible by trucks, and there are multiple competitors on the same street, which brings a lot of potential customers. The promotion of the selected company is mainly through billboards and radio advertisements. At the retail store of the selected company, the customers can find a showroom, where they can find multiple products sold by the company, as well as how well the company does its construction.

5.4 Analysis of the Selected Company According to Porter, Kotler, Ansoff, and Red and Blue Ocean

This chapter of the thesis will analyze the selected company according to Porter, Kotler, and Ansoff. The information in this chapter was gathered through the analysis of the secondary internal documents, an interview with the owner, and own observation in the selected company

5.4.1 Analysis according to competitive strategy by Porter

By Porter's competitive strategy, the company practices the strategy of differentiation. The main focus of this differentiation is the attitude of the employees and owners towards the customers. By employing a friendly and attentive attitude, the company gains an advantage

when compared to other competitors. Paying close attention to all customers' needs, providing professional advice, and even remembering returning customers by name, shows the care of the company for its customers. Another area where the company practices differentiation is offering some benefits to returning customers, for example, special sales, or letting some customers get an invoice paid at the end of a month for faster shopping.

5.4.2 Analysis according to competitive strategy by Kotler

By Kotler's competitive analysis, the selected company would be analyzed as a market follower. The owners of the company are aware of their position in the market. The company cannot offer lower prices than their larger competitors, so they try to at least match their prices. The selected company often tries to implement, for example promotion strategies of the larger competitors or offer similar benefits. The selected company can also learn and improve through observation of the competition.

5.4.3 Analysis according to competitive strategy by Ansoff

Based on the competitive strategy by Ansoff, the selected company practices market penetration. With the already large existing market, the company is trying to acquire as many customers as possible through its unique attitude toward customers. The company is also trying to market the fact that they have been in the market for more than twenty years, and their expertise in plasterboards and insulation.

5.4.4 Red and blue ocean

The selected company uses the strategy of the red ocean, as they are in an industry with multiple other competitors. It is highly important that the selected company analyses and differentiates itself from its competitors. The selected company could try to create blue oceans, as it could improve its market position.

6 MAJOR COMPETITORS OF THE SELECTED COMPANY

The selected company operates on the regional level. There are two regional branches of two larger companies located in the same city, and one more competitor located close to the city. This chapter will describe these competitors to set the basis for further analyses.

6.1 IZOMAT Stavebniny

IZOMAT Stavebniny was established in 1991, but the branch located in the same city as the selected company was established in 2007. Currently, IZOMAT has 37 retail stores across the Czech Republic and one manufacturing plant, where they create special types of insulation. The company also claims to be one of the largest suppliers of building materials in the Czech Republic. The opening hours of the branch are half past six until five in the afternoon during weekdays and seven until eleven on Saturdays (izomat.cz, n.d.).

IZOMAT offers a larger assortment of goods than the selected company. While offering similar categories of products, IZOMAT also offers a larger variety of roofing materials, paints, varnishes, and some materials to implement in the garden, as well as gardening tools. The prices of some materials in this branch are sometimes lower than those of the selected company, as they have higher bargaining power with the suppliers, as well as practice economies of scale.

IZOMAT also offers the delivery of materials with multiple trucks in their possession at the branch. They also have a truck with a hydraulic arm, used for deliveries of large or really heavy orders. In addition, this branch lets customers borrow some professional tools used for construction, for a price. The branch also has a tinsmith workshop, where they complete work for customers (izomat.cz, n.d.).

Customers can contact the company via either a generic phone number connecting to the customer support of the whole company or through specific phone numbers for each branch. The customers can also contact the company through e-mail, which is the same for all the branches. IZOMAT also has Facebook, Instagram, X, and YouTube accounts.



Figure 6: Logo of IZOMAT Stavebniny

(izomat.cz, n.d.)

6.2 Stavebniny DEK

Stavebniny DEK was established and began functioning in 1993. They are a large corporation with more than 90 retail stores all over the Czech Republic. They are the biggest company in the retail of building materials in the Czech market. The branch is open from half past six to four in the afternoon on weekdays, and it is closed on weekends (dek.cz, n.d.).

