

An Analysis of the Competitiveness of a Selected Czech Company

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ABSTRAKT

Hlavním cílem této bakalářské práce je zjištění konkurenceschopnosti firmy Michlovský-protlaky, a.s. a vypracování návrhu na její zlepšení. Práce je rozdělena na 2 části. V teoretické části práce je podrobně rozepsána a vysvětlena PESTLE analýza, Porterův model pěti konkurenčních sil, marketingový mix ale také SWOT analýza. V praktické části práce je provedena analýza konkurence a konkurenceschopnosti, IFE, EFE a SPACE matice a je zde také aplikován marketingový mix. Výsledky analýz tvoří základ pro doporučení a návrhy ke zlepšení konkurenceschopnosti podniku.

Klíčová slova: konkurence, konkurenceschopnost, analýza konkurence, marketingový mix, PESTLE analýza, SWOT analýza, IFE matice, EFE matice, SPACE matice

ABSTRACT

The main aim of this work is to ascertain the competitiveness of the company Michlovský-protlaky, a.s. and to evolve the proposal for its improvement. This thesis is divided into 2 sections. The first section is a theoretical portion that describes and explains the PESTLE analysis, Porter's five forces model, as well as the marketing mix and SWOT analysis. The second section is a practical portion that performs an analysis of the competition and competitiveness with the use of IFE, EFE and SPACE matrix and there is also applied the marketing mix. Outcomes of analyses create basis for recommendations and proposals for improving company's competitiveness.

Keywords: competition, competitiveness, competitor analysis, marketing mix, PESTLE analysis, SWOT analysis, IFE matrix, EFE matrix, SPACE matrix

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INTRODUCTION

Trenchless technology is a good way to solve problems in construction industry because it consumes less time and doesn't fetter transportation and traffic in the city or other locations. Trenchless technologies are environmentally friendly and don't require the destruction of existing roads. They don't produce as much dust as a standard digging technology does and can be used during construction of new buildings as an access to private land or in places where it is not possible to perform classic routine excavations. Trenchless technologies are less demanding in the preparation of projects and they are also often less expensive regarding investments. This field of industry is specific and unique but there are many companies in the market that offer these services. The company must be a professional in this field and it is important they perform quality work.

This thesis focuses on the analysis of the competitiveness of the company Michlovský-protlaky, a.s. which runs its business in the field of trenchless technologies. This thesis is divided into two sections. The first of which is theoretical. It deals with terms such as competition, competitiveness, and marketing mix and it explains various analyses. The second part of this thesis is practical. The beginning of the practical part is presented by the introduction of the company Michlovský-protlaky a.s. The practical part is formed on the basis of theoretical section. In the practical portions, elements of the current marketing communication and the current competitors are analyzed. SWOT analyses and IFE, EFE, SPACE matrixes are also presented. At the end of practical part there suggestions are given and recommendations of how to improve competitiveness of the company are made.

I. THEORY

1 COMPETITION

Companies have to face to other competitors almost every day, but just in the case that they are not monopoly. To be able to operate in the market you have to be competitive. If you are not competitive you can't be successful in the market.

1.1 Defining Competition

The competition is very complex term and there are many different definitions. No firm exists in the market itself, because in the market will be always other companies. If some company wants to run its business it's necessary to be aware of other rivals.

According to Porter (1994, 6) the competition is described as extended rivalry. Another definition says that it is a process of interference of opposing interests of various subjects in the marketplace. (Jurečka 2010, 171) According to these definitions the competition is understood as a meet of distinct economic interests of distinct subjects in distinct marketplaces. In the market, various subjects compete with one another in order to gain better market share, in order to attract new customers and to make a better profit or bigger market share.

Competition does not refer only to economic. This term refers also to social, cultural, ethical, political tasks and so on. In each field it has its own characteristic.

1.2 Competitor

Competitor is any business dealing with other rivals. This business has competitive potential which consists of "those features of the company, which are crucial to the implementation of a given strategy and achievement of a desired position in the market". (Kramer et al. 2010, 520)

In almost every field companies offer the same or substitute products or services as other companies. It's no wonder that these firms try to improve their products, services and strategies in order to sell bigger amount of their products and services and promote their goods more effectively. Paley (2007, 117) distinguished competitors according to their reactions:

1. A laid back competitor – this competitor is inactive, he doesn't care so much about other rivals and their activities. He doesn't react so quickly.
2. A selective competitor – reacts only to chosen activities of his rivals.
3. A tiger competitor – this type of competitor reacts quite quickly almost to everything.

4. A stochastic competitor – “does not exhibit a predictable reaction pattern”. (Paley 2007, 117)

Blažková (2007, 138-139) stressed, there is also another differentiation of competitors. They are divided into following groups according to their roles they play in the market:

1. Market leader – companies have the largest market share, usually because of the fact, that they were first in the market. They try to hold their position by having low costs and by creating obstacles for other competitors.
2. Market challenger – this subject wants to increase the size of the market share to the detriment of other competitors by setting lower prices or by offering of unique products or innovations. Market challenger is usually the second most successful firm in the market.
3. Market follower – market follower doesn't tend to be the best and doesn't tend to have leading position. This firm imitates either products or copies some features for instance their packaging or advertising.
4. Market nichers – are typically smaller subjects that are interested in one certain area of the market. They are looking for some opportunities to satisfy certain needs and wants. Bigger companies are not interested in these areas of market.

1.3 Forms of Competition

Market consists of two important agents. One of them is called supplier and the other one is demander. These agents determine price of goods and services and they create basics of market structure. As it is mentioned “The concept of a market structure is therefore understood as those characteristics of a market that influence the behavior and results of the firms working in that market.” (Policonomics 2012)

Types and forms of competition are distinguished differently in different books. In this chapter I'll describe and explain its main division.

1.3.1 Market and Off-Market Competition

Competition is divided into two basic groups – market competition and off-market competition where market competition means competition with such assets that are related to market. Off-market competition includes both legal and illegal methods. Lobbying is one of the legal methods. Illegal methods consist of jobbery, industrial espionage, bribery or mudslinging of competitors. (Jurečka 2010, 171-172)

1.3.2 Perfect and Imperfect Competition

As Mikoláš (2005, 67) described there are two types of market structure – the perfect competition and imperfect competition. The perfect competition is ideal state on the supply side, demand side and across the market. There is large number of subjects and none of them has leading position. These subjects are not able to influence or dictate the price of goods. Production of the segment is homogenous and all companies can freely enter or exit the marketplace. There are no barriers, patents or trademarks.

There is also non-perfect competition which can have following forms -monopoly, oligopoly and monopolistic competition.

1. Monopoly – there is only one subject in the field of supply. Producer is a supplier of homogenous products which can't be substituted by any other products. This subject offers something unique what can't be bought somewhere else. Monopoly creates price of products and this subject has unlimited influence in the market. (Keřkovský 2004, 116)

Monopoly can be state company or private company. State company is a company owned by a government, for instance České Dráhy or Česká pošta. Private monopoly can be controlled (energies) and unregulated (Microsoft Word). (Vašítková 2014, 96)

2. Oligopoly – It is a market structure in the field of supply. It is characteristic for small amount of companies in the segment. This type of market structure is sometimes called competition among few. It can be hard to enter the market, especially for new subjects. Companies in the market are strong enough to set higher price which would be higher than marginal costs. Some companies can influence the price of products and services in the segment and some of them may create the price of products. Firms sell homogenous and differentiated products in the oligopolistic market. Speaking about product differentiation, this feature is

really important from the customer's point of view. Customer often decides whether to buy or not to buy a product according to the price, its brand, quality, characteristics, aesthetics and after sale service. (Ghai and Gupta 2002, 39) Typical example of some oligopoly company may be gas station, TV station or some automobile company.

3. Monopolistic competition – This type of market structure has features of both monopoly and perfect competition. There is large number of consumers and traders. Differentiated products are offered by many producers who have free access to the market. “The products are neither homogenous nor perfect substitutes of each other”. (Ghai and Gupta 2002, 3) Beer is considered as an example of product of monopolistic competition.

1.3.3 Price and Non-Price Competition

Price competition is connected with price-cutting. This technique is used by producers who want to attract big amount of potential customers. Non-price competition is connected with methods based on quality, technological level of production, design and on product differentiation. (Mikoláš 2005, 67)

1.3.4 Competition in the Field of Supply, in the Field of Demand, between Supply and Demand

Furthermore, the competition is divided into following group:

1. Competition in the field of supply – this is the case of competition where producers offer goods or services. They want to sell the biggest amount of their products or services for the highest price possible. Their aim is also to have a stronger position in the market and bigger market share than their competitors.
2. Competition in the field of demand – this competition is typical for its subjects trying to buy goods or services from distributors or from other sellers for the best price possible. The importance of this competition grows when the demand is higher than supply. The competition among consumers leads to higher prices. (Mikoláš 2005, 66)
3. Competition between supply and demand – this competition is also called competition across market. This competition is significant for the sellers' effort to

sell their goods or services for the highest price possible and for the buyers' effort to buy goods or services for the best or lowest price possible.