The branch in the city where the selected company is located offers very similar building materials to the selected company. In addition to these materials, they also offer materials for electrical construction and plumbing. The selection of the building materials at the branch is almost the same as that of the selected company, except for some differences. The biggest differences in the goods offered are the plumbing materials and the materials for electrical construction. The prices are similar to IZOMAT Stavebniny, and some products are cheaper than the selected company, due to the bargaining power with the suppliers and the economies of scale.

Stavebniny DEK offers delivery of materials with either trucks or with a truck with a hydraulic arm, if the order is for a large quantity of materials. The branch lends power tools to customers for a price if they need them. They also offer a mixing of paints to achieve the desired color, and mixing of plastering using heavy equipment. The branch also has multiple professionals who offer advice to customers in different areas of their expertise, depending on the customers' needs. The branch also offers a tinsmith's workshop with professionals who modify metal for customers.

To contact the branch, customers can use an email that is specific to each store. Customers can also use a phone number for general customer support. If the person wants to contact a specific branch via phone, they must create an account on the website after which

they can get the phone number for the branch. Stavebniny DEK also has Instagram, Facebook, and YouTube accounts.



Figure 7: Logo of Stavebniny DEK

(dek.cz, n.d.)

6.3 Stavebniny Červenka

Stavebniny Červenka was established in 1990 and has been operating in the same area since. The company has only one branch, which is located close to the selected company. This company sells building materials, and its goods are similar to the goods sold by the selected company. They also offer construction services for smaller projects. The retail store is open from half past six to five in the afternoon on weekdays and from half past six to twelve on Saturdays. The company is marketed as a family business (bcervenka.cz. n.d.).

The assortment of building materials is very similar to what the selected company offers, but this company focuses more on outside building materials. The prices of the materials are similar to the prices of the selected company, as they have similar bargaining power with the suppliers. This company also offers material delivery, with its own trucks. They lend compaction equipment to the customers for a price (Interview with one of the employees, 2025).

Customers can contact the company using a phone number that connects to the store, as well as using email. Customers can also directly contact the manager of the construction using a separate phone number listed on the website. The customers can also contact the employees directly at the retail store.



Figure 8: Logo of Stavebniny Červenka

(*bcervenka.cz, n.d.*)

7 ANALYSIS OF THE MESO-ENVIRONMENT

This chapter will be focused on the analysis of the meso-environment of the selected company. The analysis will be done using Porter's five forces and benchmarking. The information and data in the chapter were gathered through the analysis of the secondary internal documents, an interview with the owner, and own observation in the selected company.

7.1 Porter's Five Forces Analysis

This analysis focuses on the bargaining powers of buyers and suppliers, which are the most important for the company. The other forces are competitive rivalry, the new entrants, and the substitutes.

7.1.1 The Bargaining Power of Suppliers

The selected company has a large number of different suppliers for different types of materials. The company is trying to buy the highest quality materials, so the choice of the right supplier is very important. Some of the most notable suppliers are Stechema which supplies paints, Rigips which supplies plasterboards, or Knauf which supplies insulation. Some materials have only one supplier, so their bargaining power is quite high. The selected company is also quite small, and its orders of materials aren't as large as its competitors. The suppliers of some materials do need to offer special deals to the selected company, as they are quite small. Based on these criteria, the bargaining power of suppliers would be classified as quite high.

7.1.2 The Bargaining Power of Buyers

The selected company has two different types of customers, the first type is short-term and the second one is long-term.

Firstly, the short-term customers differ from customer to customer. Some decide to buy from the selected company because of recommendations or due to advertisements. Short-term customers also sometimes decide to buy from the company because they are the only ones in the area that have a specific product. The bargaining power of these customers is medium. There are a lot of these customers, and the company usually acquires them for a longer period of time, due to the attitude and expertise of the staff, more so than due to lower prices than the competition.

Secondly, some long-term customers have been acquired a long time ago and return multiple times every month. These customers are very important to the selected as they provide a steady stream of earnings every month. These customers are often independent contractors or small construction companies. Based on these criteria, these customers have high bargaining power and often get special deals on the materials that they purchase.

7.1.3 Competitive Rivalry

As there are multiple competitors in the field in which the selected company operates, this part of the analysis will focus only on the competitors described in the previous chapter. As mentioned before, the main competitors of the selected company are IZOMAT Stavebniny, Stavebniny DEK, and Stavebniny Červenka. Each company is trying to acquire the customers of other companies by multiple means. It can be attracting customers with the lowest prices, the attitude of the employees, the variety of the products sold, or the expertise of the employees. As all the companies are trying to acquire customers in the same area, the competitive rivalry is high, and companies must do their best to gain a competitive advantage over the others.

7.1.4 The Threat of New Entrants

In this given industry, there is not a high number of new entrants, especially not where the selected company operates. Firstly, in the given area, there are already multiple well-established competitors. It would be difficult for a new company to establish itself among all these long-standing companies. Secondly, the barriers to entry are quite high. The starting capital needed to establish a company selling building materials is high. All the materials need to be bought, a space to store and sell the materials needs to be found and purchased or rented, and technology such as forklifts and trucks needs to be purchased. Also, employees who can operate the forklifts would have to be found or trained, which also costs money. Based on these aforementioned reasons, the threat of new entrants is quite low, and currently it seems quite probable that new entrants will appear soon.

7.1.5 The Substitute Products

The selected company isn't a manufacturer, they only buy all of the materials sold. The substitutes in this industry are multiple, so the company must pay high attention when choosing the supplier so they can choose the materials of the highest quality.

7.1.6 Summary of Porter's Five Forces

According to the analysis, the bargaining power of the suppliers is high, as there are few suppliers for a lot of materials that supply high-quality materials. The bargaining power of short-term customers is medium, as they do not provide as much to the company as the long-term customers. The bargaining power of long-term customers is high because they are very important for the selected company, as they provide a steady stream of earnings. The competitive rivalry is also high due to the fact that multiple competitors operate in the same area. The threat of new entrants is low, as there are high barriers of entry in the industry.

7.2 Benchmarking

This chapter will go over benchmarking, comparing the selected company with its competitors mentioned in the sixth chapter. The companies will be compared on multiple selected aspects. These aspects are based on how important they are in the industry and for the selected company. The aspects chosen are an assortment of materials, prices, extra services, attitude of employees, marketing, and website design. The companies analysed are the selected company and the other three companies described in previous chapters. The companies were evaluated on a scale from 1 to 5, where 1 is the worst and 5 is the best. This analysis was done in collaboration with one of the employees of the selected company.

Table 1: Benchmarking of the selected company

	The Selected Company	IZOMAT Stavebniny	Stavebniny DEK	Stavebniny Červenka
Assortment of materials	2	4	5	2
Extra services	2	5	4	3
Prices	3	4	5	3
Promotion	2	5	5	1
Social media	1	5	5	1

Website design	4	5	5	2
Attitude of employees	5	4	3	5
Total Evaluation	18	32	32	17

(own elaboration)

Assortment of materials

When evaluating the assortment of materials, the company Stavebniny DEK placed the best. This is because Stavebniny DEK offers not only building and gardening materials, but also materials for plumbing and electrical work. The selected company and Stavebniny Červenka received the same score, as they both have a similar selection of building materials and do not offer materials for gardening or plumbing.

Extra services

This category focuses on the services that are offered in addition to the retail of building materials, such as deliveries or the lending of tools. For this category, IZOMAT Stavebniny placed the highest, as they offer deliveries and have a truck with a hydraulic arm, as well as mixing of paints, tinsmith workshop, and the company lends a large variety of tools to customers. The selected company placed the lowest in this category. The selected company only offers the delivery of materials, and it does not own a truck with a hydraulic arm. Even though the company has some power tools in its possession to shorten and cut some materials, it is still less than what the competition offers

Prices

In this category, multiple materials have been selected, and then the prices of those products have been compared. After comparing the prices of the selected products, Stavebniny DEK had the lowest prices therefore, the company received the best score.