1.4 Competitiveness

The term competitiveness is not so easy to define. It is positive characteristic of the company which has to deal with its competitors. It can be also explained as how the company is able to fragment its strong and weak points, its opportunities and threats. It is closely connected with a value of enterprise. (Čichovský 2002, 13)

Managing of competitiveness is very difficult, challenging and high-risk task. The top management of the company has to have particular level of knowledge and experience in order to deal with this task. Companies should know all the chances how to improve themselves, they should know everything about development trends and by which direction they are most likely to proceed. (Bartes 1997, 7; Mikoláš 2005, 64)

If there are 2 same products in the market, their competitiveness depends on their price as well as on 3 derived factors:

1. costs – especially costs connected with salaries, social costs and productivity
2. companies' profits
3. exchange rate of national currency (Mikoláš 2005, 68)

1.5 Competitive Advantage

“Competitive advantage cannot be understood by looking at a firm as a whole. It stems from the many discrete activities a firm performs in designing, producing marketing delivering, and supporting its product.” (Porter 1998, 33)

Competitive advantage is something original and specific what is not easy to copy. Company can have competitive advantage while offering higher value to customers - such as lower price or bigger benefit which would compensate higher price. Many firms offer same or similar products so the only way how to diversify one company from other rivals is to find competitive advantage and this feature can help the company to stay in the market. There are many ways how to differ one business from another one. Company has to invent something unique and inimitable. Competitive advantages are generally considered according to profitability. When one firm generates bigger profit than other companies, it means that this subject has competitive advantage unlike the rivals. (Blažková 2007, 82)

As Blažková (2007, 82) stressed, among main, most common sources of competitive advantage belongs:

- Production with lowest costs
- Access to unique source of natural resources
- Innovation of products/ services
- Development or usage of new technologies
- Perfect knowledge about costumers, competition and market

1.6 Competitive Strategy

Competitive strategy is something what will be used against other rivals in the market. Good competitive strategy consists of:

1. Cost Leadership Strategy – the main goal of this strategy is to obtain the best position regarding overall costs. Companies can use advanced manufacturing equipment, cheaper inputs or they can strictly control costs with intention to have lowest costs in the market. (Dvořáček and Slunčík 2012, 50; Mikoláš 2005, 73)
2. Differentiation Strategy – company is trying to be unique. It involves cooperation with professionals during production process, cooperation with customers and to develop products in a creative way. (Dvořáček and Slunčík 2012, 51, Mikoláš 2005, 73-74)
3. Focus Strategy – companies are trying to focus on specific area or field. Each segment of the market has different preferences, needs and wants, so that segmentation can save a lot of money and a lot of time and company doesn't have to spend these instruments in a vain. (Dvořáček and Slunčík 2012, 52)

2 DEFINING MARKETING

Marketing is essential feature for every subject in the market who wants to be successful. This term has many different definitions. It can be explained as an identification and meet of human and social needs. “One of the shortest good definitions of marketing is “meeting needs profitably.””(Kotler 2012, 5)

The main goal of marketing is to attract new customers, to provide high quality products, to provide something unique and of course to keep company’s current customers satisfied. Marketing should ensure delivery of products to chosen group of customers at the right time, in the right place, for reasonable price and with adequate advertising. Marketing is aimed at satisfying customers. The main difference between selling of products and marketing is following. Marketing deals with customers’ needs and wants first and the products are made on their basis. With marketing is closely related marketing mix of four Ps and marketing mix of four Cs.

2.1 Marketing Mix of Four Ps

Marketing mix of four Ps is basic marketing tool which influences consumer’s behavior. It is method which determines product strategy and product portfolio. It includes almost everything what a company can do in order to influence demand of its goods and to make an offer according to target market. It consists of price, product, place and promotion. Each of these tools reflects market specifics in which they will be used. (Kotler et al. 2007, 70)

2.1.1 Price

Price represents an amount of money for which company sells its products or services. Price directly influences the demand and purchase decisions. It is only one tool that creates money. Other tools of marketing mix of four Ps create only costs. Companies are trying to set the highest price possible, but the price of the product is limited by its differentiation. (Kotler 2000, 118)

Price needs to be set in order to attract customers. This tool also includes discounts, payment deadlines and terms of payment. (Kotler et al. 2007, 70; Johnová 2008, 17-19)

2.1.2 Product

Product is everything what can be offered to consumers in order to satisfy their needs and wants. This offer consists of product and its characteristics. It can include quality,

reliability, brand, design, after sale service and guarantee. Product can be tangible such as goods and intangible. Johnová (2008, 17-19) described forms of intangible products:

- Services – sector of services is the fastest growing sector and its importance is continuously growing.
- Events – it can be for instance concert, performance in theatre, talk show and so on.
- Place – customers do not buy the place, they only visit it and enjoy the environment in which they are situated.
- Thought – it is promotion of something intangible such as religion, lifestyle or opinion.
- Campaign – main goal of campaign is to attract people and get votes in voting contest. It is usually used by political parties and it is one-off action connected with presentation of thoughts. (Kotler et al. 2007, 70)

2.1.3 Place

It involves firm's activities that assure to make a product accessible for target customers at the right time and in the right place. It states where the product will be sold and of course how it will be sold. It also includes information about distribution channels, availability of distribution network, range of goods, supply and transportation. (Kotler et al. 2007, 70; Johnová 2008, 17-19)

2.1.4 Promotion

Promotion is the next tool of marketing mix. This feature involves activities which inform wide public about product and product's benefits with intention to persuade people to purchase the product. Promotion tells how customers can get to know company's products – it can be from direct seller, through public relations, advertisement or sales promotion. (Kotler et al. 2007, 70; Johnová 2008, 17-19)

2.2 Marketing Mix of Four Cs

Marketing mix of four Ps can be perceived as company's internal attitude because of price, product, place, promotion. In order to use marketing mix properly it is good to look at it from customer's point of view not from the seller's point of view.

Speaking about marketing mix of four Cs, enterprises try to find out how customers perceive marketing mix or its individual features. This marketing mix expresses perception of its tools and as a result companies have different approach than they had before. (Urbánek 2010, 41-42)

If companies look at marketing mix from customer's point of view it will look like this:

1. **Product** → **Customer needs and wants** – product will turn into customer value (needs and wants), here it is visible how customers perceive this value.
2. **Price** → **cost to the customer** – price will turn into cost to the customer. It means that it will turn to the purchase price and other costs connected with purchase.
3. **Place** → **Convenience** – place will turn into convenience which is more important for customers.
4. **Promotion** → **Communication** – promotion will turn into two-sided communication with customers instead of one-sided. Customers are well informed about benefits connected with products. (Urbánek 2010, 41)

2.3 Marketing Opportunity

“Marketing opportunity is an area of buyer need and interest that a company has a high probability of profitably satisfying”. (Kotler 2012, 48) A marketing opportunity has few sources. It can be the chance to offer something which would not have long supply or providing, it can be for instance supplying and marketing of goods or services in new, original and playful way in order to differentiate firm from other competitors. (Kotler 2012, 48)

3 BENCHMARKING

Benchmarking is defined as a long-term continual and systematic process of observation and comparing. This method helps to define the health of business. The essence of this process is simple – companies compare themselves and their products, services, functions, their production efficiency and quality of certain products, manufacturing process and marketing activities to other subjects which are usually similar to them or better than them. They do this because they want to improve and increase their own level of productivity, efficiency or quality. Benchmarking measures, compares and evaluates these subjects and estimates their drawbacks and identifies ways how to solve problems. Benchmarking is often used by marketers as a tool that alerts them to some situation in the market. It helps them to make a decision concerned to possible changes. (Jakubíková 2013, 153; Tomek and Vávrová 2007, 150)

3.1 Variants of Benchmarking

Tomek and Vávrová (2007, 151-152) described benchmarking which is divided into three variants. Companies can do benchmarking research according to compared partners, according to compared objects and according to time horizon:

1. Variant according to compared partners – this type is divided into internal and external. The goal of internal benchmarking is to identify strengths and weaknesses of a company and to standardize certain activities by the help of comparison to other companies. External benchmarking compares unfamiliar companies, these analyzed subjects can be competitors but also companies from different market field.
2. Variant according to subjects – this type of benchmarking deals with factors of success and failure, which directly and indirectly influence company's profit. These factors can be quantified by the help of costs and revenues. Benchmarking can be customer-oriented, product-oriented, function-oriented and process-oriented. Customer-oriented benchmarking focuses on the structure, wishes and on customers' needs and wants. Product-oriented benchmarking is an analysis of certain components and functions of product. Function-oriented benchmarking means analysis of managerial function such as purchases, sales, logistics, organizing and planning. The goal of process-oriented benchmarking is to control quality of internal business processes.

3. Variant according to time horizon – this differentiation includes operative and strategic benchmarking. Operative benchmarking solves only short-term options how to improve something whereas the strategic benchmarking is focused on key factors of strategy.

3.2 Benchmarking Process

Benchmarking is complex process which consists of few steps. Firstly, specifics of the project should be defined, in other words it can be described as what companies will include in the research, what they want to compare to what and how the indicators will look like. Second step includes development of surveys, collecting data from databases for example from accounting, information about sales and so on. Third step is about gathering data and examining and creating deduction which was made by the help of statistical techniques. Lastly, the recommendations are given and there are described areas and things which should be improved. (Tomek and Vávrová 2007, 151-152)

4 BUSINESS ENVIRONMENT

Company can not exist in a business environment separately, because of other subjects in the market. This environment is very dynamic and includes a lot of opportunities and threats. Business environment will always influence company's behavior, price of products and their selection. Firm can be influenced either positively or negatively. Company should analyze factors of this environment in order to identify how they will affect company's behavior.

Marketing environment is divided into internal and external. External environment consists of micro environment and macro environment. (Jakubíková 2013, 98-99)

4.1 Internal Environment

Internal environment consists of company's resources, organizational structure, material environment, employees, relationships inside the company and of ability to use these available resources. Internal environment includes factors which can be managed by the company. (Jakubíková 2012, 133; Jakubíková 2013, 109-111)

4.2 External Environment

External environment is further divided into macro environment and micro environment. Macro environment influences micro environment because it includes factors which have effect on micro environment.

4.2.1 Micro Environment

Micro environment can be easily influenced. It consists of factors which directly influence the satisfaction of customer's needs and wants. Among these factors belong partners, customers, competitors, society and company itself. (Jakubíková 2012, 129-133)

- Company

Company creates essential part of micro environment. Company's existence and activity depends on the factors in its surroundings and firm's future success depends on abilities to produce and sell products, abilities to attract potential customers and on financial background. (Zamazalová 2009, 53)

- Suppliers

Suppliers have an impact on the company and on how the company chooses sources for producing goods and services. If the company chooses accurate supplier there is big possibility that this subject make a good business. Firm usually evaluates suppliers'

position in the market, their quality, certification, their speed and responsibility and their deliveries, experiences, prices and characteristics of goods and services and contract conditions. (Jakubíková 2013, 104)

- Distributors

Distributors are intermediaries between producers and final customers. They are helping with distribution, promotion of goods or with exchange of goods. They can be wholesalers, retailers, transport organizations, agencies of marketing services or financial organizations. (Jakubíková 2012, 131; Karlíček 2013, 49)

- Customers

Customers can be consumers, producers, traders, states or foreign customers. They have something in common – they are essential part of the market and essential part of micro environment. Each of them has different purpose and different motivation for purchase. Consumers want to satisfy their basic needs and wants, producers want to include purchased goods into production process, traders want to sell purchased goods to other subjects usually for higher price and state wants to satisfy public needs and wants. (Kozel et al. 2011, 40)

- Competition

In the market will be almost always other subjects – competitors who would offer the same or similar products. It is getting more complicated to differentiate company's products from other company's products. If one company differentiates and makes products special, unique and different in some way it may cause that customers will be interested in them and that they will buy them. (Jakubíková 2013, 108; Karlíček 2013, 47)

- Society

Society is generally divided into three groups – general public, local community and citizens' initiative and into consumer movement and the government. Society is defined as a group that has an actual or potential interest in the company's ability to achieve its objectives. (Jakubíková 2013, 108)

4.2.2 Macro Environment

Macro environment creates external and wider area of enterprise. Macro environment consists of political, legal, economic, socio-cultural, technological, environmental and demographic factors. It directly influences company's behavior and in a certain manner also company's business steps, business activity, efficiency and of course the fact if the

company is successful or not. It is difficult to influence these factors. (Horáková 2003, 40-42; Jakubíková 2013, 98-99)

4.3 PESTLE Analysis

The aim of this analysis is to discover statistic data as well as trends which help to predict future development. Each letter of the word “PESTLE” represents particular factor. According to Jakubíková (2013, 100-101) and Dvořáček (2012, 9-14) PESTLE analysis represents analysis of macro environment which consists of political, economic, social, technological, legal and environmental factors.

- Political factors (P)

Political factors are determined by political system of a certain country. Market can be influenced by political activities of a certain country or by foreign policy. Among these factors belong export, import, customs regulations and tax system. Company has to follow these regulations while running a business both in domestic and foreign markets. (Kozel 2006, 20-21)

- Economic factors (E)

Economic factors influence purchasing power and consumer behavior. Purchasing power is different in every market and depends on economic condition of individuals and companies. There are certain differences which exist in each market, region or even among population segments. Size and allocation of revenues differs from country to country. Every country is divergent in one country people can produce their own products so they don't need any products from foreign countries. In other country it can be totally different. Economic environment depends on purchasing power of households, their revenues, composition of their expenditure and of course willingness to spend money on some products. Among these factors belongs inflation, unemployment or change of exchange rate. (Karlíček 2013, 62-63; Kozel 2006, 19-20)

- Social factors (S)

Social factors focus on people and their social and economic background. Social factors are closely connected with cultural and demographic factors. These factors influence basic cultural values of society, way of life, social environment and the nature of consumer and buying behavior. Among social factors belongs income, property, lifestyle, religion and education. Among cultural factors belong for example cultural values, perceiving and body language. Demographic development is a part of social aspects. With demographic

development is connected the population density, migration, size of the population, natality, age structure, racial and ethnic structure, career and character of families and households. These factors change the demand for products in the market, because different people have different needs and wants. (Karlíček 2013, 63-67; Kozel et al. 2011, 25-26; Kozel 2006, 18-24)

- Technological factors (T)

Technological factors are created by new technologies which enable technological development, higher possibility of higher profits, increase of competitiveness and possibility to create new markets, new opportunities and new products. Technological development influences people's lives dramatically and by high speed. Company can gain really big competitive advantage over its competitor if estimates how the technological development will look like. On the other hand technological development can also mean the threat for the company in the case that the firm will ignore technological development. (Jakubíková 2013, 101; Karlíček 2013, 70-71)

- Legal factors (L)

These factors are created by a set of laws, regulations and decrees. They should protect customers, producers and society from socially harmful effects and companies should follow them. In these laws, regulations and decrees the basic requirements are defined for example requirements for safety, ecology and quality of products or services. It can be said that the demand in the market is artificially influenced by the legislation, in order to avoid usage of products which can harm people's health. (Karlíček 2013, 59-62)

- Environmental factors (E)

Companies should be socially responsible and environment friendly. Among these factors belong ecological problems, climatic or geographic conditions and natural resources. It is important to preserve various types of raw materials and other energies because of the lack of certain raw materials. The industry harms the quality of living, pollutes the environment and various governments are trying to protect nature and keep it from further damages. Companies have to keep in mind the ecology that has to be respected. If companies care about natural environment they can improve their appearance and they can have good reputation. (Jakubíková 2013, 101; Karlíček 2013, 72; Kozel 2006, 22)

5 AN ANALYSIS OF MARKETING ENVIRONMENT

5.1 SWOT Analysis

SWOT analysis can be explained as an evaluation of internal and external factors. These factors affect the whole company and its success. SWOT analysis identifies significant strengths and weaknesses of the company but also opportunities and threats of the external environment. This analysis evaluates and tries to find solution on how to get rid of these threats and weaknesses and how to take advantage of opportunities and strengths. The main goal of SWOT analysis is to identify to what extent the current strategy of the company and its strengths and weaknesses are relevant and to what extent they are able to put up with incoming changes. (Jakubíková 2013, 129)

The quality of final results of SWOT analysis depends on quality of enter data. SWOT analysis consists of two analyses – analysis of SW – strengths, weaknesses – and analysis of OT – opportunities and threats. SWOT analysis is closely tied with **External Factor Evaluation** – matrix EFE and **Internal Factors Evaluation** – matrix IFE.

5.1.1 Analysis of External Environment, Matrix EFE

This analysis consists of opportunities and threats which are part of external environment. Company should consider political, legal, economic, social, technological, natural and demographic factors. The aim of this analysis is to determine and explore various opportunities in order to use them for strategic activities and to determine and explore various threats and danger. It is good way how to find out information about company's position in the market and how to improve company's strategies, activities and how to generally improve the whole business. While doing an analysis, company should consider and deliberate certain questions for example from economic or political and legal point of view. (Janečková and Vašítková 2000, 74-78; Zamazalová 2009, 104-105).