The selected company and Stavebniny Červenka were placed in the same position in terms of prices. For most of the products examined, the prices were the same. Some products were cheaper at the selected company, and some products were cheaper at Stavebniny

Červenka, but the ratio of the cheaper products to more expensive products was about 50%, which is why they were ranked the same.

Promotion

Promotion describes how well and how much these companies communicate and promote themselves to the public. Promotion includes advertisement, personal selling, taking part in conventions, and others. IZOMAT Stavebniny and Stavebniny DEK placed the highest, as they both use the same social media for promotion. They also have radio advertisements and multiple billboards all around the area where they operate. IZOMAT Stavebniny and Stavebniny DEK also participate in conventions, where they show their products, or generally try to attract customers with flyers or staff who participate in the conventions. The selected company placed second to last, as they only use billboards and radio advertisements. The selected company currently only uses Facebook, and it does not participate in any conventions as a company.

Social Media

This category describes how well and how much the company uses social media. In the category Stavebniny DEK and IZOMAT Stavebniny placed the highest. This is due to them using multiple platforms, like Instagram, YouTube, or Facebook. These two companies not only use multiple platforms but also use them regularly. The selected company and Stavebniny Červenka both placed the lowest. Both of these companies only use Facebook, and they update the contents of their page very sparingly.

Website design

In this category, all the companies, except Stavebniny Červenka, ranked similarly. For the three companies, the websites are clear and understandable. These websites offer information about the company, descriptions of materials, and an e-shop. The selected company ranked slightly lower than the other two, as its website does not include a description of all the materials. Stavebniny Červenka ranked the lowest because the website does not include the materials sold, their prices, or descriptions.

Attitude of employees

This category examined how the employees of the company interact with the customers, how knowledgeable they are, and any other aspect of interacting with customers. When talking to the customers of all the companies, the discovery was that the employees of the

selected company and the employees of Stavebniny Červenka are the only ones who remember the long-term customers by name. Some of the employees of the other two companies know if the customer works for a larger firm. But this attentive attitude set the selected company and Stavebniny Červenka apart.

Summary of the benchmarking

The benchmarking shows that the company that is a closet competitor of the selected company is Stavebniny Červenka. While according to the analysis, this company is slightly worse than the selected company, it must use its competitive advantage to stay ahead. The benchmarking also shows that the other two competitors are much ahead of the selected company. The selected company can try to compete with them in the area of extra services or website design. The selected company could put more resources into marketing to attract new customers.

7.3 SWOT Analysis

The SWOT analysis describes and identifies a company's strengths and weaknesses. It has been conducted using internal documents, STP analysis, and benchmarking. The SWOT analysis of the selected company is shown in Table 2.

Table 2: The SWOT analysis of the selected company

Strenghts	Weaknesses
Quality of products	Higher prices
Attitude of employees	Only one branch
Expertise of the employees	Smaller assortment of products
Long tradition	Not enough extra services
Good reputation	Low efforts in marketing
Employees stay with the company for a long time	
Opportunities	Threats
Large pool of customers	Strong and large competitors

Possibility to join a cooperative of companies	Rising prices of building materials
Use of social media	Seasonality
Local marketing	

(Own elaboration)

Strengths

The selected company offers high-quality products, which are bought from top manufacturers in the Czech Republic and Europe. The personal attitude combined with the expertise of the employees creates a satisfying experience and service for the customers. The selected company has been operating in the market for a long time, which results in the company having a long-standing tradition, and that is how they acquired a lot of expertise and experience. Due to the quality of the services and materials, the selected company acquired a great reputation among the customers in the area where it operates. As all the employees except one had been working for the selected company for multiple years, they have established a good rapport with the customers. By working there for a prolonged period, the returning customers know the employees, and employees keep acquiring experience in the field.

Weaknesses

Due to the high bargaining power of the suppliers, the selected company cannot provide prices as low as the competition. The small size of the selected company means that it cannot employ economies of scale, which its competitors use to lower the prices of the same products. The selected company also has only one branch, which results in lower overall earnings. This also results in the company being known only in the region where it operates. The assortment of products is lower than what some of its competitors offer. This can result in customers buying everything from their competitors rather than purchasing some materials from the selected company and some materials elsewhere. The selected company offers fewer extra services as such, they often lose customers to the competitors. The selected company, for example, cannot make large deliveries due to it does not own as large trucks as its competitors. The selected company also puts low effort into marketing. This means that it is harder for them to acquire new customers.