Matrix EFE is part and parcel of analysis of external environment. This matrix is used for evaluation of external factors of SWOT analysis. There is the need to choose such external factors that strongly influence the whole company and its activities. These factors are chosen from opportunities and threats and their activity has to concur with time horizon of strategic plan. (Jakubíková 2013, 131)

5.1.2 Analysis of Internal Environment, Matrix IFE

Strengths and weaknesses are internal factors of the company. These factors consist of company's market, customers, competitors and company's suppliers. Firm can influence them in some way. Basically, it is an analysis of strengths which give company competitive advantage in the market and an analysis of weaknesses. These weaknesses limit the company and don't allow its development, because there are some obstacles and it is difficult to overcome them. They can be defined by interdepartmental analyses and evaluation systems. Strengths and weaknesses can be evaluated according to tools of marketing mix of four Ps – product, price, place, promotion. Certain facts can be collected through asking, brainstorming, discussion, calling or observation. (Jakubíková 2013, 129; Janečková and Vašítková 2000, 78-80; Zamazalová 2009, 104-105)

Matrix IFE is part and parcel of analysis of internal environment. This matrix is used for evaluation of internal factors. The purpose of this matrix is following – to weight up company's internal position or its strategic plan. This matrix is performed in marketing field or in other company's fields and it works the same as the EFE matrix. (Jakubíková 2013, 132)

5.1.3 Matrix SPACE

This matrix is a matrix of strategic position and action evaluation. SPACE matrix combines results of IFE and EFE matrix. This analysis allows creation of appropriate business strategy for certain company. SPACE matrix is divided into four quadrants – competitive, defensive, aggressive and conservative. (Jakubíková 2013, 132; Fotr 2012, 72)

5.2 Porter's Five Forces Model

Porter's five forces model observes the intensity of competition and represents factors, which influence profitability of market segments. This model consists of: suppliers, buyers, substitutes, potential entrants and industry competitors. There is some kind of linkage among these five forces. Any change of any force, may influence other forces. Competitive forces create these threats:

1. Threat of New Entrants – this threat can cause increase in industrial capacity as well as excess supply over demand and as a result, decrease of price. New subject that enters the market has to deal with barriers of entry, costs connected with entry and

access to distribution members. High barriers of entry and exit cause high profits, but if these barriers are low, profits will be also low.

2. Bargaining Power of Suppliers – bargaining power of suppliers is rising with their concentration, organization, importance of their products or with the fact that there are no substitutes available.
3. Bargaining Power of Buyers – bargaining power of buyers is rising with their concentration, organization and with the fact that in the market exist other substitutes. Buyers can require lower prices or high-quality products during bargaining process.
4. Threat of Substitute Products or Services – substitute products represent threat for many companies. It is connected with price war and it is crucial to observe price development of alternative products. “A substitute performs the same or a similar function as an industry’s product by a different means.” (Porter 2008; 17)
5. Rivalry Among Existing Competitors – bigger the amount of competitors in the market, higher the intensity of rivalry. Strong or aggressive competitors can cause that the market would not be so attractive for new subjects. This rivalry can be of course influenced by the size or amount of competitors or by product differentiation and barriers. (Fleisher and Bensoussan 2007, 92-93; Porter 1994, 3-33)

These forces determine the intensity of the competition in the segment and the profitability. The strongest force becomes crucial for creating of the strategy. (Porter 1994, 6)

II. ANALYSIS

6 COMPANY MICHLOVSKÝ-PROTLAKY, A.S.

6.1 Characterization of the Company

Name:	Michlovský-protlaky, a.s.
Firm domicile:	Salaš 99, Zlín, 76351
Tax identification number:	27704262
Company's legal form:	joint-stock company
Statutory director:	Petr Balcárek (Ministerstvo spravedlnosti ČR)

Michlovský-protlaky, a.s. is a Czech company based in Salaš near Zlín. It has operated in the market and under this legal form for approximately 10 years. It originated from the same company as Michlovský-protlaky Ltd. and was set up on October 12th, 2006 by registration in the Business register. Michlovský-protlaky, a.s. has 3 members of executive council. These members are Břetislav Michlovský, Ing. Linda Michlovská and Jan Michlovský. The organization is represented by a statutory director. The basic capital is currently 15.000.000 CZK. Company has fifteen pieces of stock and the nominal value of this particular stock is 1.000.000 CZK. ((Ministerstvo spravedlnosti ČR)

The company cooperates with many subjects in the Czech and also the Slovak market. The company operates in the Slovak market under the Michlovský - protlaky, a.s. - organizační složka. This unit is a subsidiary, which conducts specialized construction activities in the Slovak market. (Michlovský - protlaky)

The company's motto reads as follows: "We are quick, exact and reliable, we can meet even the most demanding and above-standard requirements." (Michlovský - protlaky) The company's main goal is to provide high-quality work to their customers in a short period of time and for maximum satisfaction. (Michlovský - protlaky)

6.2 Scope of Business

The company's scope of business consists of production, trade and services which are not specified in annexes 1 to 3 of the Trade Act; installation, reparation, inspection and testing of gas equipment and filling gas tanks; construction of buildings, modification and removal of buildings; reparation of road vehicles; accounting consulting, bookkeeping and tax records; road transport. (Ministerstvo spravedlnosti ČR)

Michlovský - protlaky, a.s. business specializes in the area of managed and non-managed extrusions. They are also specialized in the area of earthwork, engineering networks, industry objects and consolidated surfaces as well as in the division of truck transport. (Michlovský - protlaky)

6.3 Company's Certificates

Michlovský - protlaky, a.s. has established and applies a Quality Management System for the realization of horizontal direction drilling. Its certificate is valid until June 13th, 2016. The company meets the requirements according to ČSN EN ISO 9001:2009. The firm is also mentioned in the list of qualified vendors and has a mining-method activity license.

6.4 Equipment Used by Company

Michlovský - protlaky, a.s. uses technologies such as ISEKI, VERMEER, MENZIMUCK and CATERPILLAR. These technologies are used for extrusions and microtunneling but also for construction mechanization, which includes excavators, engineering networks and diggers.

6.5 Employees

The company has 38 employees, 9 of them are white-collar workers and the rest of them are blue-collar workers. Most employees are full-time employees but there are also some employees employed under contract of services. Michlovský - protlaky, a.s. prospers on the professionalism of its employees. The firm trains them regularly every year. Training is related to labor protection laws but it is also related to specific training for engineers and drilling operators.

7 MARKETING MIX

In this chapter the marketing mix of Michlovský - protlaky, a.s. will be described.

7.1 Price

The price of construction services is hard to define. Company doesn't have any list price, because there are several factors that could significantly affect the price. The price of services is influenced by competition, the cost of inputs, complexity of the project, size of the project, location of the project, selection of used machines, the pipe diameter, complexity of geology and by project method which is determined by project documents. An expert can determine by qualified estimation the price of extrusion but it's very complicated, the price is mainly influenced by local conditions. Every price is tailored for individual customer.

7.2 Product

Michlovský - protlaky, a.s. provides wide range of construction services. Among them are:

- Managed microtunneling
- Construction mechanization works
- Truck transport
- Construction mechanization rental
- Repairs of construction mechanization and trucks (Michlovský-protlaky)

The company sees its advantage in its reliability, willingness to adapt to the customer and also in the performance of machines. In order to differentiate itself from competitors, the company tries to produce the best results possible with the best quality possible. The company tries to offer complex services from consultancy to project activity and project implementation. Michlovský-protlaky, a.s. also educates their employees, maintains existing technologies and acquires new technologies and machines.

Among the most important services of the company are horizontally controlled microtunneling and manual excavation.

7.3 Place

Company is able to perform its services across the whole Czech Republic and also abroad. As it was mentioned already, the company has its subsidiary in Slovakia. This unit conducts specialized construction activities in Slovak market. Services are sold every time directly to customers. These customers can be consumers or larger companies.

7.4 Promotion

The company doesn't have a marketing department. The site manager, including the preparation for production, does all marketing activities.

For promotion, the company mainly uses its website, which includes a list of references and which is available in Czech, Slovak and also in English language.

Michlovský-protlaky, a.s. is also a member of the Czech Society for Trenchless Technology. This society has its own technical paper called the Magazine of Czech Society for Trenchless Technology. This magazine is issued four times a year and the company can present any interesting events and projects.

The firm also sponsors subjects such as Voluntary Firefighter Unit in Salaš, Domov Mládeže in Zlín (Children and Youth Center), a sports club in Lhota and the cycling club Amenity in Zlín. However, I would say there is the lack of promotion in media such as radio, and a lack of promotion on billboards, leaflets, etc. The company should improve this part of marketing mix.

8 COMPETITORS

The company Michlovský-protlaky, a.s. operates throughout the whole Czech market. Competitors are selected from the area of the whole of Czech Republic. In the market exists many rivals to Michlovský-protlaky, a.s. but I chose only the most significant competitors according to their importance, size, work experience and cognizance of the market. Among the main competitors are STAVOREAL Brno, s.r.o.; Čermák a Hrachovec a.s.; TALPA - RPF, s.r.o.; M-luft, s.r.o. and Vodohospodářské stavby, společnost s ručením omezeným.

8.1 STAVOREAL Brno, s.r.o.

Name:	STAVOREAL Brno, s.r.o.
Firm domicile:	Tovární 850/11b, Chrlice, 643 00 Brno
Identification number:	49971191
Company's legal form:	Ltd.
Executive head:	Ing. Ivo Müller (Ministerstvo spravedlnosti ČR)

STAVOREAL Brno, s.r.o. was set up in 1994. It is the second oldest company from the listed competitors. The firm has established and applies a Quality Management System ČSN EN ISO 9001:2009 and Environmental Management System ČSN EN ISO 14001:2005. These 2 certificates are published on the company's website, but both of them were valid only until November 2014.

- **Product:** Company offers reparation and reconstruction of waterworks such as reservoirs, streams and so on; cleaning of waterways, tunneling, excavation of shafts, construction of underground structures, horizontal directional drilling, extruding steel pipe, reparations and constructions of water supply and canalization, and the construction and renovation of aboveground and underground parts of civil and industrial buildings.
- **Promotion:** Their websites are quite good and are written in Czech. They sponsor the Brno Baseball Club "AVG Draci Brno" and soccer club "FC Medlánky". The company is also a member of Czech Society for Trenchless Technology
- **Place:** The company runs its business from Brno but has customers in different places across the Czech Republic. (STAVOREAL Brno)

8.2 Čermák a Hrachovec, a.s.

Name:	Čermák a Hrachovec a.s.
Firm domicile:	Praha 5 - Řeporyje, Smíchovská 31
Identification number:	26212005
Company's legal form:	joint-stock company
Executive head:	2 members of executive board (Ministerstvo spravedlnosti ČR)

Čermák a Hrachovec a.s. is a well known company established in 2000. In 2006 it became member of the COLAS group, which provides water structures for civil engineering. The company has established and applies a Quality Management System ČSN EN ISO 9001:2009, environmental management system according to ČSN EN ISO 14001:2005 and management system of safety and health according to ČSN OHSAS 18001:2008. In addition, the company holds a license for mining activities, patent for trenchless pipe laying, certificate for mining activities and two certificates for adding protective layers for pipelines. (Čermák a Hrachovec)

- **Product:** Čermák a Hrachovec a.s. provides a wide variety of services such as supply of water mains and connections, reconstruction by a trenchless technology, earth tunneling, drilling, microtunneling, and reconstruction of current water mains and their liquidation. Among other services are the reconstruction of roads and the building of new roads.
- **Promotion:** The promotion by their website is very good and is written in Czech. They have membership of COLAS concern as well as membership of Czech Society for Trenchless Technology. LinkedIn of COLAS is also utilized.
- **Place:** The company is based in Prague but does business throughout the whole Czech Republic. (Čermák a Hrachovec).

8.3 TALPA-RPF, s.r.o.

Name:	TALPA-RPF s.r.o.
Firm domicile:	Holvekova 645/36, Kunčičky, 718 00 Ostrava
Identification number:	64615391
Company's legal form:	Ltd.
Executive head:	Ing. Ivan Demjan, Ing. Čestmír Kus (Ministerstvo spravedlnosti ČR)

TALPA-RPF s.r.o. was set up in 1996 and has valuable and long working experiences. The company doesn't have any published certificates on its websites. Its references are published on company's website in the form of articles.

- **Product:** The company offers building execution, trenchless technology and waterjet cutting. Regarding trenchless technology, the company offers services such as managed extrusions, trenchless construction of water conduit, canalization extrusions and so on.
- **Promotion:** Their website is average and is available in Czech but there is the lack of important information. They have membership of Czech Society for Trenchless Technology.
- **Place:** The company is based in Ostrava but does business throughout the whole Czech Republic. (TALPA-RPF).

8.4 M-luft, s.r.o.

Name: M-luft s.r.o.
Firm domicile: Praha 5 - Lipence, Na Lhotkách 418, 15531
Identification number: 27192881
Company's legal form: Ltd.
Executive head: Milan Machačný (Ministerstvo spravedlnosti ČR)

M-luft, s.r.o. was set up in 2004. This company doesn't have any certificates published on its websites so that potential customer will not find important information there. On the websites is published only a short list of few references. The company doesn't appear to be as qualified and experienced as the other mentioned competitors.

- **Product:** This company doesn't offer only services connected with microtunneling, but also offers the supply and installation of air conditioning and service of air ventilation and air conditioning equipment. The company is a direct wholesale representative of EKO FILTR Slavičín.
- **Promotion:** Their websites are very poor and written in Czech. They are a wholesale representative of EKO FILTR.
- **Place:** The company is based in Prague and operates throughout the whole Czech Republic (M-luft).

8.5 Vodohospodářské stavby, společnost s ručením omezeným

Name:	Vodohospodářské stavby, společnost s ručením omezeným
Firm domicile:	Teplice, Křižíkova 2393, 41501
Identification number:	40233308
Company's legal form:	Ltd.
Executive head:	Ing. Tomáš Hořejší, Vilém Řáha, Ing. Zdeněk Dvořák (Ministerstvo spravedlnosti ČR)

Vodohospodářské stavby was set up in 1991 and it is the oldest company from all the mentioned competitors. The company has established and applies environmental management system according to ČSN EN ISO 14001:2005. The company has met the accreditation criteria according to ČSN EN ISO/IEC 17025 and has accredited testing laboratory no. 1280. Company also uses the brand called CZECH MADE, it is brand issued by "Sdružení pro Cenu České republiky za jakost" and it provides quality of services. The company has thirteen certificates published on its websites.

- **Product:** This construction company provides to its customers construction engineering, pulling of pipes, construction and redevelopment of junctions, services connected with water, canalization, cables and collectors.
- **Promotion:** The company's website is very good and is written in Czech. Usage of brand CZECH MADE and they have membership of Czech Society for Trenchless Technology
- **Place:** The company is based in Teplice but also has divisions in Plzeň, Karlovy Vary, Ústí nad Labem, Liberec, Hradec Králové and division called Morava. This company operates throughout the Czech Republic and has the biggest access to potential customers. (Vodohospodářské stavby)

9 PORTER'S FIVE FORCES MODELS

As it was mentioned in the theoretical part of this thesis (Chapter 6.2), Porter's five forces model describes the threat of new entrants, bargaining power of suppliers and buyers, threat of substitute products or services and the rivalry among existing competitors in the market. It is an analysis of micro-environment, this environment includes all activities and circumstances that can be influenced by the company itself. The main goal of this analysis is to analyze factors influencing the existence of the company and to find out how to defend against these factors.

9.1 Threat of New Entrants

The threat of new entrants is quite big but depends on obstacles of entering the market. The obstacles in industrial field are set to a high level. The company has to have particular equipment, which is expensive mainly because of their special functions. Firms should also have a certain level/amount of capital as they have to meet standards and legislation and they also have to know particular information about environment and nature, which surrounds them.

Michlovský-protlaky, a.s. competes with rivals not only in Zlín but also throughout the Czech Republic. Generally, the company shouldn't be limited only to one region since today's competitors offer their services across the whole market and they are able to provide their services even on the other side of the Czech Republic. In order to be competitive there's the need to be aware of this and to adapt oneself to customers. If one company isn't able to do this, then the other company's will certainly do so. Management of the firm should observe what happens in the market especially if there are some subjects offering something extra that could be the reason for outflow of customers.

9.2 Bargaining Power of Suppliers

The bargaining power of suppliers is not so strong these days especially in this field of industry. There is large number of suppliers who offer material or some equipment. The price they offer, delivery dates, quality of supplies and so on differentiate these suppliers from each other. Michlovský-protlaky a.s. has its own equipment, and doesn't have the need to rent materials from other subjects.

It isn't difficult to buy technology and equipment from foreign countries. There's no lack of instruments for this company and it is easy to find the best offer and to purchase

something thanks to the internet, communication technology and globalization – for instance recent purchases of goods from the US. The company usually orders some screws, spare parts or pipelines from suppliers. Michlovský-protlaky, a.s. orders products or material according to the actual job description.