Opportunities

The number of potential customers in the market is quite high. A large number of smaller contractors or even individuals who want to build or complete a reconstruction. According to the owner, the selected company has received an offer to join a larger cooperate. This would mean the possibility of lower prices, as the whole cooperate would order in bulk, which could also mean more financial resources. As the selected company is not currently using any social media, it has the potential to start doing so. Social media could improve the marketing and raise people's knowledge of the selected company. The company could also use local firms to supply it with materials for lower prices, through long-term cooperation. This would, however, only be an option if the quality of the materials wasn't compromised.

Threats

Given that there are multiple competitors in the same area, the selected company often loses customers to them. As mentioned before, the two largest competitors of the selected company are IZOMAT Stavebniny and Stavebniny DEK, which are large and well-established companies. The selected company must use any competitive advantage and strengths to compete with these companies. Due to inflation, the prices of materials are always rising. If some materials become scarce, their price will rise, and if the prices rise too much, the customers could postpone the building, and the company would lose a large portion of its earnings. The last threat is the seasonality of the business. Some materials are not sold during winter, and according to the owners, all sales generally diminish during winter.

8 SUMMARY OF THE PRACTICAL PART

After introducing the selected company, it was analysed using McKinsey's 7s method, which describes its inner environment. Subsequently, the 7P marketing mix analysis was carried out. Then, to analyse the microenvironment, STP analysis was used to figure out which customer base the company targets. The main thing that the company is focused on while selling the products is the expertise and friendly attitude of the employees. The selected company focuses on selling building materials, where it aims to offer high-quality materials. Secondly, the company offers the construction of smaller projects, during which it aims for quality and affordable execution. Using Porter's competitive strategy, it was shown that the selected company uses differentiation to stand out in the market. According to Porter's competitive strategy, the selected company is classified as a market follower. Then, using the Ansoff competitive strategy, it was established that the company practices market penetration. Lastly, it was shown that the selected company uses the strategy of red ocean.

The analysis of the meso-environment, for which Porter's five forces analysis was used, helped establish the company's position in the market. The bargaining power of the suppliers, the bargaining power of long-term customers, and the competitive rivalry are all high. The bargaining power of short-term customers is intermediate, and the threat of new entrants is low. Using benchmarking, the company was compared to its competitors. It showed that the selected company is behind two of the three competitors in the area, in multiple areas. According to the benchmarking is slightly better than the last competitor, but it must keep using its competitive advantages to maintain the lead. The SWOT analysis shows the strengths and weaknesses of the selected company. The strengths were mainly the quality of materials, the attitude and expertise of employees, the long tradition, and a good reputation. The weaknesses of the company are higher prices, low efforts in marketing, and a smaller assortment of products.

In the practical part of the thesis, the answers to the research questions, which were defined in the theoretical part, were found:

- *Research question number 1: Which strategy does the company use according to Porter's competitive strategies?*

Based on the analysis, the selected company practices the strategy of differentiation. The friendly and attentive attitude of the employees is where the company differentiates from others.

- *Research question number 2: How does the company's promotion compare with its competition?*

When compared to its competition, the selected company shows quite a limited promotional strategy. While IZOMAT Stavebniny and Stavebniny DEK use multiple promotional tools, like multiple platforms of social media, radio advertisement, billboards, and participation in conventions, the selected company only uses part of these tools. The selected company does not engage in conventions or direct customer outreach events, which the competitors use to increase their notability among customers. This limited use of promotional tools is the reason why the selected company ranks lower, and the effectiveness of the selected company in terms of promotion is quite low.