9.3 Bargaining Power of Buyers

Michlovský-protlaky a.s. tailors services for every customer differently and tries to meet customers' needs and wants. It is possible to modify the price of microtunneling services, managed and non-managed extrusions and so on but it is hard, because the price depends on many factors such as time, place, size of the project, complexity of the contract or whether it is a regular customer or not. Potential outflow of customers may cause price reduction and a serious, extended lack of buyers may cause the company's bankruptcy. Bargaining power of buyers is evaluated as a high importance.

9.4 Threat of Substitute Products or Services

Microtunneling services, managed and non-managed extrusions are hard to imitate. Currently, there is no risk that microtunneling and trenchless technology will be replaced by other technologies or services. But on the other hand, there is a possibility that, in 50 years for example, people will not need microtunneling and managed or non-managed extrusions as a result of constantly evolving technologies.

9.5 Rivalry among Existing Competitors

As was mentioned, in the market exists other companies that offer the same services. Michlovský-protlaky a.s. is situated in the Zlín region and doesn't have any big rivals there. The most significant rivals are based in Prague, Ostrava, Brno and Teplice. These competitors are described in chapter 8.

10 PESTLE ANALYSIS

The business environment surrounds the corporation. This business environment influences every company in the market; it can either affect them or limit them. Political, legal and technological factors influence the company the most.

10.1 Political Factors (P) and Legal Factors (L)

Michlovský-protlaky a.s. must follow the Czech and Slovak laws and regulations set by the government and applicable to the region they operate in. Among them are:

- Tax policy
- Environmental Law
- Supervision of The State Mining Administration in Czech Republic and Slovakia
- Legislation associated with the notification of the Licensing Office and Commercial Court.
- Building Act (Stavební zákon (zákon č. 183/2006 Sb., o územním plánování a stavebním řízení))
- Building permit

The corporation is influenced by state tax system and due to this fact it has to pay various taxes. The tax policy determines tax rates. Every company has to pay social and health insurance that creates a large amount of money owed. They also have to pay an income tax, which may be reduced through tax write-offs. Value-added tax also influences the whole company and its business. Rising value-added tax and changes of other rates have an impact on the price of services.

The company has to follow the New Civil Code (Zákon č. 89/2012 Sb.) effective from January 1st, 2014 and the Labor Code (Zákon č. 262/2006 Sb, zákoník práce), which directly influences the company and its employees. Michlovský-protlaky, a.s. has to follow the Building Act and building permits.

10.2 Economic Factors (E)

Economic factors such as inflation, unemployment or changes in exchange rates can influence purchasing power and consumer behavior. These macroeconomic indicators can be found via Czech Statistical Office.

Economic growth can be supported by the price decline of petroleum and it may weaken inflation. According to Parlamentní listy, the average inflation rate for 2015 reached 0.3% and was the lowest since 2003. It is expected that the inflation for 2016 will be around the same percentage. Businesses can prosper from low inflation rates as they can take bank loans since the low rates would be convenient for them. The next factor, which influences economic growth, is unemployment. The unemployment rate was recorded at 6.2% in December 2015, and in March 2016 it was recorded at 6.1%. (Kurzy) The unemployment rate can change from month to month but in this case it is expected that the unemployment rate will slightly decrease in following months.

10.3 Social Factors (S)

Income, property, lifestyle, the social and economic background, and the level of education all influence people as well as businesses. The level of education in Czech Republic rises year by year because the number of university students continues to increase. The higher is the quality of life, the higher the possible demand for company's products and services. The higher possible demand increases the possibility of larger income for companies. There is an association with rising living standards and an increasing number of people moving to cities and the growth of the industry. People want to build something, so there is a bigger demand for construction services.

10.4 Technological Factors (T)

Technological factors influence in large the company itself. New technological equipment and other technologies continue to appear in the market. The company can have new possibilities and gain experience with their help. It is necessary to keep up with new technologies as they are usually more effective, they can save more time, money and of course they consume less energy. But on the other hand, they are difficult to purchase and the company has to have enough financial resources to buy them.

10.5 Environmental Factors (E)

The company is influenced by the Environmental Law as well as by The State Mining Administration, which has oversight over all mining activities. Michlovský-protlaky, a.s. strongly influences and protects the environment thanks to the use of certified and environmentally friendly materials. Michlovský-protlaky, a.s. is required to submit certificates of the used materials with each order.

11 BENCHMARKING

I compiled table, which describes benchmarking of Michlovský-protlaky, a.s and its competitors according to their analysis. I tried to independently assess the number of offered services, expertise of the companies and qualifications, awareness of companies, references, locations of companies, impression of websites and their how informative they are. Individual items were evaluated by a point system on a scale from 0 to 10. The higher the number obtained, the better the results for a certain company in this field. The highest point shows the best company and the lowest point shows the least successful firm from each category.

CRITERIA	COMPETITORS					
	Michlovský-protlaky	Stavoreal	Čermák a Hrachovec	TALPA-RPF	M-Luft	Vodohospodářské stavby
PRODUCT						
Offered services	4	2	5	1	3	4
PLACE						
Location	8	7	7	8	7	10
PROMOTION						
Promotion of company	8	8	9	6	3	8
Appearance of websites	8	9	10	8	5	10
Informativeness of websites	10	9	9	8	5	9
Reference	9	7	8	7	5	2
Membership of CS	5	5	5	5	0	5
Expertise of company	9	8	10	7	7	9
Certificates	8	5	10	0	0	10
Awareness of company	8	8	10	8	8	10
SUM	77	68	83	58	43	77
RANKING IN %	93%	82%	100%	70%	48%	93%

Table 1: Benchmarking (own processing)

Best results were gained Čermák a Hrachovec mainly because of the wide range of services connected with microtunneling, expertise and awareness of the company, first impression of company's websites, how informative they are and promotion of the company. Organization profits also from certificates and certification. A big disadvantage was given to websites that were not available in English.

Michlovský-protlaky, a.s. is the second most successful company according to benchmarking mainly due to a larger number of references and certificates published on its websites. Also, information provided on its websites are written in Czech, Slovak as well as in English. The company also offers a large number of services in the field of microtunneling. This firm appears to be very qualified and experienced. Vodohospodářské stavby is also close to Michlovský-protlaky in this regard.

M-Luft, s.r.o. is the least successful company according to benchmarking. M-luft, s.r.o. has the weakest websites from all the identified competitors. Its websites are without important information. Potential customers would find there neither certificates nor any published references about the company's projects. Promotion of the company is also very poor, as there isn't mention of any sponsorship. M-luft, s.r.o. is the only company from the selected competitors that is not a member of the Czech Society for Trenchless Technology. Membership in this society can be very valuable for potential customers.

12 SWOT ANALYSIS

SWOT analysis gives us information about internal and external factors, which influence or may influence the company. Strengths and weaknesses are connected with internal analysis whereas opportunities and threats are connected with external analysis of environment.

	Positive	Negative
Internal factors	STRENGTHS	WEAKNESSES
	well-known company with long history high-quality services customer service professional employees certificates an immediate response to customer requirements	no price list weak marketing promotion of the company location of the company awareness of the company human resources
External factors	OPPORTUNITIES	THREATS
	usage of better and modern technologies easy entering into new markets economic growth favorable market conditions wrong decision of competition	competition increase of price of production inputs decline in demand for company's services political changes and legal changes outdated technology

Table 2: SWOT Analysis (own processing)

12.1 Strengths

Among the strengths can be classified the company's history which is more than ten years. The company is experienced and has few certificates. Customers already know about the company's existence and about its offers. Further strengths include a wide range of services offered to the company's customers with the support of professional employees. Customers are provided with great customer service firstly as they don't have the need to operate the equipment; the company will handle it. Secondly the company immediately responds to the customers' requirements. This leads to gaining loyalty and popularity among customers. These factors have an impact on the company's reputation and higher profits.

12.2 Weaknesses

Among weaknesses is undoubtedly not having a price list available. This can cause an outflow of customers towards other competitors who have published this information. Furthermore, marketing promotion is weak, which is crucial for gaining new customers and for spreading awareness of the company's existence. The firm is situated near Zlín but operates throughout the Czech Republic; with this fact, the location of the company undoubtedly is among its weaknesses. If the company were situated in a bigger city with higher a population there might be the possibility of cooperation with a larger amount of customers as well as bigger companies. Another weakness is human resources. The number of its employees limits the company. With a higher number of employees the company could do more business.