- *Research question number 3: What is the most significant competitive advantage of the selected company in the area of microenvironment analysis compared to its competitors?*

In the area of microenvironment, the selected company gains the biggest competitive advantage in the attitude of employees. In the benchmarking analysis, the selected company got the highest score in the attitude of the employees. The employees are friendly and pay full attention to the customers. The employees also remember the long-term customers by name. All these facts, combined with the employees' knowledge of the materials sold, create a friendly and pleasant atmosphere.

9 RECOMMENDATIONS FOR IMPROVING THE CURRENT COMPETITIVE POSITION OF THE SELECTED COMPANY ON THE MARKET

This chapter aims to describe recommendations for the selected company that will improve its competitiveness. These recommendations are not meant only to improve competitiveness but also to improve the position on the market and to help the selected company better satisfy its customers. These recommendations are based on the analyses of the current competitive position of the selected company, which were described in the practical part of the thesis.

9.1 Improvement Of the Promotion

It was established that the selected company is falling behind in terms of marketing. The annual budget for marketing is 250,000 CZK, which would be used for these improvements. The first recommendation for the company in terms of marketing would be the use of social media. Given the older customer base of the company, the first social media platform for the company should be Facebook. Posting about special offers on the Facebook page or posting general advertisements would help attract new customers. Other social media that the company could use are Instagram, YouTube, or LinkedIn. These would generally be focused on a younger customer base. Even though the company is currently focused on an older segment of customers, this would help the company enter and attract a new segment of customers.

Another recommendation for the company would be to start email marketing. By making the contents of an email personalized and offering relevant news for the specific segments, the company would further prove its personalized attitude. This would also help spread news of special promotions or new products.

The last recommendation in terms of promotion would be PPC marketing. Picking the right keywords and selecting the specific region could improve the customer's knowledge of the company. The positive about PPC is that it can be instantly seen by customers searching for products offered by the company. PPC marketing could help penetrate new customer segments and attract new customers, which would subsequently result in improving its market position.

9.2 Assortment Of Products

The selected company has developed a list of products that sell the most over the years. In the past couple of years, they have not updated the list. Sometimes it happens that a customer wants to buy from the selected company, but must go to the competition as the selected company does not offer the product. As such, the company should update the assortment of materials. For example, in the warehouse, the company has a lot of rafter hangers, which are sometimes sold, but the company has an excessive amount of them, and they take up space. But the company currently does not offer geotextile, which customers often ask for. For that, it would be recommended to make a list of products that customers ask for, which are not offered by the selected company, and track how many times customers want to buy each product that is not offered. After that, the company could add the most asked-for products to their assortment. This step of the process would be free as the employees would just mark the products that are wanted but not sold by the selected company, in a spreadsheet.

9.3 Website and e-shop

The selected company has already established an e-shop and website. The current problem with the website and e-shop is not enough product description. All the products should have some sort of short description so it is easier for the customers to know whether they want the product or not. The e-shop is also fairly simple. The company should have some sort of customer service established for the e-shop. Like a chat window where customers can ask questions. They could be taken care of by one of the employees at the retail store. The employees have the expertise and free time when customers are not present. In their free time, they answer questions at the e-shop.

Currently, the selected company employs one person who is capable of maintaining and improving the e-shop. If the employee maintains the e-shop, they could be paid a bonus. The bonus would be 1% of the total sales through the e-shop at the start. If sales through the e-shop grow, the bonus would then rise to 1,5% or to 2%.

9.4 Work With Local Companies

The selected company should try to work with either local manufacturers or local construction companies. Firstly, there are some smaller local manufacturers of some products with which the selected company could cooperate. According to the owner, there is a local manufacturer of roof battens, whose products are of high quality. As it is quite

close, the company could pick up the materials themselves, therefore saving money on delivery. The pickup of these materials could be done during working hours by the warehouse employees. Warehouse employees often pick up materials from other stores so it wouldn't be a significant change for them. Secondly, the company could work with local construction firms. By offering special benefits to them, they could acquire new long-term customers.

9.5 Extra Services

The company currently falls behind its competitors in terms of extra services. Based on an interview with one of the employees at the retail store, the most sought-after service is the mixing of paints. This is a service offered by the competitors, so the customers of the selected company must opt for the competitors if they need this service.