12.3 Opportunities

Among the opportunities can be included wrong decision or wrong strategy of competition. Competitors' poor quality services may cause an inflow of potential customers and the chance of increasing the company's market share. The company can increase its sales by expanding their business into foreign markets and by attracting new customers in the existing market. Such customers may be well aware of the brand however, they do not have to do business with the firm. Predicted economic growth for the Czech Republic and Europe for 2016 is also considered a big opportunity. Due to households having higher incomes and the result from this, an increasing demand for products and services can be expected. Possible positive legislative changes such as the reduction of legal entity income tax may increase the company's profit and may enable reinvestment in the organization, so that the company may seek to maximize its market value. The use of modern technologies, which can simplify and hasten the production process, can also be mentioned. These technologies can save a lot of money because of a lower consumption of energy, materials and so on.

12.4 Threats

Competitors are considered the biggest threat to the company because some of them may offer cheaper services and therefore, can make higher profits. Decline in demand and an outflow of customers can be caused by the setting of higher prices for services as a result of rising prices of production inputs. Usually there is the need to set higher prices

because of more expensive materials, energies and so on. Economic crisis is considered as the next threat; it is connected with decline in demand and decline in production. These three factors could lower revenues and the company would have to fire some of its employees. Political and legal changes such as the increase of taxes are also considered a threat.

13 MATRIX IFE, EFE, SPACE

In this chapter are IFE and EFE matrixes describing internal and external forces.

13.1 Matrix IFE

In order to create IFE matrix we need to divide selected factors into two groups - strengths and weaknesses. Individual factors were assigned a weight on the scale from 0.00 (low importance) to 1.00 (high importance). The sum of all weights should be equal 1. After that, the individual factors were multiplied by a number of 1,2,3 or 4 according to their degree of influence. This rating shows us how strong or weak individual factors are in a company. These individual numbers mean:

- 1 = major weakness,
- 2 = minor weakness
- 3 = minor strength
- 4 = major strength (Fotr 2012, 41-45)

		FACTOR	WEIGHT	DEGREE OF INFLUENCE	SCORE
STRENGTHS	1	company with long history and experiences	0,15	4	0,6
	2	high-quality services	0,15	4	0,6
	3	customer service	0,1	4	0,4
	4	professional employees	0,08	3	0,24
	5	certificates	0,06	3	0,18
	STRENGTHS IN TOTAL			0,54	-----
WEAKNESSES	1	no price list	0,15	1	0,15
	2	weak marketing promotion of the company	0,03	1	0,03
	3	location of the company	0,07	2	0,14
	4	awareness of/about the company	0,14	1	0,14
	5	human resources	0,07	1	0,07
	WEAKNESSES IN TOTAL			0,46	-----
TOTAL WEIGHTED SCORE			1	-----	2,55

Table 3: IFE Matrix (own processing)

13.2 Matrix EFE

When creating EFE matrix we need to divide key factors into opportunities and threats. This matrix was created on the same basis as matrix IFE. Weights were assigned to individual factors and these factors were multiplied by a number of 1,2,3 or 4 according to their degree of influence. This rating shows us how effectively a company's strategy responds to the threats and opportunities. Individual numbers mean:

- 1 = poor response
- 2 = average response
- 3 = above average response
- 4 = superior response (Fotr 2012, 41-45)

		FACTOR	WEIGHT	DEGREE OF INFLUENCE	SCORE
OPPORTUNITIES	1	usage of better and modern technologies	0,08	3	0,24
	2	easy entering into new markets	0,07	3	0,21
	3	economic growth	0,12	4	0,48
	4	favorable market conditions	0,09	4	0,36
	5	wrong decision of competition	0,1	4	0,4
	OPPORTUNITIES IN TOTAL			0,46	-----
THREATS	1	competition	0,15	1	0,15
	2	increase of price of production inputs	0,09	2	0,18
	3	decline in demand for company's services	0,15	1	0,15
	4	political changes and legal changes	0,07	2	0,14
	5	outdated technology	0,08	2	0,16
	THREATS IN TOTAL			0,54	-----
TOTAL WEIGHTED SCORE			1	-----	2,47

Table 4: EFE Matrix (own processing)

As is visible from the chart, the total weighted score is 2.47; it shows that the company's ability to respond to opportunities and threats is less than above average.

13.3 Matrix SPACE

In order to create the SPACE matrix, we have to paste the results of matrix IFE and EFE to the chart with X and Y axes. The chart is divided into 4 quadrants – conservative, aggressive, defensive and competitive. The total weighted score of internal factors is 2.55 while the score of external factors is 2.47. Intersection of these axes creates a new point, which is located in the competitive quadrant (lower right). Michlovský-protlaky, a.s. should strive to increase its competitiveness and differentiate itself from its competitors. The firm should pervade among its customers and develop its services and marketing promotion in order to attract more customers. (Fotr 2012, 73)

External Factors

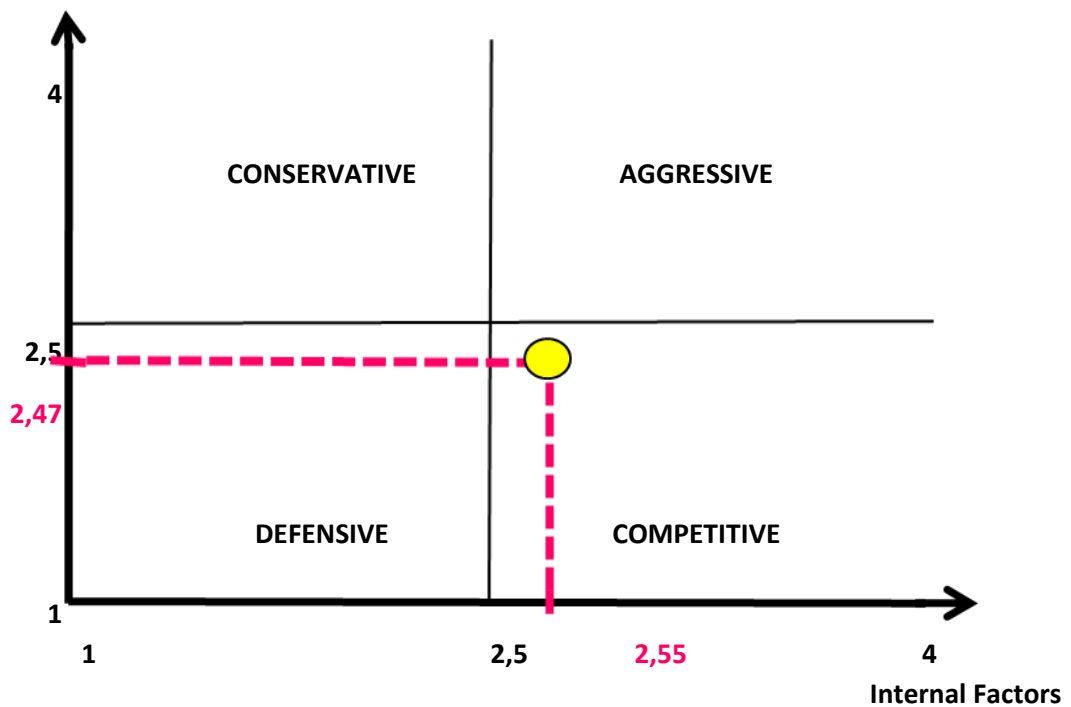


Table 5: SPACE Matrix (own processing)

14 PROPOSALS AND RECOMMENDATIONS

Michlovský-protlaky, a.s. has a large number of loyal customers but there is still the need to increase awareness of the company. The firm can use various types of promotion. The company can use radio advertisement, fan pages on social network, advertisement connected with billboards, city light showcases or various types of sponsorship.

14.1 The Increasing of Company's Awareness

The firm should have better marketing communication with potential customers. The company is situated in small village near Zlin, but many people are not so familiar with this firm. The main way to raise awareness of the company may be through advertisement.

14.1.1 Advertisement in Radio Impuls

Radio Impuls is the most listened radio in the Czech market. It offers to its listeners a mix of music, news, entertainment and traffic information. The number of its listeners is slightly below 1 million. (Mediaguru.cz) These listeners are mainly people economically active from the ages of 25 to 55 years. (Radio Impuls) The price of advertisement on the radio depends on many factors – number of listeners, length of an advertisement as well as the number of spots during a radio broadcasting. Radio Impuls offers to its clients a nationwide campaign, campaigns for certain areas or regions, interviews and reports and also projects tailored for specific clients.

Financial Analysis

Radio Impuls published a price list for radio ads according to their length. This price list is available on their website. (Impuls)

Length of ad	20"
Basic price	24.500,-
Coefficient	0,8
Calculated price	19.600,-
Number of ads/ day	1
Number of days	14
Final price	274.400,-

Table 6: Financial Analysis of Advertisement in Radio Impuls (own processing)

According to this price list I chose a nationwide campaign in the period from 12AM – 3PM. Radio Impuls offers ads in this period for 24.500 CZK ; price for 20 second radio ad

will be 19.600 CZK. The basic price 24.500 CZK was multiplied by coefficient 0.8 which is designated for a 20 second radio ad. The final price will be 274.400 CZK.