Currently, there are not too many orders at the company that would require a truck with a hydraulic arm. If there are such orders, the company has to turn them down or divide the order into smaller parts. This could be solved by renting a truck with a hydraulic arm when needed. The best method would be to contact freelancers who use these trucks themselves and hire them to complete the delivery. The usual fee, in the area where the selected company operates, is 25 CZK per kilometer and 100 CZK per every pallet that is transported.

9.6 Target New Customer Base

As previously established, the customer base of the selected company is currently rather older. As their older customers come closer to retirement, they will need to acquire new ones. This could be solved by marketing to younger customers, who will possibly take over the positions of the current customers. By using marketing on social media, like Instagram, X, YouTube, or LinkedIn which are frequently used by younger people, the selected company could penetrate a new market.

CONCLUSION

Competition is what pushes everyone forward. In a market with multiple competitors, the company must hold the competitive advantages it already has and find new ones to evolve and maintain its market position. The competitive environment is highly dynamic, so to succeed, the company must understand where it stands in the market, what its strengths and weaknesses are, and try to predict the situation in the market to prepare for the future.

The goal of this thesis was to analyze the competitiveness of a company that focuses on the retail of building materials and the construction of smaller projects. This goal was achieved by using appropriate strategies and analyses of the competitive environment and the competitors.

The theoretical part of the thesis describes competitiveness and other terms related to it. Then it introduced and described relevant competitive strategies and analyses of a macroenvironment, meso-environment, and microenvironment. In this part of the thesis the research questions were also stated.

The practical part firstly focuses on the introduction of the selected company. The company is then analysed using the 7S McKinsey analysis, subsequently the STP analysis and analysis of the marketing mix were conducted. Furthermore, the analysis according to Porter, Kotler, and Ansoff was carried out. The selected company was also analyzed according to the blue and red ocean strategy. After the introduction of the major competitors of the selected company, these companies were compared using relevant methods. The first method used benchmarking. This analysis compared the companies, judging them on specific factors. After the SWOT analysis was conducted, the strengths and weaknesses of the selected company were identified.

Using the analyses described, the position of the selected company in the market was determined. This was a crucial step in formulating recommendations to improve the competitiveness of the selected company, which improves its marketing position and generally its profits.

Multiple recommendations were formulated, which include promotion improvements, expansion of the assortment of products, website and e-shop improvements, and implementation of more extra services.

This thesis could be quite useful for the selected company, as it currently has no other analysis. Some of the recommendations are already being implemented by the selected company, and hopefully, they will improve the competitiveness of the selected company in the near future.

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APPENDICES

Appendix P I: Front Page of the E-shop of the Selected Company

APPENDIX P I: FRONT PAGE OF THE E-SHOP OF THE SELECTED COMPANY

Na úvod

Doprava a platba

Prodejna

O nás

Kontakt

KATEGORIE

+ Suchá výstavba a izolace

+ Dřevomateriály

+ Hrubá stavba

+ Stavební chemie, lepidla, barvy

+ Fasády a zateplovací systémy

+ Spojovací materiál

+ Suché směsi - omítky - cement

+ Okapový systém

+ Fólie a pásy

+ Nářadí a ochranné pomůcky

+ Interiéry (dveře, kování, lišty)

+ Betonové dlažby, tvárnice

TOP 5 PRODUKTŮ

1



Cement 32,5R 25kg Holcim (Lafarge) (56ks/pal)
126,50 Kč

2



Sádrokarton GKB 12,5x1250x2000 Norgips 54ks/pal
177 Kč

3



Ztracené bednění ZB 20 (500x250x200) Presbeton 60ks/pal
61,10 Kč

4



Tmel Uniflott 5 kg
229,90 Kč

5



Deska OSB 12x625x2500mm pero+drážka Kronospan 59ks/pal
228,60 Kč

PŘIJÍMÁME ONLINE PLATBY

AKCE



Sádrokarton

GKB Norgips

12,5x1250x2000

nyní za akční cenu

 **171,60 Kč / kus**

VYUŽÍT AKCI

Akční zboží



Kód: 02-0220



Kód: 11-0010

Akce



Kód: 26-0250