Time Analysis

The length of this project will be 14 days. This ad will be repeated every day for 14 days in a row, but only once a day in the period from 12AM – 3PM. The length of the radio ad will be 20 second.

Risk Analysis

Contractor's failure, low customer's interest, few listeners, inappropriate group of listeners and inappropriate time during broadcasting.

14.1.2 Fan Page on Social Network

Almost every firm, e-shop, celebrity or interested group nowadays has its fan page on some social network. Michlovský-protlaky, a.s. can create its own fan page for instance on Facebook. It's easy and quick. The company can upload on its fan page photos, articles, references and so on.

Financial Analysis

Company can create its own profile on Facebook and it would be for free. There could be some additional costs, but they would be connected only with promotion of Facebook page. However, it depends on the management of the company whether they will consider this form of promotion as appropriate or not. Firm would have to figure out what amount of money wants to invest into promotion of Facebook page, articles or company's website.

Time Analysis

Establishment of fan page takes approximately 1 hour. Uploading of photos or videos can take few minutes. It depends on the company how much time it wants to devote to individual tasks. Generally, it is really quick and it doesn't take so much time.

Risk Analysis

Insufficient updates on Facebook, small amount of fans on Facebook page, lack of important information.

14.1.3 Billboards

The company doesn't have any billboards in its vicinity or anywhere else. The firm has only navigation pane placed at the crossroad near the firm's domicile in its industrial area. Michlovský-protlaky, a.s. can rent a billboard for one month placed next to the major highway D1. The billboard is located 175.61 km from Prague; its size is 510x 240cm. The

price after discount would be 16.740 CZK. There is a big possibility of attracting a large number of potential customers, as there is huge concentration of people and cars in this area, approximately 19.538 cars pass this stage of highway.

Financial Analysis

The price of rent for one month is based on individual inquiry. The basic price for one month would be 27.000 CZK, whereas the price after discount would be 16.740 CZK. According to ITiskoviny the poster would cost 2.805 CZK and the VAT would be 561 CZK. Final price would be 20.106 CZK.

Time Analysis

Michlovský-protlaky, a.s. can rent billboard at least for 1 month. Price is calculated for June 2016. Speaking about posters, the normal time required for their production is 3-5 working days.

Risk Analysis

Bad weather and damage of the poster, poor quality of the print, appearance - bad color combination in the poster, lack of important information, too many information in the poster.

14.1.4 City Light Showcase

This advertising panel is year-round and alight from both sides. It is in close proximity of some busy motorways in Zlín. Dimensions of panel are 118.5x 175 cm. The main disadvantage is that it is limited to a smaller number of people living in Zlin.

Financial Analysis

The cost of renting depends on the length of the rent. The price for 14 days is 3.500 CZK, for one month is 5.600 CZK and for one year is 56.000 CZK. The price doesn't include VAT, which is 21%. The final price would be 20.328 CZK with VAT. (DSZO)

The price of a poster would be 2.034 CZK with VAT. (ITiskoviny)

Time Analysis

I would choose an advertisement of three months. This project should start in July 2016. Production of posters takes about 3-5 working days.

Risk Analysis

Advertisement limited to certain number of people, poor quality of the print, damage of poster, bad combination of colors in the poster, lack of important information, too many information in the poster.

14.1.5 Improvement of Company's Website

Company should improve the design of its website, make it more interesting and more modern and to upload there some new photos and videos. Michlovský-protlaky, a.s. can connect its website with Facebook page. It could bring more visitors and potential customers there.

Financial Analysis

Price of a website renovation depends on the time frame and on the scope of work. I would choose website renovation from one unnamed company, the price would be 15.000 CZK. This renovation would include improving of design and registration of website into various search engines.

Time Analysis

The time required for website renovation is about 30 days but the time could be shorter.

Risk Analysis

Contractor's failure connected with some programming error, insufficient updates on website, low visit rate of website.

14.1.6 Participation in Conferences and Fairs

The company can draw attention with participation in conferences and fairs. It is good a way how to find new clients, business partners and a way to gain new experiences and knowledge about trenchless technology.

Michlovský-protlaky, a.s. can attend, for instance, The 34th International No-Dig Conference & Exhibition which will be held in Beijing, China.

Financial Analysis

Non-members of International Society of Trenchless Technology can buy tickets for \$700. But there are some additional costs connected with fees and flight tickets. The company would also have to pay 60€ (approximately \$69) for fees to the Chinese Embassy. The price of a flight ticket would be approximately \$700 depending on the length of the flight and airline company. These 3 costs in total would be \$1469 (approximately 35.000 CZK)

Time Analysis

The Conference & Exhibition will be held 10-12th October 2016 but there is the need to fly to Beijing at least 1 day before this event.

Risk Analysis

Waste of money, insufficient knowledge of language, insufficient presentation of company.

14.1.7 The Increasing of Company's Awareness – Overview

Following table describes and summarizes main ways how the company can improve its public awareness. Each type of promotion is connected with its price, duration of project or with time needed for production of posters/ creation of Facebook page/ website renovation.

TYPE OF PROMOTION	PRICE	DURATION
Ad in Radio	274 400 Kč	14 days
Facebook fan page	0 Kč	unlimited
creation of fan page	0 Kč	1 hour
Bilboard	20 106 Kč	—
rent of billboard	16 740 Kč	30 days
production of poster	3 366 Kč	3-5 days
City Light Showcase	20 328 Kč	—
rent of showcase	20 328 Kč	3 months
production of poster	2 034 Kč	3-5 days
Improvement of website	15 000 Kč	30 days
Conference & Exhibition	\$1 469	2 days
tickets	\$700	2 days
additional costs	\$769	—

Table 7: Overview of Costs (own processing)

14.2 Monitoring of Competition

Michlovský-protlaky, a.s. tries to offer better services with better customer service and for better price. The firm uses environmentally friendly materials and tries to distinguish itself from other rivals. The company should regularly conduct various analyses and evaluate the economic indicators of other competitors such as liquidity, profitability, activity and so on. Due to this information, and other information about prices and the quality of services, the company can compare itself with competitors and take some concrete measures.

14.3 Monitoring of New Technologies

In order to be competitive, the company has to constantly observe new trends and new technologies. New technologies can bring new opportunities, more customers, higher profits and a better image for the company. The monitoring of new technologies is closely tied with conferences and exhibitions. The company could be there as either an exhibitor or visitor; both are good options.

15 OVERVIEW OF PRACTICAL PART

Analytical part helped us to answer these observational questions:

- Who are the main competitors?
- What is the weakest part of marketing mix?
- What should company improve?
- Which factors influence company the most?
- What are the best ways for raising awareness of company?
- How much it would cost?
- What can the company do to improve its competitiveness?

We found out that the weakest part of marketing mix is promotion of the company, which should be improved. I suggested raising public awareness of the company with advertisement in radio, creation of Facebook page, advertisement connected with billboard and city light showcase and the participation in various conferences and exhibitions. Company should also enhance quality and appearance of its websites. PESTLE analysis showed that the company is influenced the most by legal, technological and environmental factors. According to Porter's five forces model the customers have biggest bargaining power. These outcomes led to creation of appropriate suggestions and proposals which were mentioned above.

CONCLUSION

The company has operated in the market for 10 years and over these years it has built a good reputation among its clients and other subjects in the market. The firm is situated in quite a strong competitive field in which there are a lot of rivals who offer the same services. Despite this fact the company has a stable position in the market, but there is always the need to improve marketing communication.

This bachelor thesis dealt with competitors and the competitiveness of Michlovský-protlaky, a.s. The main goal was to analyze the current competitiveness of the company and to suggest proposals and recommendations for improving company's position in the market.

The thesis is divided into two parts. The theoretical part dealt with basic terms such as competition, competitiveness, benchmarking, business environment and the individual elements of marketing mix.

The beginning of the practical part is based on an interview with management of the firm. In this part is provided the basic and most important information about the company. Also examined and described is the current marketing mix. The weakest part of the marketing mix was the company's promotion. An analysis of competitors was connected with benchmarking. Benchmarking showed that the company didn't have the best results but it got the second best rating, which is quite satisfying.

Furthermore, due to Porter's five forces model we discovered the most significant threat for the company is the bargaining power of buyers. A SWOT analysis was performed, created on the basis of IFE and EFE matrixes. According to IFE and EFE matrixes I created the SPACE matrix where I discovered what the appropriate strategy is for Michlovský-protlaky, a.s.

As it was mentioned already, the main goal of this thesis was to suggest proposals and recommendations that should improve the competitiveness of the company. I found three strategies and among them belong: the increasing of a company's awareness, the monitoring of competition and the monitoring of new technologies.

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